TFA document

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

Tripartite Formal Agreement between:

- St Helens & Knowsley Hospitals NHS Trust
- NHS North West
- 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

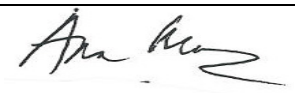
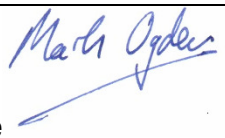
1 April 2013

Part 2a - Signatories to agreements

By signing this agreement the following signatories are formally confirming:

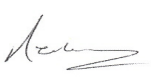
- their agreement with the issues identified;
- their agreement with the actions and milestones detailed to support achievement of the date identified in part 1;
- their agreement with the obligations they, and the other signatories, are committing to;

as covered in this agreement.

Ann Marr (CEO of St Helens & Knowsley Hospitals NHS Trust)	 Signature Date: 30 September 2011
Mark Ogden , CEO, NWSHA	 Signature Date: 30 September 2011
Ian Dalton, Job Title (Ian Dalton)	 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.

Derek Campbell, CEO, Mersey Cluster	Signature 

	Date: 30 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):

Registered without conditions:

Financial data (figures for 2010/11 should to be based on latest forecast)

	2009/10 (£000)	2010/11 (£000)
Total income	236,411	252,944
EBITDA	14,007	19,307
Operating surplus\deficit	225	296
CIP target	9,995	12,736
CIP achieved recurrent	7,626	12,136
CIP achieved non-recurrent	2,369	600

The Trust main commissioner is NHS Halton and St Helens PCT.

Formed in April 1991, the Trust provides a full range of acute healthcare services at Whiston Hospital and St Helens Hospital.

The Trust provides an excellent standard of care to a population of 350,000 people across the boroughs of St Helens, Knowsley, Halton, South Liverpool and further afield. In addition, the Mersey Regional Burns and Plastic Surgery Unit at Whiston Hospital provides treatment for patients from across Merseyside, Cheshire, North Wales, the Isle of Man and parts of the North West, serving a population of over four million people. It employs over 4000 staff and has recently taken over as "lead employer" on behalf of the Mersey Deanery for doctors in training in Cheshire and Merseyside.

Key Achievements include:-
• Achieving a 'DOUBLE EXCELLENT' rating for the second year running, and top ALE score for the last four years.
• Rated 'EXCELLENT' for every category in the Patient Environment Action Team (PEAT) report across both hospitals for the fifth year in a row.
• Gaining awards and recognition for services including Diabetes, Microbiology, Pharmacy, Rheumatology and Informatics.

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	X
Level of efficiencies	X
PFI plans and affordability	X
Other Capital Plans and Estate issues	☐
Loan Debt	☐
Working Capital and Liquidity	X
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 Trust has an excellent record on quality, performance, governance and leadership.

Finance

The Trust has a very strong track record on financial management, achieving all statutory and administrative financial duties. For the past three successive years, the Audit Commission has awarded the Trust the highest possible rating for performance in relation to quality of financial management and arrangements for achieving value for money.

In 2009/10 the Trust turnover was £236.4m with a surplus of £225k after adjusting for allowable costs such as impairments and the impact of IFRIC12. In 2010/11 the Trust turnover was £252.9m generating a surplus of £296k after adjusting for allowable costs

For both 2009/10 & 2010/11 the Trust has delivered its nationally required CIP targets on a recurrent basis. For 2009/10 this was 3.1% (£7.6m) with the Trust achieving this sum recurrently and also achieving £2.7m non-recurrently which was over and above national requirements. For 2010/11 4.8% (£12.7m) was delivered which was £2.5m above national requirements.

However, the opening of the Trust's two new £338m PFI hospitals (in 2008 and 2010) has resulted in a unitary payment of over £42m on a turnover of £233m (excluding non recurrent support). The Trust believes this is the root cause of the current financial gap.

In addition the Trust already has an extremely demanding minimum 2011/12 cost

improvement target of £13.3m equating to 5.7% of operating costs. It has been externally recognised that the Trust has in place leading practices on the management and delivery of CIPs.

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	**X**
CIPs	**X**
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)	☐ **X**

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

The Board will continue to use a well established governance framework to seek assurance about maintaining and improving the quality of care for patients. This includes a Trust Governance Board, a Patient Safety Council, a HR Council, a Clinical Performance Council and a Finance Committee. The Trust Governance Board is responsible for overseeing the development of a robust Quality Improvement Framework which is demonstrated through the achievements described in the Quality Account. In addition, Governance and Clinical Quality are standing items on Public Board meetings.

The above enables the Trust Board to challenge and gain assurance on the quality of patient services and the efficiency with which these are delivered. The quality of services is recognised through CQC assessment with services being classed as “excellent”, as well as an ALE score of 4 (“excellent”) from the Audit Commission.

