TFA document

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

Tripartite Formal Agreement between:

- East Lancashire Hospitals NHS Trust
- NHS North West
- Department of Health

Introduction

This tripartite formal agreement (TFA) confirms the commitments being made by the NHS Trust, their Strategic Health Authority (SHA) and the Department of Health (DH) that will enable achievement of NHS Foundation Trust (FT) status before April 2014.

Specifically the TFA confirms the date (Part 1 of the agreement) when the NHS Trust will submit their "FT ready" application to DH to begin their formal assessment towards achievement of FT status.

The organisations signing up to this agreement are confirming their commitment to the actions required by signing in part 2a. The signatories for each organisation are as follows:

NHS Trust – Chief Executive Officer
SHA – Chief Executive Officer
DH – Ian Dalton, Managing Director of Provider Development

Prior to signing, NHS Trust CEOs should have discussed the proposed application date with their Board to confirm support.

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

The information provided in this agreement does not replace the SHA assurance processes that underpin the development of FT applicants. The

agreed actions of all SHAs will be taken over by the National Health Service Trust Development Authority (NTDA)[1] when that takes over the SHA provider development functions.

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

1st 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.

Mark Brearley, (CEO of NHS Trust)	Signature Date: 23 May 2011
Mark Ogden, (CEO of SHA)	Signature Date: 23 May 2011
Ian Dalton, Managing Director of Provider Development	Signature Date: 7 July 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.

Steve Spoerry, (CEO of NHS East Lancashire)	Signature Date: 23.5.1

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 Care Quality Commission has registered and therefore licensed East Lancashire Hospitals NHS Trust to provide services without conditions.

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

	2009/10	**2010/11**
	£'000s	**£'000s**
Total income	336,952	342,027
EBITDA	26,047	25,743
Operating surplus\deficit	287	723
CIP target	18,358	18,353
CIP achieved recurrent	16,800	15,243
CIP achieved non-recurrent	1,558	3,110

The NHS Trust's main commissioners:

NHS East Lancashire Teaching Primary Care Trust (Lead)
NHS Blackburn with Darwen Teaching Care Trust

Summary of PFI schemes (if material):

The Trust has two large Private Finance Initiative (PFI) schemes at the Royal Blackburn Hospital and Burnley General Hospital sites valued at over £70m and £20m respectively. In addition to this the Trust has continued to invest in its estate, with the development of a new £32m Women and Newborn Centre at Burnley General Hospital which became fully operational in December 2010. This was a fundamental part of the final phase of the overall Meeting Patients Needs (MPN) service reconfiguration process.

Trust Summary

East Lancashire Hospitals NHS Trust (ELHT) was formed on the 1st April 2003, following the merger of Blackburn, Hyndburn and Ribble Valley Health Care NHS Trust and Burnley Health Care NHS Trust.
East Lancashire Hospitals NHS Trust is a major acute Trust serving a population base of 521,400 people (Source: ONS 2008-based Subnational Population Projections by sex and quinary age), consisting of approximately 140,000 people in Blackburn with Darwen and 381,400 people in East Lancashire.
The Trust provides a full range of acute hospital services predominantly from its two main hospital sites: Burnley General Hospital and the Royal Blackburn Hospital (located approximately 14 miles apart), and it is a specialist centre for Hepatobiliary, Head and Neck and Urological Cancer services, in addition to being a growing centre for Cardiology services and a network provider of Level III Neonatal Intensive Care.
The Trust has a turnover of approximately £342m and employs approximately 5,334 whole time equivalent staff.
The Trust currently has a total of 923 acute beds.
In April 2011 the Trust will acquire approximately 60% of NHS East Lancashire Teaching Primary Care Trust provider services with a turnover of £43,155,389 as part of the Transforming Community Services programme.

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:

Strategic and local health economy issues

Lancashire County Council Health and Social Care OSC have referred the Trust's decision to centralise Paediatric inpatient care onto the Royal Blackburn Hospital site to the Secretary of State.

Finance

Whilst overall income has increased, the Trust has been exposed to some income risk (c£4m due to tariff deflation, new to review performance, readmissions etc), in addition the Trust will have generic pressures of £7.6m and internal pressures of £5.7m. An annual CIP target of c£18.9m or approximately 5% of turnover will therefore be needed in 2011-12 and beyond. A workforce plan is in place covering the next 5 years which assumes that any workforce reductions will be managed by staff turnover. The Trust continues to participate fully in the Lancashire QIPP workforce work stream, which is lead by the Trust's HR Director. The Trust has no legacy debt; however its liquidity is relatively weak as the result of using working balances to fund capital development together with a non cash backed resource allocation in 2006 which was aimed at alleviating the implications of RAB by Cumbria and Lancashire SHA.

Quality and Performance

Performance against: (a) Transient Ischaemic Attack (TIA) (b) New A+E Indicators and (c) The challenge of HCAI trajectories.

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.

