



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

Tripartite Formal Agreement between:

- Royal United Hospital Bath NHS Trust
- NHS South West
- Department of Health

Introduction

This Tripartite Formal Agreement confirms the commitments being made by the NHS Trust, their Strategic Health Authority and the Department of Health that will enable achievement of NHS Foundation Trust status before 1 April 2014.

Tripartite Formal Agreements are made up of nine parts, each of which is introduced below.

Part 1

Part 1 confirms the date when the NHS Trust will submit its 'NHS Foundation Trust ready' application to the Department of Health to begin their formal assessment towards achievement of NHS Foundation Trust status.

Part 2

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;
- Strategic Health Authority – Chief Executive;
- Department of Health – Ian Dalton, Managing Director of Provider Development.

Prior to signing, NHS Trust Chief Executives should have discussed the proposed application date with their Board to confirm support. In addition the lead commissioner for the NHS Trust will sign in part 2b 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) NTDA previously known as the Provider Development Authority – the name change is proposed to better reflect their role with NHS Trusts only when they take over the SHA provider development functions.

Part 3

Part 3 sets out the services provided by the NHS Trust, its commissioners, the financial context and key quality and performance issues.

Part 4

Part 4 sets out the key strategic and operational issues facing each NHS Trust.

Part 5

Part 5 sets out the key actions to be taken by the NHS Trust to address the key strategic and operational issues facing the NHS Trust.

Part 6

Part 6 sets out the key actions to be taken by the Strategic Health Authority to address the key strategic and operational issues facing the NHS Trust.

Part 7

Part 7 sets out the key actions to be taken by the Department of Health to address the key strategic and operational issues facing the NHS Trust.

Part 8

Part 8 of the agreement sets out the key milestones that will need to be achieved to enable the NHS Foundation Trust application to be submitted to the date in part 1 of the agreement.

Part 9

Part 9 sets out the key risks to delivery of the NHS Foundation Trust application to the date set out in part 1 of the agreement.

The guidance provided by the Department of Health for the preparation of Tripartite Formal Agreements is set out in Appendix 1.

Standards required to achieve NHS Foundation Trust status

The establishment of a Tripartite Formal Agreement for each NHS Trust does not change, or reduce in any way, the requirements needed to achieve NHS Foundation Trust 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 NHS Foundation Trust status. The purpose of the Tripartite Formal Agreement for each NHS Trust is to provide clarity and focus on the issues to be addressed to meet the standards required to achieve NHS Foundation Trust status. The Tripartite Formal Agreement should align with the local quality and productivity agenda.

Alongside development activities being undertaken to take forward each NHS Trust to NHS Foundation Trust status by 1 April 2014, the quality of services will be further strengthened. Achieving NHS Foundation Trust 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 NHS Foundation Trust 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 October 2011

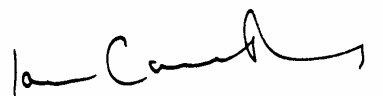
Part 2a - Signatories to agreements


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.


James Scott, Chief Executive, Royal United Hospital Bath NHS Trust	Signature  Date: 27/5/11
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Sir Ian Carruthers OBE, Chief Executive, South West Strategic Health Authority	Signature  Date: 27.05.2011
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Ian Dalton, Managing Director of Provider Development, Department of Health	Signature  Date: 6 th July 2011
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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.

Jennifer Howells, Director of Finance, NHS Bath and North East Somerset and NHS Wiltshire	Signature  Date: 27.5.11
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Part 3 – NHS Trust summary

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

Services

The Royal United Hospital Bath NHS Trust provides specialist, general acute and emergency treatment and care for a catchment area of Bath and the surrounding towns and villages in North East Somerset, Wiltshire (West and North), Somerset (Mendip) and parts of South Gloucestershire. Acute services are provided on the Royal United Hospital site. The NHS Trust also provides a range of outpatient and diagnostic services from ten community sites. The catchment population of the Royal United Hospital Bath NHS Trust is 400,000 people for emergency care and 300,000 people for planned care. The Trust employs approximately 3,050 whole time equivalent permanent staff (2010/11 year end forecast), and in 2010/11 had a turnover of £214m.

Commissioners

The main commissioners of services provided by NHS Trust are:

- NHS Bath and North East Somerset – lead commissioner;
- NHS Wiltshire;
- NHS Somerset.

