



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

Tripartite Formal Agreement Between: -

- Northampton General Hospital NHS Trust
- NHS East 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 – 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 SHA's 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 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.

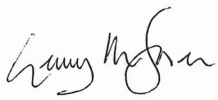
Part 1**Date when NHS Foundation Trust Application will be submitted to Department of Health**

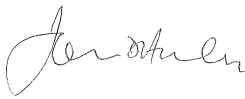
1 July 2012


**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

Gerry McSorley Chief Executive, Northampton General Hospital	Signature:  Date: 01.09.11
-----------------------------------------------------------------	-----------------------------------------------------------------------------------------------------------------


John Hickey Chairman, Northampton General Hospital	Signature:  Date: 01.09.11
-------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------

Kevin Orford Chief Executive, NHS East Midlands	Signature:  Date: 01.09.11
----------------------------------------------------	-------------------------------------------------------------------------------------------------------------------

Ian Dalton, Managing Director of Provider Development, Department of Health	Signature:  Date: 23.09.2011
-----------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------

**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.

<p>John Parkes Chief Executive, NHS Northamptonshire</p>	<p>Signature:</p>  <p>Date: 01.09.11</p>
--------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------

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 is fully compliant with CQC essential standards of quality and safety and is registered with no conditions.

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

	2009/10	2010/11
Total income	227.8	236.9
EBITDA	16.3	14.7
Operating surplus/deficit	2.1	1.1
CIP target	10	10.4
CIP achieved recurrent	8.8	9.1
CIP achieved non-recurrent	1.2	1.1

The NHS Trust's main commissioners are NHS Northamptonshire and the East Midlands Specialist Commissioning Group.

Summary of PFI schemes (if material) - None

Northampton General Hospital NHS Trust (NGH) provides services from two main sites and a number of smaller facilities. The largest hospital site is based in Northampton town centre providing a full range of acute services including Cancer, Integrated Children's Services, Nuclear Medicine, Renal, and Cardiology. The other hospital site is in Daventry, providing further acute services. We serve a growing population which is currently around 370,000 inhabitants. The Trust is also an accredited Cancer Centre delivering cancer services to a wider population of 880,000 from Northamptonshire, North Buckinghamshire and South Leicestershire.

**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	<input checked="" type="checkbox"/>
Site reconfigurations and closures	<input type="checkbox"/>
Integration of community services	<input type="checkbox"/>
Not clinically or financially viable in current form	<input type="checkbox"/>
Local health economy sustainability issues	<input type="checkbox"/>
Contracting arrangements	
Financial	
Current financial Position	<input checked="" type="checkbox"/>
Level of efficiencies	<input checked="" type="checkbox"/>
PFI plans and affordability	<input type="checkbox"/>
Other Capital Plans and Estate issues	<input type="checkbox"/>
Loan Debt	<input type="checkbox"/>
Working Capital and Liquidity	<input checked="" type="checkbox"/>
Quality and Performance	
QIPP	<input checked="" type="checkbox"/>
Quality and clinical governance issues	<input type="checkbox"/>
Service performance issues	<input type="checkbox"/>
Governance and Leadership	
Board capacity and capability, and non-executive support	<input checked="" type="checkbox"/>
<p>Please provide any further relevant local information in relation to the key issues to be addressed by the NHS Trust: -</p> <p>Service configurations The South East Midlands acute services review is currently underway covering Bedfordshire, Milton Keynes and Northamptonshire, with a key feature for the case for change being to understand if four acute trusts (Bedford Hospital, Kettering General Hospital FT, Milton Keynes Hospital FT and Northampton General Hospital) will be able to sustain their existing services given the requirements of specialty and national capacity guidelines. The focus of this is not upon organisational structures and form but on service delivery and pathways.</p> <p>Current financial position NGH reported surpluses for the four financial years ended 31 March 2010 and is forecasting a surplus for the 2010/11 financial year of £1.1m – this is £0.9m adverse variance against plan. The Trust continues to highlight issues in respect of recruitment and retention causing pressure on bank and agency costs, as well as pressures caused by over performance in non elective activity causing loss of contribution from elective activity.</p> <p>Levels of efficiencies The commissioning intentions of NHS Northamptonshire show a reduction in income in 2011/12 on a like for like basis of circa 6% (£10m). This together with the National Efficiency Target of 4% and other cost pressures, therefore creates a requirement for a 7% cost saving in 2011/12 and a total of c23% over the five year planning period. This is a significant challenge for the Trust and is largely targeted for delivery in 2011/12. Processes to manage cost savings effectively and safely are not sufficiently embedded to assure appropriate delivery</p> <p>Liquidity The Trust has a start point of poor cash levels (6.5 days of operating spend forecast at year end 2010/11). This reflects the trusts inability to generate cash surpluses due to the</p>	

repayment working capital loan of £5.6m from the DoH in March 2007.
The trust has developed a strategy to deliver 15 days liquidity by the end of March 2012.

