TFA document

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

Tripartite Formal Agreement between:

- Leeds Teaching Hospitals NHS Trust
- NHS Yorkshire & the Humber
- 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.

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

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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.

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

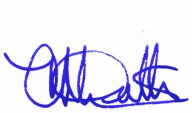
April 2012

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.

Maggie Boyle, Chief Executive, Leeds Teaching Hospitals NHS Trust	Signature  Date: 23/09/11
Bill McCarthy, Chief Executive, NHS Yorkshire & the Humber	Signature  Date: 23/09/11
Ian Dalton, Managing Director of Provider Development, DH	 Signature Date: 27/09/2011

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.

John Lawlor, Chief Executive, NHS Leeds	Signature  Date: 23/09/11

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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):

The Trust was registered without improvement conditions in April 2010.

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

	2009/10 £m	2010/11 £m
Total income	911	934
EBITDA	59.3	59
Operating surplus\(deficit)	1.0	2.0
CIP target	37.5	39.7
CIP achieved recurrent	26.4	23.6
CIP achieved non-recurrent	12.1	18.1

The Trust's main commissioners

The NHS Trust's main commissioners are NHS Leeds and the Yorkshire and Humber Specialist Commissioning Group (SCG).

Summary of PFI schemes:

Cancer Centre PFI scheme – not material; unitary payment less than 3% of Trust turnover.

Trust summary

The Leeds Teaching Hospitals NHS Trust was established in 1998 following the merger of the city's two teaching hospitals, the Leeds General Infirmary and St James's University Hospital.

The Trust provides both secondary care and specialist tertiary care to the people of Leeds. The current population of the city is approximately 770,000 and it continues to grow in excess of one percent per year. The Trust also provides tertiary services, in cancer services, for example, to a network population of 2.6 million. For liver transplantation, the Trust is recognised as a national centre of excellence.

The Trust employs approximately fifteen thousand people (thirteen thousand full time equivalents) and has an annual turnover of £932 million (2010/11). As well as being a major employer within Leeds, the Trust partners the Leeds Medical School and the city's two universities in the provision of education and research.

The current Chief Executive was appointed in 2007 and the current Chairman in 2009. Since 2007, four new Non Executive Directors have been appointed (including a new Vice Chairman) and four new Executive Directors have taken up post.

Under the new Board, the Trust approved a strategic direction for the Trust and redesigned its performance management arrangements. The Trust has subsequently improved its performance consistently, evidenced by Annual Health Check classification and the Auditors Local Evaluation for Use of Resources. The Trust now operates from five sites, two of the former sites being closed in 2008 and 2009.

The Trust is currently working with partners in the Leeds health economy through the Leeds Health and Social Care Transformation Programme, and internally as part of its Managing for Success Programme, to radically transform the Trust's services with a more sustainable alignment between hospital and community services.

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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	☐

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

Strategic and local health economy issues
Equity & Excellence: Liberating the NHS White Paper, will result in structural changes to the environment in which the Trust operates within, including the creation of the National Commissioning Board (NCB). The detail of how this will work at a practical level is still being developed. There is a risk that any changes proposed by the NCB in either the quantum or value, e.g. as part of a move to a national tariff for all such services, could put at risk the Trust's current income streams associated with specialist activity.

The changes proposed to commissioning in the local health economy, primarily the abolition of PCTs by 31 March 2013 to be replaced by PBC consortium, represent a number of risks including the risk that the Trust's income streams and ability to deliver and develop services may be adversely affected by the uncertainty surrounding how the new GP consortiums will work in practice and the transition arrangements. In particular the Trust will have to manage the added complication of how this transition will be addressed outwith Leeds i.e. a significant percentage of the Trust's income comes from associate PCTs.

Financial
The Leeds Health Economy had anticipated the forthcoming future environment of constrained funding. As a consequence of prudent financial management, the Leeds Health Economy is in good order. It is recognised however that the Trust, in common with the rest of the NHS, needs to effect significant improvements in its efficiency to meet the material financial challenge, in part created by the changes in national tariffs. Proactively, the Trust has already identified the savings required for 2011/12 which were signed off by the Trust Board in March and management are now concentrating efforts on 2012/13 and beyond.

Quality and performance
The Trust has significantly enhanced its quality and performance structures since 2007. The Trust's quality of care is above that of its peers as measured by the Standardised Mortality Ratios.

The Trust is addressing the key risk areas on performance. These relate to 62 day cancers, where the Trust receives a number of late referrals, the two relatively new A+E indicators and HCAI:

- 62 day cancer - all cancers,
- A&E - 95th percentile waiting time to initial assessment for patients arriving by ambulance,
- A&E - median time from arrival to treatment.
- HCAI – MRSA & C.Diff trajectories

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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 has adopted a strategic approach to quality and safety to ensure it is in the top 25% of all NHS organisations, delivering effective, safe and personalised healthcare. The Trust has an agreed long-term quality strategy overseen by the Quality Committee (a Sub-committee of the Board). The Trust has also commissioned external assurance of its compliance with the Monitor Quality Governance Framework.

Financial
The Trust has agreed a balanced financial plan for 2011/12 and is working on savings plans for 2012/13 and 2013/14. The risks to breakeven are a potential loss of income due to underperformance and/or the inability to achieve cost improvement plan targets. The plan for mitigation includes:

- Delivery of I&E break-even or better for 2010/11 year end; with a sustainable balance sheet and working capital position.
- An agreed financial balanced plan for 2011/12 in advance of the new financial year, supported by signed SLAs with commissioners.
- Constructing detailed business delivery plans early and properly resourcing the work on driving change.
- Sustaining the risk-sharing principles currently in place with commissioners across the local health economy.
- Continued close working with NHS Leeds and the SCG Yorkshire and Humber commissioners.