Financial context

In 2006/07 the NHS Trust agreed the arrangements for repayment of a Department of Health loan to cover the working capital loan of the NHS Trust, i.e. a £38m loan spread over twenty years, but accelerated to be repaid within six years, commencing 2007/08. At the end of 2010/11 the NHS Trust will have met four of these yearly payments with a commitment to repay £7.2m and £6.5m respectively over the next two years. The debt will be paid off by the end of financial year 2012/13. The recent financial performance of the NHS Trust is summarised in the table below.

Item	2009/10 (£m)	2010/11 (£m)
Total income	223	216
EBITDA	21	18
Operating surplus\deficit	5.8	4.2
CIP target	12.3	13.5
CIP achieved recurrent	9.9	11.8
CIP achieved non-recurrent	2.4	1.7

Quality and performance

Royal United Hospital Bath NHS Trust has maintained a steady improvement in the delivery of clinical standards and access targets. It has delivered activity against contract and in some cases exceeded planned activity levels. Where this has happened there have been agreements reached with Primary Care Trusts to either vary the contracts set, or pay for over performance. The NHS Trust has seen a significant reduction in healthcare associated infections and is currently operating ahead of plan. The reputation of the NHS Trust with patients and public has radically improved as measured by the results from recent patient and staff surveys. The NHS Trust is within the 'expected' range in Quality Risk Profile put together by the Care Quality Commission. The NHS Trust is registered with the Care Quality Commission with no conditions.

Part 4 – Key issues to be addressed by the 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	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
Financial Current financial position Level of efficiencies Private Finance Initiative plans and affordability Other capital plans and estate issues Loan debt Working capital and liquidity	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>
Quality and Performance Quality and productivity plans Quality and clinical governance issues Service performance issues	<input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>
Governance and Leadership Board capacity and capability, and non-executive support	<input type="checkbox"/>
<p><i>Please provide any further relevant local information in relation to the key issues to be addressed by the NHS Trust.</i></p> <p>Other capital plans and estate issues In June 2009, the Trust Board received a report from the Director of Estates and Facilities describing a total backlog maintenance bill of £41m which the Board found unacceptable. In response to this a capital investment plan and an estates strategy have been approved which illustrates how £30m of this backlog can be eradicated in the next six years through targeted demolition and re-building in support of the service plans of the NHS Trust. Major work commenced in 2010/11 with the installation of a new £5m energy centre to replace inefficient and failing boilers.</p> <p>Loan debt The Royal United Hospital Bath NHS Trust is a formerly financially challenged Trust and received a £38 million working capital loan in 2007/08. The loan had a fixed interest rate of 5.05% and was to be repaid over 20 years. In March 2008 the terms of the loan were renegotiated so that the NHS Trust could accelerate repayment and make its final repayment in 2012/13. The NHS Trust has to date successfully met its revised repayment schedule and remains on track to continue to meet future payments. The schedule in its current form prevents NHS Foundation Trust authorisation as in 2012/13 (planned first year post authorisation) the Tier 1 debt service ratio would be breached. The NHS Trust is seeking a solution to this issue in conjunction with NHS South West.</p> <p>Service performance A community wide 18 week recovery plan is in place and specific actions are in place to reduce waiting times. The NHS Trust, commissioners and the Strategic Health Authority are satisfied that the actions taken will ensure that the NHS Trust enters 2011/12 with a minimal number of patients waiting over 18 weeks and therefore can achieve the NHS Constitution rights and keep within the revised national ceilings. The Director of Operations will lead on this from April 2011.</p>	

