TFA document

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

Tripartite Formal Agreement between:

- Buckinghamshire Healthcare NHS Trust
- NHS South Central Strategic Health Authority
- 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

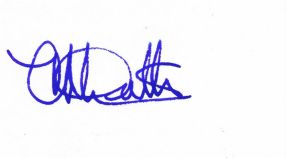
1 April 2012

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.

Name, Anne Eden (CEO of Buckinghamshire Healthcare NHS Trust)	Signature  Date: 27 May 2011
Name, Andrea Young (CEO of NHS South Central SHA)	Signature:  Date: 27 May 2011
Name, Ian Dalton, (Managing Director of 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.

Name, Ed Macalister-Smith (CEO of NHS Buckinghamshire Lead commissioner)	 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

Current CQC registration (and any conditions):

Registration without conditions

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

£million	2009/10	2010/11
Total income	294.9	345.4
EBITDA	28.2	31.0
I&E position	0.146[1]	1.026[1]
CIP target	11.5	29.8
CIP achieved recurrent	9.0	18.3
CIP achieved non-recurrent	2.8	11.9[2]

[1] before IFRC/impairment

[2] inc £2.2m SHA support

The NHS Trust's main commissioners

The major commissioner is NHS Buckinghamshire.

Summary of PFI schemes (if material)

The Trust has established PFIs on its three main sites. The cost in financial terms is 8% of turnover, circa £26 million.

Further Information

Buckinghamshire Healthcare NHS Trust is the major provider of NHS healthcare services in Buckinghamshire, serving a population of more than half a million. Following the TUPE of staff from Community Health Bucks on 1st April 2010 and the establishment order for the newly merged organisation in November 2010, the Trust now provides a full range of integrated services delivering both acute and community based healthcare.

The trust employs over 6,000 staff (4,900 wtes) and acute services are provided from two sites, Stoke Mandeville and Wycombe Hospitals, while community based services are delivered from a further 21 sites including the community hospitals at Amersham, Buckingham, Chalfont St Peter, Marlow and Thame.

The Trust provides general emergency and planned acute services and a number of high-quality specialist services such as dermatology, and burns and plastics. There are also accredited units for urology and skin cancer. The Trust treats many patients who live beyond the county including those from abroad who come to receive treatment in the internationally renowned National Spinal Injuries Centre at Stoke Mandeville Hospital.

The Trust offers a full range of community based nursing and therapy services directly into people's homes as well as from community clinics and hospitals, and in schools and children's centres.

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:

Background

- The trust originally applied in May 2009 but the application was paused at the DH stage due to an in-year deficit of £2.7million incurred due to audit not allowing the inclusion of a forward land sale.
- In early 2010 a new application date of September 2011 was agreed.
- In July 2010, an adverse variance of £616k on the trust's financial plan led to an SHA "deep dive" and to the appointment of a turnaround team and regular meetings between the SHA and the Trust.
- Due to the scale of the financial challenge a longer FT application timetable was agreed.
- The Trust has delivered a significant cost improvement plan of £29.8 million in year.

Current situation

- During 2010 the Trust merged with Buckinghamshire community services resulting in an increase in staffing, £40m in additional revenue, and an increase in the number of operating bases
- 2010/11 financials show forecast year end surplus of £1m (against plan of £3m), although it should be noted that a normalised position would be reporting an outturn much closer to plan. The trust is forecasting achievement of savings of £22m (7%) plus £7.8m demand management totalling £29.8m (9%).
- Upper decile performance in non-elective admissions.
- Non elective and elective activity is reducing but new O/P and LOS is increasing.
- The current savings programme is a cumulative 30% over the 4 years to 2014/15.
- A detailed trajectory was agreed for the 30th November letter, leading to an FT application in April 2012.
- SHA has been working closely with the PCT and the Trust to ensure QIPP plans are understood and owned by all parties, with better understanding and concessions on both sides.

- Further headcount reductions are planned by the Trust in 2011/12 and will need support from the PCT 2% levy.
- The Trust has revisited its clinical strategy and is reviewing its service configuration to ensure sustainable services across its two acute sites, and to provide robust cardiovascular and stroke services as agreed by the clinical networks. The Trust is actively engaging emerging GP clinical consortia.

- A full draft IBP and LTFM was produced and discussed in April demonstrating the agreed vision for the future shape of services in Buckinghamshire.

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)	☒

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:

Integration of community services needs to become transformation of community services to deliver the QIPP agenda. This will require further reinvestment to enable the rebalancing from acute into community.

- QIPP needs to be embedded and reflected into LTFM to address highlighted issues in the current financial position and to match the internal CIP programme.

