Kingston Hospital NHS Trust

Tripartite Formal Agreement

Trust Board	**Item: 9.2**
27th July 2011	**Enc: M**
Purpose of the Report / Paper: In March 2011 the Board approved the key milestones within our Tripartite Formal Agreement (TFA) which was subsequently signed by the SW Cluster and NHS London and submitted to the Department of Health (DH). The DH has recently signed our TFA which is now a public document. The Board is asked to note this position as well as the key milestones within the TFA and the performance management arrangements relating to the delivery of these milestones.	
For Noting ☒	**For Decision** ☐
Sponsor (Executive Lead):	Rachel Benton, Commercial Director
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Financial / Resource Implications:	
Risk Implications - Link to Assurance Framework or Corporate Risk Register:	
Legal / Regulatory / Reputation Implications:	
Link to Relevant CQC Standard:	
Link to Relevant Corporate Objective:	To co-ordinate and drive the Trust's FT application through the process to ensure that the application is with Monitor by March 2012
Impact on Patients and Carers:	
Document Previously Considered By:	Executive Management Team 18th July 2011

Recommendations & Action required by the Trust Board:
The Board is asked to note:

- **That the TFA has now been signed by the DH**
- **The key milestones within the TFA**
- **The performance management arrangements for delivery of the key milestones**

Kingston Hospital NHS Trust

Foundation Trust Application – Tripartite Formal Agreement

Executive Summary

Context

1. The Tripartite Formal Agreement (TFA) is a formal agreement between the Trust, the Department of Health (DH), NHS London and the SW London Cluster which confirms the commitments being made by each party that will enable achievement of Foundation Trust (FT) status before April 2014. Specifically the TFA confirms the date of submission of the FT application to the DH to begin the formal assessment towards the achievement of FT status.

2. In March 2011 the Board approved the key milestones within our TFA which was subsequently signed by the SW Cluster and NHS London and submitted to the DH. The DH has recently signed our TFA which is now a public document. The Board is asked to note this position as well as the key milestones within the TFA and the performance management arrangements relating to the delivery of these milestones.

Key Points

3. The timeline for the submission of our application to the Department of Health is 1st April 2012. The key milestones to achieve this are set out below:

Date	Milestone
May 2011	1st formal submission of draft IBP and LTFM to SHA
July 2011	Historical Due Diligence stage 1
April – July 2011	Consultation
October 2011	Commissioner letter of support
November 2011	2nd formal draft IBP and LTFM to SHA
November – December 2011	Historical Due Diligence stage 2
January 2012	Board to Board with SHA
January 2012	Final IBP and LTFM to SHA
March 2012	Delivery of productivity programme, waiting list action plan and urgent care project plan
March 2012	SHA Board approval
April 2012	Formal application to Department of Health

4. Based on achievement of these key milestones our anticipated authorisation date is October 2012.

5. We will be performance managed against the key milestones leading up to our application to the Department of Health. NHS London's monthly performance monitoring process will highlight challenges to FT pipeline milestones with regard to quality, service performance and finance and address these in monthly performance improvement meetings with the Trust. Where a milestone not related to in year performance is likely to be missed NHS London 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 the DH where necessary.

6. We have achieved the key milestones within our TFA to date. Discussions are ongoing with local commissioners to agree the criteria against which they will assess our application prior to giving formal commissioner support in October 2011.

Recommendations & Actions Required by the Board

7. The Board is asked to note:

    - That the TFA has now been signed by the DH
    - The key milestones within the TFA
    - The performance management arrangements for delivery of the key milestones

TFA document

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

Tripartite Formal Agreement between:

- Kingston Hospital NHS Trust
- 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

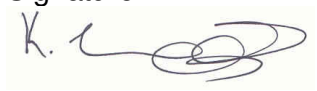
1 April 2012

Part 2a - Signatories to agreements

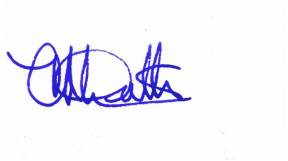
By signing this agreement the following signatories are formally confirming:

- 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.

Kate Grimes, Chief Executive Officer, Kingston Hospital NHS Trust	Signature  Date: 27 May 2011

Ruth Carnall, Chief Executive NHS London	 Signature Date: 27 May 2011

Ian Dalton, Managing Director Provider Development Department of Health	Signature  Date: 7 July 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.

Ann Radmore, Chief Executive South West London Cluster	Signature  Date: 27 May 2011

Part 3 – NHS Trust summary

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

Required information

Kingston Hospital NHS Trust is a single site, medium sized District General Hospital located in Kingston-Upon-Thames within south west London. The Trust serves a resident population of approximately 320,000 people locally and provides a comprehensive range of acute hospital services for emergency and elective patients.