Board capacity and capability

The Trust has just appointed a substantive chief executive having had an interim CEO since January 2010. Given that the chief executive typically drives the vision and strategy and ensures that the right people are in place to drive activities, it is possible that the chief executive may wish to make changes to the organisational structures which could impact on priorities, initiatives and processes currently under way. It is therefore likely that it will take a period of time for the chief executive and any initiatives to bed in. There have been further personnel changes to the Board and a number of individuals filling director posts are relatively new to their roles and the Director of Nursing has recently left the organisation. The organisation will require to develop its skills and capabilities in transformational change.

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	<input type="checkbox"/>
Financial Current financial position	<input checked="" type="checkbox"/>
CIPs	<input checked="" type="checkbox"/>
Other capital and estate Plans	<input type="checkbox"/>
Quality and Performance Local / regional QIPP	<input checked="" type="checkbox"/>
Service Performance	<input type="checkbox"/>
Quality and clinical governance	<input type="checkbox"/>
Governance and Leadership Board Development	<input checked="" type="checkbox"/>
Other key actions to be taken (please provide detail below)	<input type="checkbox"/>

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

The Board gains assurances that they are maintaining and improving quality of care for patients in a number of ways. The Trust's Quality Strategy was approved by the Board and identifies how the Trust's Annual Quality Goals are linked to the corporate objectives and are chosen to improve patient safety, clinical effectiveness and patient experience.

The Board has a governance framework, which was approved by the Board of Directors as part of the Risk Management Strategy, in February 2011.

The Board assures itself that Cost Improvement Programmes (CIPs) and business cases are evaluated for their impact on quality through the completion of a Quality Impact Assessment (QIA).

A Patient Safety Board chaired by the Medical Director, co-ordinates the patient safety strategy for the Trust.

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:

Service Reconfigurations
The acute services review commenced in July 2011. The Trust will respond appropriately to any recommendations in respect of services delivered at NGH.

Current financial position/CIPs/QIPP/Liquidity
The majority of issues highlighted in section 3 relate to the Trusts ability to reduce costs and capacity in response to nationally implied efficiency requirements for providers, PCT QIPP ambitions, improvements in liquidity and the outcome of the acute services review. The Trust launched the Transformation Programme in December 2010 to improve the quality of its services and to ensure the Trust remains clinically and financially viable in the short and longer terms.

Phase 1 – March 2011:

- Development of the overall programme
- Identification of savings for 11-12 and 12-13
- Implementation of the programme management office

Phase 2 – July 2011:

- Development of detailed implementation plans
- Implementation of changes
- Realisation of some benefits as detailed in phase 1
- Skills transfer and training from E&Y to Trust staff to ensure sustainability

Phase 3 – from July 2011

- Full responsibilities transferred to the Trust
- Monthly monitoring and performance management arrangements in place

The Trust's approach to improving liquidity requires delivery of significant savings above national efficiency targets in 2011/12 and 2012/13 of £17.8m and £12m respectively, which will increase the number of cash days held. The Trust is also reviewing its purchase to pay cycle to automate processes and investing in stock and operational systems to improve liquidity.

The Leads for this programme are James Drury – Director of Finance and Christine Allen – Director of Operations.

Board Development Appointment of substantive Chief Executive – March 2011

Start date of Chief Executive – June 2011

Appointment of Director of Nursing – September 2011

Following the arrival of the new chief executive, the trust will undertake a capacity and capability review of the Trust Board. This is to include the development of skills and capabilities of individuals currently in post and within the wider team.

A Board Development programme will then be designed to equip all board members with the skills and knowledge to understand their collective roles; the external environment in which the Trust operates; their Governance and Quality roles and sources of assurance and to support the Integrated Business Plan. The Board Development Plan will also provide an effective and thorough induction process for newly appointed members of Board.