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 type="checkbox"/>
Cost improvement plans	<input type="checkbox"/>
Other capital and estate plans	<input checked="" type="checkbox"/>
Quality and Performance	
Local / regional quality and productivity plans	<input type="checkbox"/>
Service performance	<input checked="" type="checkbox"/>
Quality and clinical governance	<input type="checkbox"/>
Governance and Leadership	
Board development	<input type="checkbox"/>
Other key actions to be taken (detail below)	<input checked="" type="checkbox"/>
<p><i>Describe what actions the Board is taking to assure themselves that they are maintaining and improving quality of care for patients.</i></p> <p>Patient safety is the top priority of the Board and is the first agenda item on the NHS Trust Board and Management Board meeting agendas. A Quality Board, chaired by the Medical Director, has been established to set the strategic direction for the Quality Improvement Agenda and oversee its delivery. It reports to the NHS Trust Board via the Management Board. The Quality Improvement Strategy was approved by the NHS Trust on 12 January 2011. The Care Quality Commission Quality Risk Profile is reviewed monthly. The NHS Trust is a member of the South West Quality and Patient Safety Improvement Programme and Executive Directors undertake planned patient safety visits. The NHS Trust has undertaken a quality review self-assessment, as part of the Strategic Health Authority quality assurance process within the NHS Foundation Trust application, and this was presented to the NHS Trust Board on 13 April 2011. The Board has also started to prepare the Board Memorandum on Quality Governance.</p> <p><i>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.</i></p> <p>Other capital plans and estate issues An estates strategy has been developed with the support of leading healthcare architects and will be considered by Royal United Hospital Bath NHS Trust on 8 June 2011. The lead for this work will be the Director of Estates and Facilities. The timescale is 2011/12 to 2016/17.</p> <p>Loan debt The Director of Finance is seeking a solution to the working capital loan in conjunction with NHS South West by end of Quarter 1 of 2011/2012.</p> <p>Service performance A community wide 18 week recovery plan is in place and specific actions are in place to reduce waiting times. The NHS Trust, commissioners and the Strategic Health Authority are satisfied that the actions taken will ensure that the NHS Trust enters 2011/12 with a minimal number of patients waiting over 18 weeks and therefore can achieve the NHS Constitution rights and keep within the revised national ceilings. The Director of Operations will lead on this from April 2011.</p>	

Part 6 – Strategic Health Authority 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	<input type="checkbox"/>
Transforming Community Services	<input type="checkbox"/>
Financial	
Cost improvement plans\efficiency	<input type="checkbox"/>
Quality and Performance	
Regional and local quality and productivity plans	<input type="checkbox"/>
Quality and clinical governance	<input type="checkbox"/>
Service performance	<input type="checkbox"/>
Governance and Leadership	
Board development activities	<input type="checkbox"/>
Other key actions to be taken (detail below)	<input checked="" type="checkbox"/>
<p><i>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.</i></p> <p>The South West Strategic Health Authority will work with Royal United Hospital Bath NHS Trust in order to ensure that Royal United Hospital Bath NHS Trust can meet Tier 1 financial risk indicators required. This should be achieved during Quarter 1 of 2011/2012. The lead will be the Director of Finance and Performance of the South West Strategic Health Authority.</p>	

Part 7 – Supporting activities led by the Department of Health

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 Private Finance Initiative schemes	<input type="checkbox"/>
National quality and productivity workstreams	<input type="checkbox"/>
Governance and Leadership Board development activities	<input type="checkbox"/>
Other key actions to be taken (detail below)	<input type="checkbox"/>
<p><i>Please provide any further relevant local information in relation to the key actions to be taken by the Department of Health with an identified lead and delivery dates:</i></p>	

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

Date	Milestone
Process Milestones	
Complete	First draft Integrated Business Plan and Long-Term Financial Model
Complete	Historical Due Diligence stage one
21 March 2011	Public consultation commences (13 weeks)
18 April 2011	Submit quality review
27 May 2011	Submit second draft I Integrated Business Plan and Long-Term Financial Model
20 June – 8 July 2011	Historical Due Diligence stage two
29 July 2011	Final Integrated Business Plan and Long Term Financial Model
September 2011	Commissioner convergence letter
September 2011	Board to Board
1 October 2011	Application submitted to the Department
30 November 2011	Applications committee decision to pass application to Monitor (Department of Health process)
1 December 2011	Application submitted to Monitor (desktop assignment and batching letter – Monitor process)
December 2011/ January 2012	Historical Due Diligence stage three
Milestones relating to issues raised in part 4	
Other capital plans and estate issues	
18 May 2011	Application for additional Public Dividend Capital (£10 million) to the Department of Health
19 May 2011	Outline Business Case for first phase redevelopment (re-provision of laboratories) to NHS South West for approval
November 2011	Full Business Case for first phase redevelopment (re-provision of laboratories) to NHS South West for approval
2011 – 2013	Construction period – laboratory re-provision (enables demolition of poor quality buildings)
2014 – 2015	Refurbishment and internal moves to rationalise site
2016 - 2017	Construction of new cancer services building (enables delivery of National Cancer Plan and demolition of poor quality buildings)
Loan Debt	
Q1 2011/12	The NHS Trust is in the penultimate year of its treasury loan repayment as a previously Financially Challenged Trust. In order to achieve the tier 1 financial metrics, this repayment will be accelerated in 2011/12. This will be resolved by quarter one 2011/12.
Service Performance Issues – Delivery of NHS Constitution right re. 18 week wait for admitted care	
31 March 2011	600 patients from NHS Bath and North East Somerset and NHS Wiltshire waiting over 18 weeks for care.
1 July 2011	Royal United Hospital Bath NHS Trust will be achieving 90% referral to treatment standard for admitted patients sustainably.
Monthly	Commissioners and the NHS Trust review of contract vs actual for NHS Bath and North East Somerset and NHS Wiltshire to ensure commissioning volumes are appropriate and that capacity is available and is being managed appropriately to treat within time (delivers NHS Constitution right). On-going adjustment of demand and capacity to ensure continued delivery.