Current CQC registration (and any conditions):
The Trust is registered with the CQC without conditions

Financial data

	2009/10 £000's	2010/11* £000's
Total income	£195,695	£200,066
EBITDA	£13,200	£13,900
Operating surplus**	£2,412	£2,724
CIP target	£5,900	£11,600
CIP achieved recurrent	£6,000	£11,100
CIP achieved non-recurrent	-	£500

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

The NHS Trust's main commissioners
The Trust's main commissioners are NHS Kingston (44%), NHS Richmond and Twickenham (23%), NHS Surrey (15%), NHS Wandsworth (7%), NHS Sutton and Merton (7%) and 'other' (4%)[2].

Summary of PFI schemes (if material)

The Trust has two PFI schemes as summarised below:

1. Prime Healthcare Solutions (Kingston) Ltd (Prime) provided the capital to finance the build of the Kingston Surgical Centre. The contract covers a 29-year period (ending 2036), during which time the Trust pays an annual unitary fee of £9.8m for the building which is increased by the February RPI every April. At the end of the term the building will be owned by the Trust. During the 29 year period Prime provides the hard FM services for the Kingston Surgical Centre and the soft FM services for the whole site.

2. Dalkia, a leading European provider of energy services, designed, built and financed a new energy centre on the hospital site which went into service in November 2007. The contract runs for 15 years (ending 2022) during which time Dalkia will provide energy and energy services. The Trust pays an annual unitary fee of £1.4m. The base level of the contract is uplifted by RPI whilst the utilities element reflects the actual gas price.

[2] % total KHT activity 2009/10

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:

1. Analysis by the SW London Cluster indicates that changes need to be made to the current service configuration in SW London to ensure all providers and commissioners are clinically and financially viable on a sustainable basis going forward. The South West London Cluster has initiated the *Better Services, Better Value* review to look at how local patients can receive the best possible care.

2. Cost pressures, reductions in the national tariff and commissioner QIPP plans result in a requirement for the Trust to reduce it's cost base by £41.6m in cash terms over the next 5 years (equivalent to £38m at 2010/11 prices) through c5% efficiency savings per annum. In line with the profile of commissioner QIPP plans the savings requirement is greatest in year 1 at £12.5m (at 2010/11 prices), which is 6.6% of turnover.

The Trust has had a number of 18 week RTT target breaches which it will need to resolve and it will also need to fully implement the urgent care service model agreed with commissioners, the outcomes of which are built into the base case of the draft Integrated Business Plan (IBP) and the Long Term Financial Model (LTFM).

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 Board has approved a range of strategies which set the direction for the Trust over the next five years in relation to safety, effectiveness and patient experience. These include a Patient Safety Strategy, a Patient Experience and Public Involvement Strategy, an Improve Care in Hospital 24/7 Strategy and an Organisational Development Strategy. The Board receives regular reports on progress in implementing these strategies.

Quality and Safety is the main section on the agenda at each Board meeting and all Board papers and main committee papers link to the CQC's essential Standards of Quality and Safety to ensure that potential quality impacts are identified. The Board receives a clinical patient safety report at each meeting, which monitors performance against key KPIs. The Strategic Risk Committee is a Board sub-committee which has a specific quality and safety focus and meets every other month.

During 2011/12 the Trust will continue to embed Executive and Non Executive clinical visibility through regular walkabouts and will implement plans to introduce patient Stories to Board agendas. All productivity plans for 2011/12 have been quality impact assessed.

In March 2011 the Trust won a national award for excellence in patient safety – the Board Leadership Category at the Nursing Times and Health Service Journal patient Safety Annual Awards.

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:

1. As agreed with the Cluster, the Trust will model downside and upside scenarios within its IBP and LTFM which reflect the potential impact of SWL commissioner led changes to acute service provision. Downside sensitivities will include the loss of inpatient paediatrics and the impact on elective inpatients of 1-2 elective centres within the Sector. The latter will assume profit share arrangements for activity lost by the Trust and an increase in emergency activity. (**Lead/ Timescales: Simon Milligan, Director of Finance/ May 2011 - downside, August 2011 - upside)**

2. In response to the scale of efficiency savings required over the next five years a comprehensive productivity programme has been led by the Chief Executive. The programme identifies plans at scheme and cost centre level with monthly phasing for years 1 and 2. More than 230 schemes have been identified over the next 5 years, each of which has a project plan for delivery and a risk assessment associated with the delivery of each scheme has been undertaken. Schemes have been grouped and Quality and Equality Impact assessments of each grouping have been undertaken. A Director of Productivity Programme has been appointed and will be in post from 1st April 2011 with responsibility for overseeing the programme and assisting the clinical and corporate departments in delivering their identified plans. Robust governance arrangements have been identified and performance will be monitored by the Productivity Board, through to the Executive Management Committee chaired by the Chief Executive. **(Lead/ Timescales: Kate Grimes, Chief Executive/ Ongoing)**

3. A comprehensive action plan has been developed to resolve waiting list issues including actions required, leads and timescales. An interim senior manager has been appointed to take this forward and a Waiting List Improvement Board has been established, chaired by the Chief Executive, to oversee implementation and ensure improvement during 2011/12. **(Lead/Timescales: Kate Grimes, Chief Executive/ December 2010 – November 2011)**

4. The Trust will also implement the project plan which has been agreed with commissioners for delivery of the urgent care service model. **(Lead/ Timescales: Sarah Tedford, Chief Operating Officer/ Ongoing as per project plan milestones)**

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.

