TFA document

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

Tripartite Formal Agreement between:

- Walsall Healthcare NHS Trust
- NHS West Midlands
- 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 – Richard Kirby, Chief Executive Officer
SHA – Ian, Cumming, 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

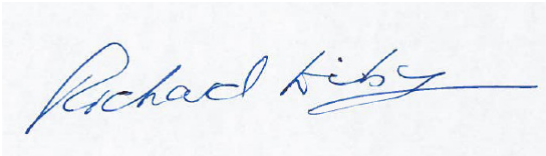
October 2012

Part 2a - Signatories to agreements

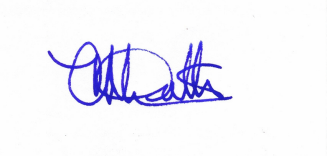
By signing this agreement the following signatories are formally confirming:

- 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.

Richard Kirby Chief Executive Walsall Healthcare NHS Trust	Signature  Date: 25 May 2011

Ian Cumming OBE Chief Executive NHS West Midlands	Signature  Date: 25 May 2011

Name, Job Title (Ian Dalton)	 Signature Date: 27 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.

Robert Bacon Chief Executive Black Country Cluster	Signature  Date: 25 May 2011

Part 3 – NHS Trust summary

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

Current CQC registration (and any conditions): Unconditional registration April 2010

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

	2009/10 £m	**2010/11**** £m
Total income	168.5	180.0
EBITDA	8.0	15.1
Operating surplus*	2.0	3.2
CIP recurrent savings target	7.4	8.2*
FYE of CIP achieved recurrently in year	7.4	8.2*

*Breakeven performance adjusted for impairments and IFRIC 12
**Based on draft accounts

The NHS Trust's main commissioners:
The NHS Trust's main commissioner is Walsall Teaching Primary Care Trust.

Summary of PFI schemes.
The Trust entered into a PFI agreement for development of the hospital site in November of 2007, with the Trust occupying the New Hospital in September of 2010. The capital cost of works totalled approximately £170 million, with the Trust receiving a valuation in use that resulted in an £81.766 million impairment during the 2010/11 financial year.

The steady state unitary charge totals approximately £11.3 million for the 2010/11 financial year (part year effect) and the projected expenditure reported following application of IFRS is detailed below: -The full year effect of the unitary payment is £13.6M for 2011/12. This equates to 6.8% of turnover. This doesn't include any soft FM services and excludes approximately 50% of the estate.

Description	2010/11 Amount £m
Interest	5.5
Depreciation (associated with PFI asset)	1.6
Hard FM	4.0
TOTAL	11.1

Further information
Walsall Healthcare NHS Trust is a medium sized integrated care organisation providing both acute hospital based care and community healthcare provision across Walsall. The organisation was established in April 2011 following the integration of Walsall Hospitals NHS Trust and Walsall Community Health. Data contained in this TFA relating to the 2009-10 period relates to Walsall Hospitals NHS Trust (the former provider of acute healthcare services for Walsall) The hospital itself is a single site hospital which has recently undergone a major PFI scheme to deliver state of the art modern hospital facilities for its patients. The NHS Trust serves a resident population of approximately 260,000 people. It provides a comprehensive range of acute hospital services for emergency and elective patients and has a dedicated A&E department and Critical Care/High Dependency facilities. The hospital is a designated centre for Bariatric services. The hospital is also the first contact for patients to access more specialist services through networks shared with hospitals in neighbouring areas. These extended services are provided by visiting consultants – or by patients travelling to hospitals in other areas of the Black Country and Birmingham. The total annual income for

the NHS Trust during 2009/10 was just over £168 million. The integration of acute and community based services from April 2011 has increased turnover of the organisation by £38M.

During 2009-10 the Dr Foster Hospital Guide found the hospital to be one of the most improved in the Country for mortality rates. The hospital was awarded unconditional registration with the Care Quality Commission in April 2010. The organisation has won a range of prestigious national awards including the National Patient Safety Award 2010 for the Trust Boards commitment to patient safety (sponsored by the Health Service Journal and Nursing Times).

