TFA document

Supporting all NHS Trusts to achieve NHS Foundation Trust status by April 2014

Tripartite Formal Agreement between:

- North Middlesex
- NHS London
- Department of Health

Introduction

This tripartite formal agreement (TFA) confirms the commitments being made by the NHS Trust, their Strategic Health Authority (SHA) and the Department of Health (DH) that will enable achievement of NHS Foundation Trust (FT) status before April 2014.

Specifically the TFA confirms the date (Part 1 of the agreement) when the NHS Trust will submit their "FT ready" application to DH to begin their formal assessment towards achievement of FT status.

The organisations signing up to this agreement are confirming their commitment to the actions required by signing in part 2a. The signatories for each organisation are as follows:

NHS Trust – Chief Executive Officer
SHA – Chief Executive Officer
DH – Ian Dalton, Managing Director of Provider Development

Prior to signing, NHS Trust CEOs should have discussed the proposed application date with their Board to confirm support.

In addition the lead commissioner for the Trust will sign to agree support of the process and timescales set out in the agreement.

The information provided in this agreement does not replace the SHA assurance processes that underpin the development of FT applicants. The

agreed actions of all SHAs will be taken over by the National Health Service Trust Development Authority (NTDA)[1] when that takes over the SHA provider development functions.

The objective of the TFA is to identify the key strategic and operational issues facing each NHS Trust (Part 4) and the actions required at local, regional and national level to address these (Parts 5, 6 and 7).

Part 8 of the agreement covers the key milestones that will need to be achieved to enable the FT application to be submitted to the date set out in part 1 of the agreement.

Standards required to achieve FT status

The establishment of a TFA for each NHS Trust does not change, or reduce in any way, the requirements needed to achieve FT status.

That is, the same exacting standards around quality of services, governance and finance will continue to need to be met, at all stages of the process, to achieve FT status. The purpose of the TFA for each NHS Trust is to provide clarity and focus on the issues to be addressed to meet the standards required to achieve FT status. The TFA should align with the local QIPP agenda.

Alongside development activities being undertaken to take forward each NHS Trust to FT status by April 2014, the quality of services will be further strengthened. Achieving FT status and delivering quality services are mutually supportive. The Department of Health is improving its assessment of quality. Monitor has also been reviewing its measurement of quality in their assessment and governance risk ratings. To remove any focus from quality healthcare provision in this interim period would completely undermine the wider objectives of all NHS Trusts achieving FT status, to establish autonomous and sustainable providers best equipped and enabled to provide the best quality services for patients.

[1] NTDA previously known as the Provider Development Authority – the name change is proposed to better reflect their role with NHS Trusts only.

Part 1 - Date when NHS foundation trust application will be submitted to Department of Health

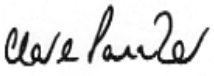
January 2014

Part 2a - Signatories to agreements

By signing this agreement the following signatories are formally confirming:

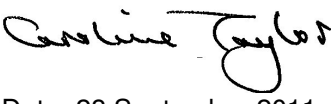
- their agreement with the issues identified;
- their agreement with the actions and milestones detailed to support achievement of the date identified in part 1;
- their agreement with the obligations they, and the other signatories, are committing to;

as covered in this agreement.

Clare Panniker – Chief Executive, NMUH	 Signature Date: 28 September 2011
Dame Ruth Carnall – Chief Executive, NHS London	Signature  Date: 28 September 2011
Ian Dalton, Department of Health	Signature  Date: 30 September 2011

Part 2b – Commissioner agreement

In signing, the lead commissioner for the Trust is agreeing to support the process and timescales set out in the agreement.

Caroline Taylor Chief Executive NHS North Central London	Signature  Date: 28 September 2011

Part 3 – NHS Trust summary

Short summary of services provided, geographical/demographical information, main commissioners and organisation history.

Required information
Current CQC registration (and any conditions):

Financial data (

	2009/10 £000s	**2010/11* £000s**
Total income	168,126	180,594
EBITDA	15,261	16,784
Operating surplus**	6,044	3,103
CIP target	13,193	14,156
CIP achieved recurrent	11,001	10,655
CIP achieved non-recurrent	2,192	3,501

Source: DH FIMS
*Unaudited figures
**Excludes impairments/IFRS adjustments

The North Middlesex University Hospital NHS Trust is a small to medium sized acute teaching hospital. Its services are consolidated at one site in Edmonton, North London.

