TFA document

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

Tripartite Formal Agreement between:

- Plymouth Hospitals NHS Trust
- NHS South West
- Department of Health

Introduction

This Tripartite Formal Agreement confirms the commitments being made by the NHS Trust, their Strategic Health Authority and the Department of Health that will enable achievement of NHS Foundation Trust status before 1 April 2014.

Tripartite Formal Agreements are made up of nine parts, each of which is introduced below.

Part 1

Part 1 confirms the date when the NHS Trust will submit its 'NHS Foundation Trust ready' application to the Department of Health to begin their formal assessment towards achievement of NHS Foundation Trust status.

Part 2

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;
- Strategic Health Authority – Chief Executive;
- Department of Health – Ian Dalton, Managing Director of Provider Development

Prior to signing, NHS Trust Chief Executive Officers should have discussed the proposed application date with their Board to confirm support. In addition the lead commissioner for the NHS Trust will sign in part 2b 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) NTDA previously known as the Provider Development Authority – the name change is proposed to better reflect their role with NHS Trusts only when they take over the SHA provider development functions.

Part 3

Part 3 sets out the services provided by the NHS Trust, its commissioners, the financial context and key quality and performance issues.

Part 4

Part 4 sets out the key strategic and operational issues facing each NHS Trust.

Part 5

Part 5 sets out the key actions to be taken by the NHS Trust to address the key strategic and operational issues facing the NHS Trust.

Part 6

Part 6 sets out the key actions to be taken by the Strategic Health Authority to address the key strategic and operational issues facing the NHS Trust.

Part 7

Part 7 sets out the key actions to be taken by the Department of Health to address the key strategic and operational issues facing the NHS Trust.

Part 8

Part 8 of the agreement sets out the key milestones that will need to be achieved to enable the NHS Foundation Trust application to be submitted to the date in part 1 of the agreement.

Part 9

Part 9 sets out the key risks to delivery of the NHS Foundation Trust application to the date set out in part 1 of the agreement.

The guidance provided by the Department of Health for the preparation of Tripartite Formal Agreements is set out in Appendix 1.

Standards required to achieve NHS Foundation Trust status

The establishment of a Tripartite Formal Agreement for each NHS Trust does not change, or reduce in any way, the requirements needed to achieve NHS Foundation Trust 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 NHS Foundation Trust status. The purpose of the Tripartite Formal Agreement for each NHS Trust is to provide clarity and focus on the issues to be addressed to meet the standards required to achieve NHS Foundation Trust status. The Tripartite Formal Agreement should align with the local quality and productivity agenda.

Alongside development activities being undertaken to take forward each NHS Trust to NHS Foundation Trust status by 1 April 2014, the quality of services will be further strengthened. Achieving NHS Foundation Trust 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 NHS Foundation Trust status, to establish autonomous and sustainable providers best equipped and enabled to provide the best quality services for patients.

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

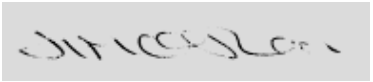
1 September 2012

Part 2a - Signatories to agreements

By signing this agreement the following signatories are formally confirming:

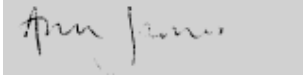
- their agreement with the issues identified;
- their agreement with the actions and milestones detailed to support achievement of the date identified in part 1;
- their agreement with the obligations they, and the other signatories, are committing to;

as covered in this agreement.

Helen O' Shea Interim Chief Executive Plymouth Hospitals NHS Trust	 Date: 7th September 2011
Sir Ian Carruthers Chief Executive NHS South West	 Date: 16 September 2011
Ian Dalton Managing Director of Provider Development Department of Health	 Date: 29 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.

Anne James Chief Executive NHS Devon, NHS Plymouth and Torbay Care Trust	 Date: 7th September 2011

Part 3 – NHS Trust summary

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

Plymouth Hospitals NHS Trust is the largest NHS trust in the south west and is a teaching hospital in partnership with the Peninsula Medical School. The Trust has an integrated Ministry of Defence Hospital Unit which has a staff of approximately 220 military personnel. The Trust provides services from 8 registered locations including Derriford Hospital, The Royal Eye Infirmary and the Child Development Centre.