The Trust has established, and will continue to utilise, it's Managing for Success change programme to maximise the internal efficiency of its services and continue to work with the Leeds Health and Social Care Transformation Board to increase quality, productivity and efficiencies across the Leeds Health Economy.

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Quality and Performance

There are a number of pressures to maintain quality and safety standards in the provision of services to patients, particularly the 62 day, A+E targets and HCAI. The Trust has agreed improvement trajectories with NHS Leeds and is being performance managed under the live contract to deliver them. The approach to mitigation includes:

- 62 day cancer target: Joint work with NHS Leeds to address the issue of late referrals from other hospitals (post 31 days) combined with a detailed internal action plan developed with ISTC colleagues.
- A&E: Joint work with NHS Leeds to contain the growth in A&E attendances and support the internal improvement programme.
- HCAI (MRSA & C Diff.): The Trust is adopting a zero tolerance approach supported by performance arrangements that confirm standards, accountability, capability and competence of staff from Ward to Board.

Other

- The Trust will work closely with NHS Leeds and the SCG to ensure a smooth transition of specialist services to the NHS Commissioning Board.

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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.

Strategic and local health economy issues.

There are a number of structural changes proposed in the *Equity & Excellence: Liberating the NHS* White Paper, including the creation of the National Commissioning Board (NCB). The detail of how this will work at a practical level is still being developed. NHS Yorkshire & the Humber has a role in ensuring providers are kept up to date with commissioning developments.

The SHA will support the Trust through the transition with the transfer of specialist commissioning to the National Commissioning Board in 2013/14.

Quality and Performance

Supporting Trusts and PCTs across the region on significant issues e.g. the 62 day target, see section 5.

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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:

Other

Clear guidance is required from the Department on the scope and value of services to be commissioned by the NHS Commissioning Board at an early stage to facilitate an efficient transition.

Clear guidance is required from the Department on the scope, value and arrangements for the future management and funding of education and training to effect an efficient transition.

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

Date	Milestone
July 2011	HDD Part 1
September 2011	Commence consultation "refresh" Draft IBP and LTFM to SHA
October 2011	Quarter 2 Delivery of: - Overall Financial Plan including CIP to date - Compliance Framework Performance
December 2011	Self-certification of compliance with Quality Governance Framework
January 2012	Final IBP/LTFM submission to SHA HDD Part 2 Quarter 3 Delivery of: - Overall Financial Plan including CIP to date - Compliance Framework Performance
February 2012	SHA Board to Board
April 2012	DH Stage of Assessment Process
June 2012	Monitor stage
September 2012	Projection for approval as FT.

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 Yorkshire and the Humber will be informed at the earliest opportunity of any potential for a milestone to be delayed or missed.

The SHA will arrange an urgent meeting with the Trust to understand the position, assess the risk, and agree the remedial action necessary to avoid, or minimise, any delay.

In the unlikely event a delay is absolutely unavoidable the remaining milestones will be reviewed, with key events brought forward as necessary, to secure delivery of the FT application for the agreed DH submission date.

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 established)

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Part 9 – Key risks to delivery

Risk	Mitigation including named lead
Financial Inability to maintain financial balance. The risks to breakeven are a loss of income due to underperformance and/or a failure to control costs and meet savings targets. Deficits will adversely impact on the FRR and on the cash position.	• End 2010/11 with I&E break-even or better and with a sustainable balance sheet and working capital position. • Agree a financial balanced plan for 2011/12 in advance of the new financial year. • For 2011/12 and the following five years plan on the latest 'downside' scenario as recommended by Monitor. • Construct detailed business delivery plans early and properly resource the work on driving change. • Sustain the risk - sharing principles currently in place with commissioners across the local health economy. • Consolidation of CIP with ledger to enhance performance management • Access to expert assistance as part of the Transformation Board • Engagement of PWC and KM&T to provide strong professional support to the Trust and NHSL change programme. **Director of Finance**
Quality and Performance Failure to deliver the regional/national or local quality and access targets: Monitor Compliance Framework A&E 62 days HCAI	• Weekly performance report to SMT; monthly report on progress to Trust Board; bi-monthly Performance Review of Divisions; bi-monthly review of Directorates. • Programme in place to improve performance against cancer standards, focussing on work with the PCT on late referrals (including precedent set by Christie on the sharing of breaches) and improving internal capacity by better structured patient scheduling, smoothing of annual leave and the implementation of the ISTC improvement plan, monitored through performance process. • Programme of work underway with NHS Leeds to contain the growth in A&E attendances and support the internal improvement programme. • Policy of Zero Tolerance for HCAI (MRSA / C Diff) • Managing for Success; the Trust Wide change programme is addressing year on year improvement from 2011/12 onwards. • Local and SCG CQUIN schemes for 2011/12 agreed with commissioners, March 2011; risk assessment undertaken. • Monthly assessment of contract performance to assess risk. **Director of Business Development & Performance Delivery** **Chief Nurse**
Other SCG to NCB transition	• Continued close working with NHS Leeds and the SCG Yorkshire and Humber commissioners. **Director of Business Development & Performance Delivery**