The NHS Trust serves a resident population of approximately 260,000 people. It provides a comprehensive range of acute hospital services for emergency and elective patients.

The Trust opened a major new PFI hospital (£137m) in June 2010.

The total annual income for the NHS Trust during 2009/10 was £168 million and a surplus of £6.0 million was delivered before impairments.

The NHS Trust's main commissioners are NHS Haringey & NHS Enfield, which account for over 75% of its clinical revenue.

The Trust is a major stakeholder in the implementation of the Barnet, Enfield & Haringey Clinical Strategy.

The Trust is fully compliant with CQC essential standards of quality and safety.

Part 4 – Key issues to be addressed by NHS trust

Key issues affecting NHS Trust achieving FT	
Strategic and local health economy issues	
Service reconfigurations	☒
Site reconfigurations and closures	☐
Integration of community services	☐
Not clinically or financially viable in current form	☒
Local health economy sustainability issues	☒
Contracting arrangements	☐
Financial	
Current financial Position	☐
Level of efficiencies	☒
PFI plans and affordability	☒
Other Capital Plans and Estate issues	☐
Loan Debt	☒
Working Capital and Liquidity	☒
Quality and Performance	
QIPP	☒
Quality and clinical governance issues	☐
Service performance issues	☐
Governance and Leadership	
Board capacity and capability, and non-executive support	☐

Please provide any further relevant local information in relation to the key issues to be addressed by the NHS Trust:

The North Middlesex University Hospital NHS Trust is a formerly financially challenged Trust.

The Trust reported an in year deficit of £8.2m in 2005/06 and a cumulative historic debt of over £13m at that point. The Trust developed a local turnaround programme and has since 2006/07 generated successive and significant surpluses. The Trust reported a pre impairment surplus of £6.0m in 2009/10, and had repaid all of its historic debt at this stage. The Trust delivered a pre impairment surplus of £3.0m in 2010/11. As part of its local turnaround process the Trust received a £15.0m Working Capital Loan in 2007/08 which is due to be fully repaid in 2012/13.

During 2007/08 the Trust entered into an agreement to build and finance a £137m PFI capital project on site to redevelop the hospitals elective and emergency infrastructure. The design of the new hospital was further modified and expanded during the construction phase through PDC investment to ensure future proofing for elements of the BEH clinical strategy. The new PFI hospital opened in June 2010. The annual Unitary Payment charge associated with the scheme is c. £13.2m and extends over a thirty year period. The Trust also received a capital loan of £13.2m in 2010/11 to support an additional bullet payment for works associated with the PFI project; this was a recognised element of the original business case, and is repaid over 15 years.

The Trust is a key stakeholder organisation within the framework of the Barnet, Enfield & Haringey Clinical Strategy. This service design strategy when enacted will see the transfer of A&E, Emergency and Women's & Children's activity flows from the Chase Farm Hospital Site (part of the Barnet & Chase Farm Hospitals NHS Trust) to both North Middlesex & Barnet Hospitals. Approval for this was given by the Secretary of State on 12 September 2011.

The implementation of the clinical strategy and the transfer of activity and associated revenue

streams represent a critical component of the Trusts clinical and financial strategy going forward. Without implementation the Trust would not be viable in its current form in the longer term.

The Trust is now working with key stakeholders including B&CFHT to implement the BEH clinical strategy as soon as possible. Assuming approval for the capital works required is given in November 2011, it is likely that the A&E and emergency activity could transfer from the Chase Farm site in October 2012 with the Women and Children activity transferring in October 2013.

The other part of the Secretary of State's announcement on 12 September 2011 was a request for NHS London to *'assess the feasibility of transferring Chase Farm Hospital to North Middlesex University Hospital NHS Trust'*. This work will be completed and reported back to the Secretary of State by 16 December 2011. The result of this will materially impact on the timeframe for FT authorisation.

2011/12 represents a key bridge year for the Trust, the pressures outlined above result in the need for the Trust to generate an in year Cost Improvement Programme of 6% of Turnover. This challenge is compounded by the extreme nature of PCT deficits within the North Central London sector and the associated pressure to reduced expenditure within acute commissioning contracts.

The Trust has evidenced productivity gains to local PCT's within the quantum of 2011/12 SLA's and is committed to working with commissioners in the coming months to agree realistic and affordable clinical revenue projections going forward.

The Trust continues to be faced with a challenged liquidity position in the short term. The bulk of this issue dates back to planned support due to be received by the Trust pre 2005/06 that was not cash backed.