Board development programme in place to assist with FT authorisation process. The Board receive regular performance reports which directly provide assurance on quality of care; this includes infection prevention, mortality, length of stay, complaints and incidents. The Board also receives information about patient experience from benchmarked national surveys and regular local surveys. External validations of patient safety, risk and quality are also received from the Care Quality Commission and NHSLA. Board members actively engage in patient safety walk rounds on wards and departments giving them the opportunity to gain assurance from frontline staff, and discuss care face to face with patients, relatives and carers. The Board manages risk via the Board Assurance Framework.

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:

Mark Brearley (CEO), Formal application to DH October 2012

Strategic and local health economy issues
The Trust will continue to implement the Transforming Community Services programme in accordance with the requirements of its Outline Business Case.

Finance
Trust meeting SHA in April 2011 to discuss February's LTFM submission and how Trust should progress to next submission including TFA financial monitoring template that needs to be submitted monthly.

Performance
Monthly extracts from integrated performance report showing latest position against Monitor's compliance framework for financial and performance metrics to be shared with SHA.
Transient Ischaemic Attack (TIA) cases with a higher risk of stroke who are treated within 24 hours, as from QTR 3, 2011/12, 60% of high risk patients with symptoms of TIA must be seen and assessed in a specialist clinic and receive carotid dopplar within 24 hours of

presentation to a GP. New A+E Indicators – The Trust has scoped the new indicators, which did highlight some data quality issues which have now been rectified. New pathways have been put in place to ensure that the new indicators will be met. However, this remains challenging. The challenge of HCAI trajectories – Due to the year on year reducing numbers of the trajectory. The Trust continues with its infection prevention actions in order to mitigate the risk of not achieving the trajectories.

Working Capital and Liquidity
The Trust has no legacy debt; however its liquidity is relatively weak as the result of using working balances to fund capital development. The Trust will need to continue to explore all opportunities for improving liquidity.

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:

Local milestones to be established April 2011. SHA requires monthly extracts from integrated performance report showing latest position against Monitor's compliance framework for financial and performance metrics. Outline progress and key achievements in the time period covered confirming future timeline. Describe how the issues outlined in the TFA are being tackled. Provide an updated risk register, providing risk score and mitigating actions for all risks in the TFA. An action plan will be necessary for any potential slippages of key tasks.

SHA intervention in response to the Lancashire County Council OSC referral to the Secretary of State regarding the December 2010 paediatric reconfiguration as part of the final phase of the Meeting Patients Needs programme may be necessary.

To deliver the Trust's long term financial plans, and thereby demonstrate its future financial viability and sustainability as a Foundation Trust, it is essential that satisfactory contractual settlements are agreed. This aim is shared by the Lead Commissioner however in ensuring this is tangibly delivered, on specific issues, there maybe the need for SHA guidance and support.

Working Capital and Liquidity
The Trust welcomes any SHA/ NTDA support/ guidance to improve its liquidity position.

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:	

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

Date	Milestone
April 2011	SHA/Trust Meeting to establish local milestones.
May 2011	Monthly extracts from integrated performance report showing latest position against Monitor's compliance framework for financial and performance metrics. Monthly TFA review begins.
June 2011	Activity modelling review meeting Financial modelling review meeting
July 2011	Initial TFA financial monitoring template then monthly.
November 2011	1st formal submission of IBP/LTFM TCS 6 month review Quality Governance Assessment commences
December 2011	Feedback provided on IBP/LTFM
February 2012	2nd formal submission of IBP/LTFM
March 2012	Feedback provided on IBP/LTFM
April 2012	3rd formal submission of IBP/LTFM HDD1 Review of proposed consultation document
May 2012	Feedback provided on IBP/LTFM Commencement of consultation
June 2012	4th formal submission of IBP/LTFM
July 2012	Feedback provided on IBP/LTFM HDD2
August 2012	Final submission of IBP/LTFM Board to Board session
September 2012	Feedback provided on IBP/LTFM NTDA recommend to Exec Board
Provide detail of what the milestones will achieve\solve where this is not immediately obvious. For example, Resolves underlying financial problems – explain what the issue is, the proposed solution and persons\organisations responsible for delivery. Describe what actions\sanctions the SHA will take where a milestone is likely to be, or has been missed. SHA escalation policy will be implemented	

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
Transformation & Integration	(a) A robust due diligence process with expert external independent advisors is currently underway. (b) Dr Alan Crowther (a community based GP) has recently been appointed as the Trust's Associate Medical Director for Integrated Care. Lead: Director of Service Development.
Monitor financial metrics	The Trust will need to continue to explore all opportunities for improving liquidity. Lead: Director of Finance.
CIPs/Efficiencies	A 5 year CIP plan has been developed by the Trust (3 year detailed, 2 year indicative) to underpin the IBP/ LTFM. Lead: Director of Finance.
External Relationships	A Clinical Transformation Board consisting of senior clinicians and managers from across the health economy now meets regularly to discuss all aspects of service integration/ transformation and the need to adequately manage key internal and external relationships and expectations. Lead: Medical Director (Clinical Services).