The Trust has always delivered over and above the national CIP requirements and has been assessed by Grant Thornton and PWC on both current financial performance and the systems and processes in place to deliver future performance. CIP governance has been enhanced with the introduction of a clinical safety and clinical quality risk assessment process which is overseen by the Medical Director and the Director of Nursing.

The Trust has recently received a report from PWC with regard to its CIPS for 2011/12 onwards which included a deep dive review of 14 areas of business conduct. The report describes the internal Innovation & Productivity structure which uses LEAN systems and change management techniques as a “best in class” methodology for the management of future CIP programmes. The early findings from McKinsey are consistent with the findings of PWC.

The existing North Mersey and Mid Mersey QIPP structures, both of which include a wide ranging stakeholder engagement programme, will be the vehicle through which an economy wide service transformation strategy described below will be driven.

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:

Success will only be achieved through the development of a whole health economy transformation strategy which will be underpinned by the following principles:-

Delivering further efficiencies in the management of urgent care.

The local health economy has seen a non elective growth increase of 6% over the last 4 years compared to neighbours in the Mersey Health economy where this has been flat. This is largely because community based admission avoidance schemes have not reduced demand. The Trust will play an active role to ensure that integrated care pathways are in place to support the reduction in non elective activity. In addition the management of complex discharges requires the Trust to interface with four different Local Authorities which inevitably complicates discharge planning for patients with complex needs. The combined impact of the above will release significant capacity.

Improved primary and community care to more effectively manage acute demand.

The Trust will work closely with commissioners as they strive to reduce demand in order to manage activity flows to the levels seen in the Mersey Health economy. This is likely to involve more partnership work to build upon the whole system approach to urgent care used within Merseyside. This includes the development of admission avoidance schemes and streamlined discharge pathways.

Redesign services by utilising released capacity.

The action described above presents the Trust with the opportunity to redesign services. The Trust will actively work with the PCT Cluster to explore a number of key areas of initial focus across the region.

Strengthening clinical engagement and collaboration across the system

The Trust will develop further the good clinical relationships and collaboration with Warrington FT, with other acute providers and community service providers in Merseyside to bring future proposals of integrated working to fruition. It will also strengthen the relationship and partnership working with general practice and clinical commissioning groups to lead this agenda.

Trust Innovation Challenge

If successful the whole system strategy described above will make a significant contribution to the PFI affordability gap over the next three years and will be led on the part of the Trust by the Chief Executive. However, it is unlikely that the gap will be fully closed and the Trust has set itself an internal “Innovation Challenge” to identify savings or efficiencies over and above the national CIP programme. This Challenge builds upon the excellent clinical relationships within the Trust and requires each Executive Director to form partnerships with two clinical specialties in an attempt to identify and implement innovations in order to deliver an additional 5% savings per specialty.

These innovations will be managed through the existing Innovation & Productivity structure.

National PFI review

The Trust will continue to work with McKinsey as part of the National PFI Review

The strategy to this whole system transformation will be delivered through four distinct but complimentary workstreams enabled by strong governance, leadership, ownership and collaboration.

Workstream 1 Redesign local economy care pathways

Workstream 2 Redesign services

Workstream 3 Trust innovation challenge to identify additional savings and efficiencies

Workstream 4 To work with McKinsey as part of the National PFI review

Workstream	Action	Lead	Trust Lead	Start Date
1	Redesign local economy care pathways to optimise StH&KH where it makes sense to do so leveraging QIPP schemes and releasing capacity	Strategic Partnership Board	Chief Executive	Sept 2011
	• Deliver efficiencies in the management of urgent care	Mid Mersey QIPP Board	Director of Service Modernisation	Aug 2011
	• Complex discharges for older people	STHK Via QIPP	Director of Service Modernisation	April 2011
	• Reducing alcohol related admissions	Commissioner via QIPP	Director of Service Modernisation	Nov 2011
	• COPD	Commissioner via QIPP	Director of Service Modernisation	Sep 2011
	• Care home related admissions	Commissioner via QIPP	Director of Service Modernisation	April 2011
	• Stroke	STHK Via QIPP	Director of Service Modernisation	June 2011
	• People who are substantial users of the service.	Commissioner via QIPP	Director of Service Modernisation	March 2012
	• Improved primary and community care to more effectively manage acute demand.	Mid Mersey QIPP Board	Director of Service Modernisation	Aug 2011
2	Agree and plan wider Cluster opportunities to design services which utilise released capacity	Strategic Partnership Board	Chief Executive	Sept 2011
	• Strengthen clinical engagement and collaboration across the system	Strategic Partnership Board	Chief Executive	Sept 2011
3.	Trust innovation challenge to identify additional savings and efficiencies	STHK	Director of Service Modernisation	Sept 2011
4.	National PFI Review – the Trust will continue to work with McKinsey as part of the National PFI review	STHK	Chief Executive & Director of Finance	Sept 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	**X**
Transforming Community Services	☐
Financial CIPs\efficiency	☐
Quality and Performance Regional and local QIPP	☐
Quality and clinical governance	☐
Service Performance	**X**
Governance and Leadership Board development activities	☐
Other key actions to be taken (please provide detail below)	**X**

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.