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:

Integration of Community Services

Walsall Hospitals NHS Trust received ministerial and regulatory approval to become a new organisation to be known as Walsall Healthcare NHS Trust from 1 April 2011. This recognised the integration of acute and community based services across Walsall within a single organisation. A Business Transfer Agreement is in place which has mitigated all perceived risks. A strong foundation of an integrated management structure and single corporate departments has been developed. This gives us a platform not only to create clinical synergies but also more cost effective services. The integrated organisation is undergoing a large transformational agenda which focuses on improving service quality, patient experience and efficiency.

Financial

The organisation has successfully delivered all financial targets including surpluses for the past 3 years and forecasts attainment of a £3M surplus for end of 2010-11. The organisation has recently opened new state of the art hospital facilities. The scheme was PFI funded, and the Trust has to meet an annual full year effect Unitary Payment of £15 million for the next 30 years. As in common with other PFI hospitals we have benefited from non-recurrent transitional support from the Strategic Health Authority. The position moving forward is that we have a balanced normalised position which depends on achieving savings targets of circa 5% turnover. The current accounting treatment of PFI on the balance sheet affects the financial risk scores and prudential borrowing code that Monitor assess the organisation against. 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. The dates contained within the TFA will be subject to the outcome of this review in enabling any issues outlined in this agreement to be resolved.

The Trust has achieved its 2010-11 savings target and is now working through future savings schemes. The savings target set for 2011-12 is £10M and £9M for 2012-13 which represents circa 5% of turnover. This is being governed by an established programme management office that has been supporting Clinical Divisions and departments in identifying appropriate savings schemes.

With regard to capital plans and estates issues, the organisation recognises the need to improve A&E and critical care facilities as identified in the recent West Midlands Quality Review completed in 2010. Once agreed, the cost of any such works will need to be reflected in the Long Term Financial Model for the organisation.

Quality and Performance

The organisation performs well in relation to its Hospital Standardised Mortality Rates and has a positive culture of incident reporting. Local patient experience tools have shown positive feedback, however this has not always been replicated in national patient surveys.

The Trust performs well in relation to the vast majority of NHS Performance Standards. A small number of standards are however challenging the organisation and in particular a reinvigorated focus on delivering the A&E 4 hour target needs to be implemented. The organisation has met its HCAI target relating to Clostridium Difficile but unfortunately has exceeded its MRSA target by two cases (at the end of 2010-11).

Governance and Leadership

The Trust Board has experienced a higher level of turnover than average during 2010 amongst executive Director colleagues including a change in Chief Executive. There is a need to develop a Board Development Programme to ensure that both capacity and capacity of the Board can be fully assured during its journey to Foundation Trust status.

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.

Quality and Performance

- The organisation has deployed a patient experience strategy and quality strategy which focuses on ensuring that all systems and processes lead to an excellent patient experience. Quality outcome measures will be monitored on a monthly basis by the Board. (Director Lead: Director of Nursing and Medical Director)
- An Organisational Development Plan for the new integrated organisation will commence in June 2011 based on a high quality patient experience being at the forefront of all staff priorities. (Director Lead: Director of Human Resources and Director of Nursing)
- With regard to 'service performance', an HCAI Strategy is under development and will be fully ratified and deployed by June 2011 clearly detailing our objectives and trajectory to further mitigate the likelihood of HCAIs in the organisation. HCAIs are a high priority for the organisation and we are currently recruiting to an additional senior nursing post specialising in this area. (Director Lead: Medical Director)
- A Board sub-committee which considers aggregated information relating to quality, governance and patient experience/outcomes has been revised with increased board level and clinical engagement (Director Lead: Director of Corporate Affairs and Trust Secretary)
- The Board considers a suite of information pertinent to the quality of patient care at every Board meeting (Director Lead: Medical Director and Director of Nursing)
- The Board members engage in 'Board to Floor' visits on a monthly basis (Director Lead: Director of Corporate Affairs/Trust Secretary)

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:

Financial

- The Trust is developing fully worked up schemes to deliver the savings targets. This is being managed through the service transformation programme and the programme management office. Lead Director is the Chief Operating Officer
- From March 2011 each proposed cost improvement programme will have a quality and safety impact profile undertaken which will be used as key intelligence in determining cost improvement plans – Lead Director is the Director of Nursing.

Capital and Estate Plans

- A full and detailed review of the Estates Strategy for the organisation (prioritising the physical environment for A&E and Critical Care) will be completed by quarter 3 of 2011 with the new facilities being made available from 2014 – Lead Director is the Commercial Director.