The Lead for this programme is the CEO in conjunction with Susan Rudd - Company Secretary.

**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)	<input type="checkbox"/>
Contracting arrangements	
Transforming Community Services	<input type="checkbox"/>
Financial CIPs \ efficiency	<input type="checkbox"/>
Quality and Performance Regional and local QIPP	<input type="checkbox"/>
Quality and clinical governance	
Service Performance	<input type="checkbox"/>
Governance and Leadership Board development activities	<input type="checkbox"/>
Other key actions to be taken (please Provide detail below)	<input type="checkbox"/>
	<input type="checkbox"/>
	<input type="checkbox"/>
<p>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.</p> <p>The SHA recognises the need to both support and hold to account Trusts and, where appropriate, PCTs for the delivery of both the high level, and more granular milestones and timelines agreed in this document.</p>	

**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	<input type="checkbox"/>
Financial NHS Trusts with debt	<input type="checkbox"/>
Short/medium term liquidity issues	<input type="checkbox"/>
Current/future PFI schemes	<input type="checkbox"/>
National QIPP workstreams	<input type="checkbox"/>
Governance and Leadership Board development activities	<input type="checkbox"/>
Other key actions to be taken (please provide detail below)	<input type="checkbox"/>
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
March 2011	Contract signature and confirmation of CIP target Lead: CEO / Director of Finance
May 2011	Finalise the Trust Working Capital Strategy which ensures that liquidity in the Trust balance sheet is sufficient to support a minimum FRR of 3 under a base case and downside scenario Lead : Director of Finance
June 2011	Appointment of a substantive CEO Lead: Trust Chair
July 2011	Acute Services Review commences. Lead : NHS Northamptonshire
July 2011	Transfer of Transformation Programme management responsibilities to Trust. This supports solutions in respect of QIPP, underlying financial position, delivery of CIPs. Lead: Director of Operations
September 2011	Appointment of a substantive Director of Nursing Lead: CEO
September 2011	Workforce strategy approved by Trust Board Lead: Director of HR
September 2011	Initiate Board capacity and capability review and agree action plan (results expected in November 2011) Lead : CEO
October 2011	Self assessment against Monitor's Quality Framework (awaiting appointment of Director of Nursing) Lead: Director of Nursing
October 2011	ASR Phase 1 recommendations published Lead : Director of Operations
March 2012	Evidence of 6 month consistent planned complete significant CIPs delivery Lead : Director of Finance
March 2012	Board approval of 2 years CIPs including detailed implementation plans and quality impact assessments – for 2012/13-2013/14 and part 2014/15 Lead: Director of Finance
March 2012	Quality Governance – any actions arising from self assessment to be fully implemented Lead: Director of Nursing
March 2012	Final IBP/LTFM agreed by Trust Board Lead: Director of Finance/Director of Planning
June 2012	SHA Board approval Lead: SHA Director of Provider Development
<p>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.</p> <p>Describe what actions \ sanctions the SHA will take where a milestone is likely to be, or has been missed.</p> <p>The SHA will apply its existing escalation policy for the delivery of the timeline detailed in this document.</p>	

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 formally has the authority)

**Part 9 –
Key Risks to Delivery**

Risk	Mitigation including named lead
Slippage of Cost Improvement Schemes	Project management office and Project Board, including Medical Director, Director of Finance and Director of Operations Lead: Director of Finance
Failure to appoint to key Board-level posts	Recruitment processes nearing completion. Lead: CEO
Failure to identify suitable resources, both in terms of quantity and skills, to run the PMO and ensure effective skills transfer from Ernst and Young before they finish their current role with the Trust.	Project management office and Project Board, including Medical Director, Director of Finance and Director of Operations and development / monitoring of transition plan Lead: Director of Operations
Failure to improve liquidity	Stretch target for Executive team to exceed CIP delivery in 2011/12, additional investment in Transformation Programme to accelerate delivery and bring forward additional schemes, CIP target in excess of national efficiency target for 2012/13 and controls group established. Further potential consideration of working capital loan may be required. Lead: Director of Finance
Significant changes recommended in ASR	Implementation plan to minimise service disruption and secure non – recurrent support for exit costs or pump priming Lead: Director of Operations and Medical Director