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

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.

Progress towards milestones is monitored by the NHS Foundation Trust Steering Group which is chaired by the Chief Executive and includes two Non Executive Directors. The Steering Group receives fortnightly reports from the Foundation Trust Project Team, which is responsible for delivery the project to the agreed timelines. Any risks to the achievement of the milestones are reported to Trust Board with mitigating actions.

Describe what actions\sanctions the Strategic Health Authority will take where a milestone is likely to be, or has been missed.

Key milestones will be reviewed every quarter, so ideally milestones may be timed to quarter ends. The milestones agreed in the above table will be monitored by senior Department of Health and Strategic Health Authority leaders until the NHS Trust Development Authority 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 Strategic Health Authority (or NHS Trust Development Authority subsequently). Where milestones are not achieved, the existing Strategic Health Authority escalation processes will be used to performance manage the agreement. (This responsibility will transfer to the NHS Trust Development Authority once it formally has the authority).

Part 9 – Key risks to delivery

The three key risks to delivery are:

Risk	Mitigation including named lead
Backlog maintenance The NHS Trust does not have an affordable estates strategy in the Long-Term Financial Model to address backlog maintenance	Undertake cost benefit analysis Prepare Outline and Full Business Case for the Pathology Development Lead – Director of Estates and Facilities, Royal United Hospital Bath NHS Trust
Working Capital Loan The NHS Trust breaches the tier 1 debt service ratio	NHS Trust to work with NHS South West to develop a solution to the working capital loan Lead – Director of Finance and Performance, South West Strategic Health Authority
18 weeks The Trust does not achieve the 18 week admitted 95 th percentile referral to treatment national ceiling	Monitor the community wide action plan around recovery of the 18 week position. Lead – Director of Operations, Royal United Hospital Bath NHS Trust

Appendix 1

Guidance to support completion of Tripartite Formal Agreements

This appendix sets out the guidance provided by the Department of Health in support of the completion of the Tripartite Formal Agreements being established to support the delivery of the NHS Foundation Trust pipeline by April 2014.



Guidance to support completion of Tripartite Formal Agreements

Introduction

1. This guidance is provided in support of the completion of the Tripartite Formal Agreements (TFAs) being established to support the delivery of the NHS Foundation Trust (FT) pipeline by April 2014.
2. The main purpose of each TFA is to confirm an agreed date by which the NHS Trust will submit their FT application to the Department of Health (DH).
3. Alongside this, the TFA will provide information about the issues to be addressed by the NHS Trust to enable them to submit their application, to the agreed date, and ultimately achieve NHS Foundation Trust (FT) status by April 2014. The TFA should align with the local QIPP agenda.
4. The three parties signing up to each agreement are:
 - NHS Trust – Chief Executive Officer
 - SHA – Chief Executive Officer
 - Department of Health – Ian Dalton, Managing Director of Provider Development, DH

In addition the lead commissioner for the Trust will sign to agree support of the process and timescales set out in the agreement.

5. SHAs will lead the process for completing and agreeing the TFA locally. For each of the signatories the actions they are agreeing to undertake to support the issues being addressed by the NHS Trust will be included in the document. The milestones towards submitting an application to DH should be provided. Associated risks may be identified in Part 9.
6. This guidance is by section as organised in the TFA. Each NHS Trust and SHA is asked to keep to the guidance provided when completing the TFAs to enable an efficient and effective process to finalise them.