Transition Director appointed by the SHA to provide support with milestones and available options.

To support the Trust and the health economy in making the necessary transformational changes to enable the health economy to deliver against the agreed proposals.

To hold each party to account for delivery within agreed timescales.

To support the DH with the implementation of the McKinsey findings.

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.

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	**X**
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:

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

Date	Milestone
From August 2011	Trust Innovation Challenge being developed with a view to implementing innovations and efficiencies in order to make further contributions to the PFI affordability gap. The CEO (StHK) will be accountable for the delivery of this work programme.
October 2011	Establishment of Strategic Partnership Board with membership of Merseyside PCT Cluster, CCG's, St Helens council and community providers. Health economy wide strategy is successful in managing non elective activity flows to the levels seen in the Mersey Health economy and releases capacity. The Strategic Partnership Board will be accountable for the delivery of this work programme.
October 31st 2011	Updated LTFM with DH outcomes
January 2012	CIPs being developed up for 2012/13, Using results from PwC as the foundations for the 3 year plans and incorporating Trust Innovation Challenge
January 2012	CIPs in outline for 2013/14. Using results from PwC as the foundations for the 3 year plans.
January 2012	Summary CIPs for 2014/15, 2015/16, 2016/17
March 2012	12/13 Contract Signed Off with Commissioner
October 2012	Financial Risk Rating at a minimum of three
Start April 2013	As part of the health economy wide strategy the Trust will work with the PCT Cluster to redesign services in order to make further contributions to the PFI affordability gap. The Strategic Partnership Board will be accountable for the delivery of this work programme

Each of the work streams described in section 5 has a detailed supporting plan, a governance structure and will be project managed to deliver the required system wide changes to a timescale that will enable the Trust to become a Foundation Trust by 2014.

The table below describes the non-recurrent support for the plan that has already been agreed, and the outstanding financial gap. The successful delivery of the plan relies upon finding a solution to this.

	2011/12	2012/13	2013/14	2014/15
Agreed non recurrent support	£14.20m	£0.00m	£0.00m	£0.00m
Financial Gap	£6.10m	£10.00m	£2.00m	£0.00

The success and financial impact of the above schemes will need to be carefully managed, as timings for the loss of non elective activity and income will need to be matched with contributions from compensating service changes as they are completed. The expectation is that there will be an overall "system" wide financial gain, which will require bridging support.

The Cluster will work with the Trust to broker and identify the solution for the non-recurrent financial gap identified above (£32.3m). This covers the years 11/12 and 12/13. Thereafter, it will seek to ensure the legacy issue in year 3 is also identified and resolved when the new commissioning organisations are established.

All of the above workstreams will need to deliver a substantial contribution towards achieving financial balance, including receiving funding support as a consequence of the McKinsey Review.

Key Milestones will be reviewed every quarter. 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
PFI affordability	Damien Finn (Director of Finance) Continued discussions with local commissioners regarding support and review of CIPs greater than national requirements. A national Department of Health 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.
Organisational change across Merseyside resulting in loss of key individuals	Sign up to proposals and implementation plan by wide range of partners. Wide communication and agreement with emerging organisations including GP's, CCG's and community Providers. Establishment of Strategic Partnership Board. Trust CEO to highlight any emerging issues with strategic leaders in the system.
Monitor financial metrics	Damien Finn (Director of Finance) Quarterly production of LTFM with latest performance and forecasting values.
CIPs/Efficiencies	Ian Stewardson (Director of Service Modernisation & Turnaround) Continuation of performance managing CIPs using Innovation & Productivity Board as main lever. This process has been independently approved as "best in class" by PwC.
External relationships	Ann Marr (Chief Executive) Regular and sustained meetings with local stakeholders including PCTs, GPs, SHA, MPs & Local Authorities.
Non-elective demand is not managed effectively	Steve Spoerry (Managing Director Halton & St. Helens PCT) supported by Ian Stewardson (Director of Service Modernisation) Ensure QIPP schemes especially urgent care are implemented effectively through strong governance and monitoring. PMO will monitor all schemes and escalate exceptions. Exception reporting/liaison between the Trust and the SHA as appropriate.