It is important to note that the Trust performance against Prudential Borrowing Code ratios, in particular debt service cover, is challenging as a consequence of both ongoing PFI commitments and capital loan commitments referenced above. This will impact upon the capital investment solution for the BEH clinical strategy.

Part 5 – NHS Trust actions required

Key actions to be taken by NHS Trust to support delivery of date in part 1 of agreement	
Strategic and local health economy issues Integration of community services	☐
Financial Current financial position	☐
CIPs	☒
Other capital and estate Plans	☒
Quality and Performance Local / regional QIPP	☐
Service Performance	☐
Quality and clinical governance	☒
Governance and Leadership Board Development	☐
Other key actions to be taken (please provide detail below)	☐

Describe what actions the Board is taking to assure themselves that they are maintaining and improving quality of care for patients.

The Trust Assurance Framework is reviewed and updated on a monthly basis by the Trust Board and its relevant Committee structure. The framework monitors delivery and risk associated with the achievement of key corporate objectives. These include targets and key deliverables associated with the improvement of patient experience, patient safety and clinical effectiveness.

Please provide any further relevant local information in relation to the key actions to be taken by the NHS Trust with an identified lead and delivery dates:

During 2010/11 the Trust has developed a dedicated and resourced Project Management Office function lead by the Deputy Chief Executive to drive and maintain delivery and momentum across its efficiency and QIPP initiatives. This will coordinate the delivery of the financial challenges identified by the SaFE Programme. This has been further supplemented by the development of the Trusts organisational structure as detailed below.

During the course of 2010/11 the Trust introduced a new Clinical Business Unit structure across its clinical and operational functions. These management units are lead by Clinical Directors, with dedicated management sessions incorporated within their job plans. The Trust believes that this helps to move clinicians to the heart of decision making within the Trust and aligns with the continuing development of SLR/SLM systems within the organisation.

The Trust has continued to be an active stakeholder within the framework of the BEH clinical strategy implementation project team, and has continued planning work associated with the capital development. The final decision in respect of the implementation of the BEH clinical strategy made by the Secretary of State on 16 September 2011 also raised a question of assessment of organisational form, which is being worked through to report back to the Secretary of State by 16 December 2011.

Part 6 – SHA actions required

Key actions to be taken by SHA to support delivery of date in part 1 of agreement	
Strategic and local health economy issues Local health economy sustainability issues (including reconfigurations)	☒
Contracting arrangements	☐
Transforming Community Services	☐
Financial CIPs\efficiency	☒
Quality and Performance Regional and local QIPP	☒
Quality and clinical governance	☐
Service Performance	☐
Governance and Leadership Board development activities	☐
Other key actions to be taken (please provide detail below)	☐

Please provide any further relevant local information in relation to the key actions to be taken by the SHA with an identified lead and delivery dates.

Service Strategy
NHS London to support the Trust in reviewing its FT trajectory in the light of the emerging BEH clinical strategy, capital requirements to deliver this, and organisational form assessment, and help the Trust pursue the most appropriate path to FT status.

An assessment of financial challenges and productivity opportunities by provider, incorporating the impact of commissioner QIPP plans has been undertaken for London's acute NHS Trusts with the analysis provided to the trust to enable it to determine any potential implications for the FT pipeline, including confirmation of any additional, possible requirements for service changes.

The SHA is contributing to the national work on PFI and will work with the Trust in resolving the outstanding PFI issues as a result of the national financial review.

Lead; SHA Directors of Finance & Investment and Strategy

Part 7 – Supporting activities led by DH

Actions led by DH to support delivery of date in part 1 of agreement	
Strategic and local health economy issues Alternative organisational form options	☐
Financial NHS Trusts with debt	☐
Short/medium term liquidity issues	☐
Current/future PFI schemes	☒
National QIPP workstreams	☐
Governance and Leadership Board development activities	☐
Other key actions to be taken (please provide detail below	☐

Please provide any further relevant local information in relation to the key actions to be taken by DH with an identified lead and delivery dates:

Financial
Current PFI schemes – A national financial review of Trusts with a PFI hospital is taking place to gain a common understanding of any issues that might be an obstacle to passing the financial elements of the FT assessment process. Some elements contained within the TFA will be subject to the outcome of this review in enabling any issues outlined in this agreement to be resolved. This will be confirmed on a case by case as the PFI work is completed and communicated.