- Services need to be reconfigured in line with the clinical strategy of the Trust. This will have to be within the limitations of the PFI contracts and will require public consultation, which will need to begin in 2011. Rationalisation of the estate will form part of this programme

- Trust strategy to deal with cash issues include:
  - more robust treasury management of cash including prompt payment by debtors (BPCT built up £14m debt to BHT during 2010/11)
  - Working capital facility draw down
  - Interest bearing loans
  - Reduction in capex
  - Continued focus on cash releasing CIPs
  - It should be noted that the Trust's cash position is improving and BHT did not require the interest bearing loan anticipated at the start of 2010/11.

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

The Board is assuring itself through:

- the monthly Board performance report
- the activities of the Board sub-committees, in particular the healthcare governance committee
- the Board's governance report based on the quarterly healthcare governance report
- reports based on the three key Quality strands
  - patient safety
  - patient experience
  - clinical outcomes
- Quality Accounts produced annually
- the Patient Safety strategy

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.

SHA to:

- continue work with the health system to ensure QIPP delivers
- provide advice and support regarding public consultation that will be required on limited service reconfiguration
- identify additional opportunities for the local health economy to retain its status as a pathfinder within Transforming Community Services e.g. development of the ImPACT project.
- work with the Trust to resolve any liquidity issue if it arises

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:

- DH to clarify the position on the transfer of community assets.
- Support to ensure a successful public consultation alongside the FT timetable.
- Decision as to whether there is a requirement for national support to PFI

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

Completed	
1 May 2011	SHA meet PCT to discuss strategic alignment
5 May 2011	Executive to Executive meeting
16 May 2011	Feedback to Trust
July 2011	Refresh Public and Staff engagement on FT
1 July 2011	Interim submission of IBP and LTFM if required
End July 2011	Complete SHA Shadow HDD
End July 2011	Q1 Performance and Financial Review: 2011/12 Financial Plan on Track, CIP trajectory delivered, service performance on track
1 August 2011	Feedback letter to Trust
5 Aug 2011	Submission of Trust's enabling strategies for review by SHA e.g. Estates, IT, Workforce and Risk
September 2011	Public and staff engagement on FT concludes, and constitution reviewed
September 2011	SHA Medical / Nurse Director Quality Visit to Trust and sign off Quality Governance
5 October	Board Observation
Mid October	Start public consultation on clinical strategy
End October 2011	Q2 Performance and Financial Review: 2011/12 Financial Plan on Track, CIP trajectory delivered, service performance on track
4 November 2011	Third Formal Submission to include: draft v3 of IBP and LTFM and update on Board, shadow HDD and Quality action plans as required. Liquidity and working capital issues resolved.
21 November 2011	SHA confirm to DH when Trust ready for independent HDD
29 November 2011	Board to Board meeting
1 December 2011	Feedback letter to Trust
December 2011	Interim submission of IBP and LTFM if required
December 2011	Commence independent HDD – Phase 1
January 2012	Repeat Board to Board if required
January 2012	Repeat Board Observation
End January 2012	Conclude public consultation
End January 2012	Q3 Performance and Financial Review: 2011/12 Financial Plan on Track, CIP trajectory delivered, service performance on track
February 2012	Board to approve results of public consultation
February 2012	Board to Board meeting to approve application
March 2012	Final formal submission to include: final draft of IBP and LTFM, update on independent HDD action plan, commissioner support letter, legal confirmation of constitution
1 April 2012	SHA apply 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.

Robust performance management and escalation arrangements will be put in place with :

- monthly reviews against project plan and milestones;
- Executive to Executive Management meetings;
- Regular Board to Board meetings
- Quarterly stocktakes

Any slippage, or risk of slippage will be addressed immediately with action plans

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
Need to ensure that QIPP, contract and LTFM are all balanced.	• Identified with SHA.DH as key area of risk • Contract negotiation process Trust Lead: Director of Finance & I.T. SHA Lead: Director of Finance and Performance
Financial risk on downside case	• Model the worst case now and develop robust mitigating actions the trust can take • Respond to Historical Due Diligence Trust Lead: Director of Finance & I.T. SHA Lead: Director of Finance and Performance
Service Performance slips	• Regular performance monitoring arrangements in place. • Intervention gradient in place to enable swift response and action • Regular performance meetings with the Trust and commissioner to address any emerging issues • Weekly meetings of Executive Team to flag emerging situations/gaps Trust Lead: Chief Operating Officer SHA Lead: Director of Finance and Performance
Requirement to consult on potential service reconfiguration	• Board engagement with OSCs, local stakeholders, GPCC etc • Proven track record of Trust/PCT handling previous service configuration Trust Lead: Director of Strategy & System Reform SHA Lead: Director of Provider Development
Failure of Demand Management plans with local health economy unable to fund increased activity	• Joint action plan with commissioners to recover the agreed contract position Trust Lead: Chief Operating Officer PCT Cluster Lead: SHA Lead: Director of Finance and Performance
One of the first integrated Trusts to proceed through the FT process	• Robust IBP and LTFM • Regular contact with SHA • Networked through the FTN with other integrated Trusts going through FT Trust Lead: FT Project Director & Board Secretary SHA Lead: Director of Finance and Performance