The Trust provides comprehensive secondary and tertiary healthcare to around 450,000 people in Plymouth, North and East Cornwall and South and West Devon. We also provide comprehensive training and education for a wide range of healthcare professionals. The Trust is developing rapidly as a centre for research. The Trust currently employs more than 5,000 staff and spends more than £380m in providing these services.

Our services are primarily commissioned by three Primary Care Trusts, NHS Plymouth, NHS Devon and NHS Cornwall & Isles of Scilly, which makes up 96% of the overall income for patient services. The Trust's main commissioner is NHS Plymouth.

The Trust has consistently delivered a balanced financial position but it has not delivered the financial control total agreed with the SHA in the past couple of years. The Trust has a strong track record of achieving good outcomes for patients but has faced a number of challenges over the past year. A significant amount of work has been undertaken to address these issues and provide strong, sustainable arrangements for future years.

Plymouth Hospitals NHS Trust applied to become a Foundation Trust in 2008 but withdrew from the application process in March 2009. However, by this time a substantial membership had been recruited and elections to the Council of Governors had taken place. With the support of the Trust Board, extensive engagement has been undertaken with the membership, and with the Trust's 'governors in waiting', to demonstrate responsiveness to topical issues and concerns and to capitalise on the obvious enthusiasm and commitment of members and their elected representatives. Whilst our shadow 'governors' have no formal role, they and the Trust have worked together to develop links with committees and groups to facilitate a voice for members in the day to day running of the Trust.

The Trust remains resolutely committed to becoming a Foundation Trust and continues to work with its commissioners, members and 'governors in waiting' to achieve this at the earliest opportunity.

Current CQC registration

The Trust is currently registered without conditions. In 2010/11, the CQC issued a 'Warning Notice' following the incidence of a number of 'Never Events'. A subsequent visit found significant improvements had been made and the notice was removed. The CQC has also recently completed a full compliance review and only identified a small number of improvement actions to maintain compliance with the essential standards.

Financial data

Description	2009/10 (£000s)	2010/11 (£000s)
Total income	377,133	391,499
EBITDA	27,052	25,547
Operating surplus / (deficit)	2,015	0
CIP target	22,391	27,560
CIP achieved recurrent	14,600	16,425
CIP achieved non-recurrent	2,900	4,624

Summary of PFI schemes

None.

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	☒

Commentary on key issues

Financial

The Trust has a good track record of achieving financial breakeven but has faced significant challenges in meeting control totals agreed with the SHA. The Trust is required to deliver significant savings in 2011/12 to account for inflation and decreased income from PbR adjustments and demand reduction. The 2011/12 cost improvement programme target is £31.2m which represents 8% of the Trust's baseline. Over the medium term, the Trust recognises the need to ensure that its cost base is appropriate and is working actively with commissioners to co-produce a strategic plan to take this forward.

Quality and performance

The success of the QIPP programme will be pivotal in achieving savings in the health community (see 'financial' issues above).

The Trust's service performance continues to be strong. The Trust does, however, need to sustain improvements in its quality governance arrangements following the recent incidence of 'Never Events' in 2010/11.

Governance and leadership

Recent performance issues demonstrate a need for improved governance and leadership throughout the Trust. The new Chairman started in November 2010. A comprehensive governance review commenced in December 2010.

The Trust Chief Executive left the organisation in July 2011 and the Trust will have an interim Chief Executive in place. Recruitment of a substantive Chief Executive will be complete during October 2011.

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	☐

The Trust Board receives a comprehensive suite of information on a monthly basis which enables it to assure itself on the quality of patient care. The Trust Board also receives monthly reports from the Safety & Quality Committee and will be actively involved in the completion of the Quality Governance Framework to provide further assurance in this area.

Action	Timetable	Lead
Financial		
Finalisation of CIPs savings plan (including QIPP).	31 March 2011	DoF
Finalisation of CIPs delivery framework.	31 March 2011	DoF
Finalisation of robust performance management and accountability framework and comprehensive financial skills development programme.	30 April 2011	DoF
Production of an updated long-term financial model (LTFM).	Jun-Oct 2011	DoF
Quality and clinical governance		
Establishment of Safety & Quality Committee.	Completed	DoG
Provide a comprehensive response to CQC's detailed report.	15 April 2011	DoG
Production of a comprehensive safety strategy.	30 May 2011	CN
Completion of healthcare governance review and implementation of all recommendations.	31 Aug 2011	CN
Governance and leadership		
Implement all of the recommendations arising from the comprehensive governance review.	30 April 2011	CN
Finalise the production of a comprehensive leadership and OD Plan.	30 Sep 2011	CX
Finalise the new Trust Strategy.	30 Oct 2011	CX
Recruitment of substantive Chief Executive	October 2011	Chair