Part 8 – Key milestones to achieve actions identified in parts 5 and 6 to achieve date agreed in part 1

The milestones below assumes the creation of an Enfield Hospital through the merger of Chase Farm and North Middlesex Hospitals, merger active from 1 January 2013.

Date	Milestone
September 2011	• Secretary of State's announcement; agree implementation plan; update TFAs • Programme Board formation; Consultancy specification and project resourcing • Clarification of updated BEH Clinical Strategy / commissioning intentions
October 2011	Preparation of draft LTFMs
November 2011	Feasibility study; scoping of options
16 December 2011	**Report to Secretary of State re: feasibility of transfer of Chase Farm to North Middlesex University Hospital NHS Trust**
December 2011	Report to CIC; options appraisal
January 2012	Report to Trust Boards re: outcome of options appraisal; agreement on transitional funding based on BEH clinical strategy; development of SOC
March 2012	Strategic Outline Case (SOC) approval – Trusts
April 2012	Stage 1 CCP review – 6 weeks
May 2012	Outline Business Case (OBC) approval – Trusts
June 2012	OBC approval – NHSL
September 2012	Full Business Case approval (FBC) – Trusts
October 2012	FBC approval – NHSL
November 2012	FBC approval – DHTB
1 January 2013	**New merged organisation(s) in place**
June 2013	IBP / LTFM submission to NHSL
December 2013	Completion of FT development phase 1 – NHSL
February 2014	Completion of FT development phase 2 – DH / Secretary of State
August 2014	Completion of FT development phase 3 – Monitor
September 2014	**Target authorisation date**

Quarterly reviews of finance, including achievement and trajectory on productivity plans / CIPs, quality and performance will be undertaken throughout the timeframe.

Provide detail of what the milestones will achieve\solve where this is not immediately obvious. For example, Resolves underlying financial problems – explain what the issue is, the proposed solution and persons\organisations responsible for delivery.

Describe what actions\sanctions the SHA will take where a milestone is likely

to be, or has been missed.

NHS London's monthly performance monitoring process will highlight challenges to FT pipeline milestones with regard to quality, service performance & finance and address these in monthly performance improvement meetings with the trust (and include the Cluster). In addition, NHSL's Provider Development Directorate will link this to a NHSL TFA tracker and where a milestone not related to in year performance is likely to be missed, the Regional Director of Provider Development will hold a review meeting with the Trust Chief Executive. Where required, these meetings will include relevant SHA Directors and be chaired by the SHA Chief Executive. These meetings may also involve the SHA Chair, the Trust Chair or a Board to Board meeting. The outcome of the milestone review meeting will be a recovery plan with escalation to DH where necessary.

Key Milestones will be reviewed every quarter, so ideally milestones may be timed to quarter ends, but not if that is going to cause new problems. The milestones agreed in the above table will be monitored by senior DH and SHA leaders until the NTDA takes over formal responsibility for this delivery. Progress against the milestones agreed will be monitored and managed at least quarterly, and more frequent where necessary as determined by the SHA (or NTDA subsequently). Where milestones are not achieved, the existing SHA escalation processes will be used to performance manage the agreement. (This responsibility will transfer to the NTDA once it is formally has the authority)

Part 9 – Key risks to delivery

Risk	Mitigation including named lead
Implementation of the BEH clinical strategy	Active participation within the BEH Implementation project steering group and associated governance structure to minimise all potential risks related to its implementation. **Lead -NMUH Chief Executive**
Slippage in delivery of 11/12 or subsequent Cost Improvement Programmes	Identification and delivery of alternative and mitigating efficiency schemes, utilising the Trust efficiency steering group and dedicated Project Management Officer. **Lead - NMUH Deputy Chief Executive**
Challenged Local Health Economy Financial Position	Work alongside commissioner and GP consortia to devise and implement affordable clinical models and pathways across the local health economy. **Lead - NMUH Director of Finance / Operations**
Trust Liquidity / Financing Position	Explore options to refinance existing loan arrangement and to utilise potential surplus land on the Trust plot to mitigate short term liquidity challenges. Lead – **NMUH Director of Finance**
CCP review	CCP will be asked to provide an independent review of functional form. Discussions will begin with CCP on completion of the Feasibility Study to determine the requirement for a Stage 1 or Stage 2 review.
No agreement to a national solution arrangement to support PFI costs or NMUH does not meet the criteria for national support.	The DH is addressing this issue across a number of NHS Trusts with significant PFI schemes