TFA document

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

Tripartite Formal Agreement between:

- Portsmouth Hospitals 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 Chief Executive Officers (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.

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 anyway, 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 Quality Innovation Productivity & Prevention (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.

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

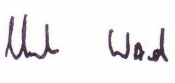
31 March 2013

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.

Name, Ursula Ward (CEO of Portsmouth Hospitals NHS Trust)	Signature  Date: 1 September 2011
Name, Andrea Young (CEO of NHS South Central SHA)	Signature  Date: 1 September 2011
Name, Ian Dalton, (Managing Director of Provider Development, Department of Health)	Signature  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.

Name, Debbie Fleming CEO NHS Hampshire	Signature  Date: I September 2011

Part 3 – NHS Trust summary

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

Required information
Current Care Quality Commission (CQC) registration (and any conditions):

Registration without conditions

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

	2009/10	2010/11
Total income	432.2	446.2
EBITDA	12.1	31.6
Operating surplus\deficit	(14.9)	0.2*
CIP target	19.8	37.0
CIP achieved recurrent	15.0	34.3
CIP achieved non-recurrent	1.3	1.0

Note *: Includes circa £15m of non recurrent income

The NHS Trust's main commissioners

Over 85% of the income of the Trust comes from NHS Hampshire and NHS Portsmouth (NHS Hampshire being the largest commissioner). The remaining income comes from neighbouring Primary Care Trusts, NHS West Sussex in particular, and specialist commissioning.

Summary of Private Finance Initiative (PFI) schemes (if material)

A £265million PFI opened in 2009. The private provider for the PFI is 'The Hospital Company'. The total unitary payment of £44m represents an additional £24m annually of fixed costs and equates to 10% of the Trust's current turnover.

Further information
Portsmouth Hospitals NHS Trust is a large acute hospital trust providing a full range of general, specialist and some tertiary services to a population of circa 600,000 to Portsmouth, South East Hampshire and beyond. The Trust employs circa 6,000 people, largely drawn from the local area.

The Queen Alexandra Hospital site has gone through a major redevelopment to create a modern and 'fit for purpose' hospital, which was completed in 2009. This resulted in the centralisation of all acute services from the Royal Haslar Hospital in the Gosport peninsular and St Mary's Hospital in Milton. The centralisation of acute services on to one site is complemented by a range of community facilities strategically sited to deliver care closer to home in line with Government policy. The Trust also runs a number of peripheral renal dialysis units as part of its tertiary service for renal and transplantation. In addition the Trust runs a number of midwifery led birthing centres. The 'Emergency Department' at Queen Alexandra Hospital treats in excess of 100,000 patients each year.

The Trust is the tertiary provider for Renal and Transplant services serving a population in excess of two million. It is a designated Cancer centre and holds Cancer Beacon Status for the Head and Neck Cancer Services. It has recently been designated as one of eight centres in the UK for training existing surgeons throughout England in Laparoscopic Colorectal surgery. It is one of the few centres in the UK to have perfected the technique of endomucosal resection (an alternative to open surgery for Oesagheal Cancer). The Neonatal unit is designated as level three. The Trust has just recently been designated as a Hyper Acute Stroke Unit and currently has the highest number of patients in South Central admitted with a stroke. The Trust has also been designated as a Trauma Unit, and has the second highest number of trauma patients in South Central. The Trust hosts the largest Ministry of Defence Hospital Unit (MDHU) in the country and enjoys strong military connections. Military staff account for circa 5% of the total workforce.

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	☒

Background

- Portsmouth Hospital Trust (PHT) originally applied in late 2006 and was assessed by Monitor in 2007. Monitor deferred the application as:
  a) PHT did not have the requisite balance of governors, and membership was low,
  b) They were not satisfied that the Trust could satisfactorily demonstrate a sustainable surplus under a reasonable set of downside risks
  c) They were not satisfied that the Trust's Non-Executive Directors (NEDs) were able to appropriately challenge the Trust's executive team.
- The application was deferred twice before PHT withdrew their application in January 2009, with the support of Monitor and the SHA.
- PFI costs were included in the original model, however this was mitigated by assumed income growth that is no longer likely to materialise.
- The financial impact of the PFI, combined with the financial challenges faced by the local health economy, are squeezing the finances of the Trust.
- An application date to the Department of Health of March 2013 has been agreed, thus the emphasis now needs to be on developing a plan to deliver this deadline.

Current Situation

- The Trust Board has been refreshed following some external facilitation and development that commenced several months ago. Further appointments are in train. The Board is committed to cultural transformation that makes the financial and quality transformation sustainable. A significant organisation development programme (from Board to Ward) has commenced in March 2011 and is likely to run for twelve months. This programme is being undertaken in partnership with Aston University.

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	☒
Cost Improvement Programmes (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 Board receives assurance from:

- A quarterly quality and patient story report delivered by the Director of Nursing
- Quarterly patient experience report
- Real time patient feedback system
- Non Executive Director patient safety walkarounds, speaking to staff and patients
- Captains Rounds Led by Executive Directors focused on the environment and quality standards
- Dedicated lead consultant in each specialty for patient experience
- Patient Safety Steering Group
- Quality Improvement Framework underpinned by Steering Groups
- Patient Safety Culture Survey
- All CIPs risk assessed against quality and patient experience
- Dashboards set up for each Clinical Service Centre, setting out finance, performance, patient experience and quality metrics.