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)	☐

Action	Timetable	Lead
Quality and Performance		
Provide support in ensuring that a sustainable health community financial strategy is in place.	30 Oct 2011	DoF

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	☐

Action	**Timetable**
Not applicable.	-

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

Date	Milestone
31 August 2011	Completion of healthcare governance review and implement recommendations.
30 September 2011	Finalisation the production of a comprehensive leadership and Organisational Development strategy
October 2011	Appoint substantive Chief Executive
31 Oct 2011	Submit IBP & LTFM (Draft 1) to SHA.
31 Oct 2011	Letter of support from NHS Plymouth.
December 2011	Consultation begins
31 Jan 2012	Submit IBP & LTFM (Draft 2) to SHA following HDD (Part 1)
31 Mar 2012	Finalisation of consultation process and outcomes.
30 May 2012	Completion of HDD (Part 2).
30 Jun 2012	Letter of support from NHS Plymouth.
1 September 2012	Submit formal application to DoH.

The above reflects a delay of four months to the currently agreed timetable. This is because the Trust has recently been advised that it will be required to re-conduct the public consultation process.

The timetable will be dependent on CQC's views of the Trust's quality governance arrangements. The following actions will be taken to secure delivery of the timetable:

- Specific project plan and team to lead and co-ordinate process.
- Monthly review of progress by the Trust Board.
- Chair / Chief Executive review meeting with SHA if milestone missed.

A more detailed milestones plan is shown in Annex 1.

Key milestones will be reviewed every quarter, so ideally milestones may be timed to quarter ends. The milestones agreed in the above table will be monitored by senior Department of Health and Strategic Health Authority leaders until the NHS Trust Development Authority 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 Strategic Health Authority (or NHS Trust Development Authority 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 NHS Trust Development Authority once it formally has the authority).

Part 9 – Key risks to delivery

Risk	Mitigation and Lead ED
Finance Failure to develop a robust MTFP and recurring cost improvement programme due to: • Inability to deliver QIPP programme. • The demand for acute services continues to rise with no additional income. • Unable to reduce the bed numbers. • Unable to reduce theatres through improved productivity/scheduling. • Unable to deliver reduced outpatient activity.	Detailed LTFM and supporting delivery framework being developed. Progress will be monitored by the Trust Board on a regular basis. *Director of Finance*
Quality Following the recent CQC visit, the Trust has recognised the need to review and improve existing healthcare governance processes. Significant progress has been made in this area but the Trust needs to ensure that these improvements are sustained.	Extensive work underway to improve healthcare governance arrangements and safety culture. *Medical Director / Chief Nurse.*

Detailed Milestones Plan

Annex 1

SHA Ref.	Key Activities	2011/12 Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	2012/13 Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
Phase 1 - Trust Development with SHA																									
4	Submission of IBP & LTFM (Draft 1)							■																	
10,16	Submission of consultation and membership plans.							■																	
12	Letter of support from Lead Commissioner.							■																	
26,27	SHA Quality Review (including feedback)								■	■	■	■													
13	SHA agreement for Trust to go out to consultation.									■															
23	Historic Due Diligence (Part 1).									■															
14	Submission of IBP & LTFM (Draft 2)										■														
17	Informal Board Observation & governance review										■	■													
30	Public Consultation process.									■	■	■	■												
30	Finalisation of consultation process and outcomes.											■													
34,35	Submission of IBP & LTFM (Final)											■													
36	Historic Due Diligence (Part 2).													■	■										
33	Formal Board Observation.													■	■										
29	Letter of support from Lead Commissioner.														■	■									
37,38	Formal Board to Board.															■	■								
40	SHA confirmation that Trust is ready to move into Phase 2.															■	■								
Phase 2 - Secretary of State Approval																									
43,44	Submit formal application to Secretary of State with SHA support.																	■							
50	Notification of SoS support.																		■						
Phase 3 - Monitor Assessment																									
50	Submission of letter of support from DoH to Monitor.																		■						
53-58	Monitor assessment process.																				■	■	■		
59	Formal authorisation.																							■	