SWL cluster is undertaking the Better Services, Better Value review to ensure long term sustainability of services across the sector. Kingston Hospital will need to be an active participant in the review including Chief Executive attendance at the Strategy Programme Board and clinical involvement in the Clinical Strategy Group and Clinical Working Groups. Commissioner support to the Trust's FT application will be predicated on the understanding that the outcome of the review may impact on the service portfolio and income assumptions of the Trust. The Trust has agreed to model a range of potential downside and upside options which are consistent with emerging commissioner scenarios.
Ensure effective delivery of the key milestones in the SWL Better Services Better Value programme. (Lead/Timescales: SWL Cluster Chief Executive (2011))

Kingston Hospital is an active partner in the development of plans to reduce costs by sharing support services across providers. The sector will provide support where necessary to help drive this work forward at an accelerated pace. **(Lead/Timescales: SWL Cluster Director of Strategy & Performance (2011/12))**

Clinical commissioners have identified a number of key issues on which they wish to work closely with the Trust to underpin their support and involvement in its development as a successful FT which is highly responsive to the needs of the local population. The detail and timescale for delivery of each of these initiatives will be developed jointly by the Trust and Kingston and Richmond clinical commissioners. (**Lead/Timescales: South West London Director of Acute Commissioning Unit & MDs for Kingston and Richmond/ September 2011)**

An assessment of financial challenges and productivity opportunities by provider, incorporating the impact of commissioner QIPP plans as they are completed. This analysis, to be completed by July 2011, will determine any potential implications for the FT pipeline, including confirmation of any additional, possible requirements for service changes. **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:	

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

Date	Milestone
May 2011	1st draft IBP and LTFM to SHA including remodelled downside
July2011	Historical Due Diligence stage one
April-July 2011	Consultation
October 2011	Commissioner letter of support
November 2011	2nd formal draft IBP and LTFM to SHA
November-December 2011	Historical Due Diligence stage two
January 2012	Board to Board with SHA
January 2012	Final IBP/ LTFM to SHA
March 2012	SHA Board Approval
March 2012	Deliver productivity programme
March 2012	Deliver waiting list improvement project action plan
March 2012	Deliver urgent care service project plan
April 2012	Formal application to DH

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	Named lead
The Better Services Better Value Review impacts on the Trust's FT application timeline	South West London Cluster support to ensure that the proposed review does not impact on the Trust's FT application timeline Model the impact of potential changes to the provider landscape within downside and upside scenarios of the IBP and LTFM, as requested by the Sector (further detail at part 5).	Lead: Kate Grimes, Chief Executive, Kingston Hospital Trust and Bill Gillespie, Director of Strategy, South West London Sector Lead: Simon Milligan, Director of Finance, Kingston Hospital Trust
The scale of productivity improvements required to deliver a balanced 5 year financial plan	Development of a productivity programme with plans identified at scheme and cost centre level, risk assessed and with Quality and Equality Impact Assessments undertaken. Appointment of a Director of Productivity Programme to oversee the programme and robust governance arrangements in place to ensure delivery.	Lead: Kate Grimes, Chief Executive, Kingston Hospital Trust
Failure to deliver timely waiting list improvements	Development of a comprehensive action plan with agreed leads and timescales, overseen by a monthly Waiting List Improvement Board chaired by the Chief Executive	Lead: Kate Grimes, Chief Executive, Kingston Hospital Trust
The impact of new targets on our performance, for example A&E	Development of robust plans to ensure the delivery of new targets, overseen by the Executive Management Committee, chaired by the Chief Executive	Lead:,Sarah Tedford Chief Operating Officer, Kingston Hospital Trust
Failure to deliver agreed QIPP plans	Delivery of agreed plans to deliver QIPP plans including reconfigured pathways, changed clinical behaviour and associated changes to the Hospital and primary care infrastructure	Lead: Kate Grimes, Chief Executive Officer, Kingston Hospital Trust and local GPs within SW London cluster
Delay in submission of FT application to DH from 1st December 2010 to 1st April 2011, as requested by commissioners, results in a loss of momentum, demotivation of staff and creates potential further slippage	Effective management of communications internally Revised programme of work with clear milestones and responsibilities Framework including specific KPIs for commissioner sign up in October 2011 to be made explicit and agreed with the Trust by 1st April 2011	Lead for Comms: Kate Grimes, Chief Executive, Kingston Hospital Trust Programme revision lead: Rachel Benton, Commercial Director KPI Framework Lead: Dominic Conlin, South West London Director of Acute Commissioning