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:

- the outcome of the 2011/12 contracting round/QIPP challenge is reflected in a revised LTFM;

- service performance issues, in particular relating to 18 weeks and cancer, to be addressed during 2011/12

- delivery of CIPs in 2011/12 crucial to achieving a sustainable position on 2012/13 and beyond

- continue to work with partners and the Portsmouth and South East Hampshire Sustainability Team to rationalise estate usage at Queen Alexandra and across the entirety of the wider health system

- Board and Senior Management Team Development Programme with Aston University to continue to be progressed

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.

The Trust has a challenging 3 year financial framework to deliver in order to meet the FT timeline. A whole system plan to deliver this including addressing the estate over capacity issues will be rigorously monitored by the SHA and PCT cluster with formal quarterly reviews. This is set out below and in Section 8

- Effective performance management of performance issues with Trust and the wider system regarding referral to treatment times and cancer waiting times
- SHA to hold the health system to account for delivery of QIPP plans
- Support to the Board Development Programme of the Trust is in place and will continue
- Continued SHA support to the Sustainability Programme in Portsmouth and South East Hampshire, in particular around the estate rationalisation issues and intensive use of the Queen Alexandra site

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	☐
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:

- Support to resolve liquidity issues required

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

Completed	Milestone
April 2011- March 2012	Ensure delivery of CIPs and financial plan
End July 2011	Q1 Performance and Financial Review: 2011/12 Financial Plan on Track, Cost Improvement Plan trajectory delivered, and service performance all on track
End October 2011	Q2 Performance and Financial Review: 2011/12 Financial Plan on Track, Cost Improvement Plan trajectory delivered, and service performance on track
End of October 2011	Portsmouth and South East Hampshire Estates Plan agreed and implementation underway
End January 2011	Q3 Performance and Financial Review: 2011/12 Financial Plan on Track, Cost Improvement Plan trajectory delivered, and service performance on track
February 2012	First formal submission to include: high level strategy and Long Term Financial Model
March 2012	Submission of enabling strategies for Strategic Health Authority review, to include, for example, estates, Information Technology, workforce and risk.
March 2012	Board Observation
March 2012	Strategic Health Authority Medical / Nurse Director Visit and Quality Governance sign off
April 2012	Executive to Executive meeting
April 2012*	Strategic Health Authority Feedback to Trust within 10 days
End of May 2012	Confirm delivery of 2011/12 financial plan, Cost Improvement Plan delivery, performance against national targets
June 2012	Strategic Health Authority Shadow Historical Due Diligence commences
June 2012	First formal submission to include complete draft of Integrated Business Plan, Long Term Financial Model, , consultation/engagement documents and an update on Board development and quality action plan.
End July 2012	Q1 Performance and Financial Review: 2012/13 Financial Plan on Track, Cost Improvement Plan trajectory delivered, and service performance on track
July 2012	Strategic Health Authority meeting with commissioners to discuss alignment
September 2012	Consistently green for governance against Monitor compliance framework.
September 2012	Department of Health confirm to Department of Health Trust ready for Historical Due Diligence
September 2012	Second formal submission to include complete draft of Integrated Business Plan, Long Term Financial Model, ,consultation/engagement documents
October 2012	Board to Board to approve consultation/engagement refresh
End October 2012	Q2 Performance and Financial Review: 2012/13 Financial Plan on Track, Cost Improvement Plan trajectory delivered, service performance on track

October – December 2012	Consultation/Engagement
November 2012	Third formal submission to include draft of Integrated Business Plan, Long Term Financial Model, and update on shadow Historical Due Diligence actions
November 2012	Board observation
November 2012	Historical Due Diligence Phase 1
December 2012	Executive to Executive meeting
December 2012	Historical Due Diligence Feedback to Trust within 10 days
January 2013	Report on the outcome of consultation/engagement
January 2013	Fourth formal submission to include final draft of Integrated Business Plan, Long Term Financial Model, outcome of consultation, legal confirmation of constitution and letter of support from commissioners.
End January 2013	Q3 Performance and Financial Review: 2012/13 Financial Plan on Track, Cost Improvement Plan trajectory delivered, service performance on track
February 2013	Board to Board to approve application
February 2013	Historical Due Diligence Phase 2
31 March 2013	Department of Health applies to Department of Health

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
Financial risk on downside case	Trust is taking prudent approach Trust Lead: Director of Finance SHA Lead: Director of Finance and Performance
Board Development Programme fails to develop the Board effectively	SHA to monitor progress, conduct further board observations and review external assessment and offer further support where required Trust Lead: Company Secretary SHA Lead: Director of Communications and Corporate Affairs
Service Performance slips/fails to recover	• 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
Trust unable to deliver required levels of CIPS	• Project Management Office well developed and in place • Delivery of the CIP programme is monitored on a weekly basis through the Sustainability Committee which has Non-Executive Director input • 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: Director of Finance SHA Lead: Director of Finance and Performance
Failure of Demand Management plans with local health economy unable to fund increased activity	• Reduce all discretionary treatment • Reduce threshold-dependent procedures (formerly procedures of limited clinical value) • Review low-priority procedures Trust Lead: Director of Finance PCT Cluster Lead: Cluster Director of Finance SHA Lead: Director of Finance and Performance