Governance and Leadership

- The content and shape of the Board Development Programme will be agreed with the Strategic Health Authority during Q3 led by the Chief Executive.
- Recruitment to the two key vacant director roles – Operations and Strategy will commence in April 2011 led by the substantive Chief Executive.

Foundation Trust Programme Management Office

- A Programme Management Office will be established to oversee the delivery of key objectives and milestones to achieve overall Foundation Trust authorisation from 30 May 2011 led by the Director of Corporate Affairs & Trust Secretary. Budgetary costs have been agreed to support this approach.

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.

- Support from the SHA in providing the framework for the state of readiness assessment for FT status
- Support in relation to the agreement and implementation of a Board Development Programme during Q3 of 2011/12
- Support in relation to a quality and clinical governance review by end June 2011. The SHA will want to see continued progress being made in the area of HCAIs and improvements in this area are recognised through the appointment of an additional senior Infection Control Nurse and the implementation of an HCAI Strategy
- Support in relation to a local solution to support liquidity concerns linked to PFI and Monitor risk score. This may take the form of a working capital loan or additional non-recurrent income and will mitigate the Monitor downside risk.

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:

- The Trust has identified a number of issues linked to their PFI that affect their forecast Monitor risk rating including liquidity and the prudential borrowing code.

  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. The dates contained within the TFA will be subject to the outcome of this review in enabling any issues outlined in this agreement to be resolved.

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

Date	Milestone
Q1 2011/12	Foundation Trust office PMO in place
Q1 2011/12	Undertake FT Diagnostic/readiness assessment
Q1 2011/12	Deploy Organisational Development Programme
Q1 2011/12	HCAI Strategy ratified and deployed across organisation
June 2011	SHA assured of progress on improving quality and clinical governance with respect to HCAIs
Q2 2011/12	Embed integrated governance structure and reporting
Q3 2011/12	Agree Estate Strategy and A&E/Critical Care Plans
Q3 2011/12	Produce Board Development Programme for agreement with SHA
Q3 2011/12	FT Diagnostic/Readiness
Q3 2011/12	Draft IBP/LTFM
Q3 2011/12	Membership review
January 2012	Assess and Challenge IBP/LTFM
February 2012	SHA Consultation sign-off
February 2012	Consultation Opens
March 2012	HDD Stage 1 commences
March 2012	HDD Stage one closes
April 2012	Consultation ends
June 2012	Finalise IBP/LTFM
end of June 2012	SHA Approval review
June 2012	FT Quality and Safety Assessment
end of August 2012	HDD Stage 2 commences
September 2012	NTDA Recommend to Executive Board
October 2012	Submission of papers to Department of Health
March 2014	Open new A&E and Critical Care Facilities
If a milestone is missed the SHA will follow the normal escalation process in the event of improvement not being made	

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
Period of large transition	Organisational Development Plan being deployed by the Director of HR and Director of Nursing. Integrated governance model being implemented. Board sub committee structure reviewed
Non achievement of savings schemes	Regular meetings are taking place to scrutinise the development and implementation of savings schemes led by the Chief Executive. A Programme Management Office has been established to assure the consistent delivery of CIPs and indeed early escalation of any schemes considered 'at risk' of failure to deliver
Underlying financial pressures, such as energy bills, medical staffing vacancies and capacity pressures.	Budget setting allocation led by the Director of Finance. Budgetary control mechanisms in place to monitor expenditure. Financial governance framework in place. Review of energy utilisation schemes taking place with SKANSKA led by Commercial Director. Medical Workforce review to be completed by December 2011 led by Medical Director.
Non delivery of QIPP leading to increases in emergency admissions	Monthly contract review meetings with Commissioners to review progress. Mobilise alternative pathways through the integrated care organisation Led by the Chief Operating Officer
Non achievement of CQUINS and other contractual penalties.	Monitoring through Contract Review meetings with Commissioners and via the Quality, Risk and Assurance Board sub committee – led by the Director of Finance
Failure to deliver quality improvements due to failure to deliver Estates Strategy	Sign off of Estates Strategy and Plan. Robust project management of implementation. Develop contingency arrangements i.e. alternative plans Led by the Commercial Director