7. A TFA needs to be completed for **all remaining NHS Trusts**. This includes those NHS Trusts who have already submitted an application to DH and are either still to be considered for Secretary of State support or have received this and are currently being assessed by Monitor. For these organisations, it is expected there will be little detail in their TFA but it is still required to ensure we have clear and consistent information about all the remaining NHS Trusts.
8. Correspondence to the DH on all TFAs should be addressed to the DH Foundation Trust Team mailbox ftapplication@dh.gsi.gov.uk

TFA step-by-step guidance

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

- This is the date agreed by the NHS Trust, SHA and DH when the NHS Trust will submit its “FT ready” application to DH seeking Secretary of State support approval before commencing assessment with Monitor.
- The latest date this can be for any NHS Trust is **April 2013**
- For those organisations that have already submitted an application to DH and are either still being considered for Secretary of State support or are with Monitor, this box should be marked ‘Application submitted’

Part 2a - Signatories to agreements

- This section requires the name, job title and signatures of each NHS Trust CEO, the SHA CEO and Ian Dalton, Managing Director of Provider Development, DH.
- It is requested that electronic signatures are provided for the agreement for all signatories. Where this is not possible, a formal audit needs to be provided confirming the signatory’s sign-up to the agreement.

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.

Part 3 – NHS Trust summary

- This section requests a short summary of services provided, geographical/demographical information, CQC registration, main commissioners and organisation history. Standard financial information is also required. Latest management information should be used to forecast 2010/11 position.
- It is requested that this summary be no more than half a page of A4.

Part 4 – Key issues to be addressed by NHS trust

- The agreed issues to be addressed by each NHS trust need to be marked on the check-boxes provided. These issues were determined following analysis of the November 2010 returns so should cover most issues faced by NHS Trusts.
 - These can be marked by right-clicking on the box, selecting properties and then changing the default value to 'checked'
- The free text box in part 4 needs to be used to provide any further information about the key issues that the NHS Trust needs to address.
 - Every attempt should be made to keep this further information brief and high-level and it is suggested that no more than half a page of A4 is used for this. Where necessary extra space can be used.

Part 5 – NHS Trust actions required

- The agreed actions to be taken by each NHS trust need to be marked on the check-boxes.
 - These can be marked by right-clicking on the box, selecting properties and then changing the default value to 'checked'
- Describe what actions the Board is taking to assure themselves that they are maintaining and improving quality of care for patients.
- The free text box in part 5 also needs to be used to provide a summary of other actions being taken by the NHS Trust to address the issues agreed in part 4.
 - Every attempt should be made to keep this further information brief and high-level. Where necessary extra space can be used.

Part 6 – SHA actions required

- The agreed actions to be taken by each SHA need to be marked on the check-boxes.
 - These can be marked by right-clicking on the box, selecting properties and then changing the default value to 'checked'
- The free text box in part 6 needs to be used to provide a summary of other actions being taken by the SHA to address the issues agreed in part 4.

- Every attempt should be made to keep this further information brief and high-level. Where necessary extra space can be used.

Part 7 – Supporting actions led by DH

- The agreed actions DH is supporting to deliver the application date need to be marked on the check-boxes. In the first instance, SHAs should identify the issues for DH to consider.
- These can be marked by right-clicking on the box, selecting properties and then changing the default value to 'checked'
- The free text box in part 7 needs to be used to provide a summary of other actions being taken by DH to address the issues agreed in part 4.
- Every attempt should be made to keep this further information brief and high-level. Where necessary extra space can be used.

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

- Milestones will be reviewed quarterly. Dates and key milestones need to be provided in the table, ideally timed to the quarter ends but not if that is going to cause new problems.
- Milestones to be determined as appropriate for each individual case. General rule for a milestone is that if it were not achieved it would put delivery of the date agreed in part 1 at risk.
- Detail should be provided on what the milestone will achieve, for example, underlying financial problem resolved.
- Describe what actions\sanctions the SHA will take where a milestone is likely to be, or has been missed.
- For NHS Trusts who have already submitted their applications to DH, no milestones are required in this section, as the date agreed has already passed.
- Free text box allows short description of actions to take if a milestone is missed.

Part 9 – Key risks to delivery

- Key high level risks and mitigations to be provided at this table
- Risks to be determined as appropriate for each individual case but requested to be not more than five risks.