TFA document

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

Tripartite Formal Agreement between:

- Nottingham University Hospitals 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 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 it 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.

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

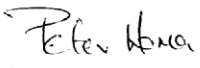
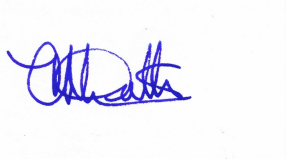
1 July 2011

Part 2a - Signatories to agreements

By signing this agreement the following signatories are formally confirming:

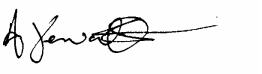
- their agreement with the issues identified;
- their agreement with the actions and milestones detailed to support achievement of the date identified in part 1;
- their agreement with the obligations they, and the other signatories, are committing to;

as covered in this agreement.

Peter Homa, Chief Executive Nottingham University Hospitals	Signature  Date: 1 April 2011
Kevin Orford , Chief Executive NHS East Midlands	Signature  Date: 1 April 2011
Ian Dalton, Managing Director for Provider Development , Department of Health	Signature  Date: 6 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.

Andrew Kenworthy CEO of Nottinghamshire County PCT	Signature  Date: 1 April 2011

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): Full/No Conditions

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

	2009/10	2010/11
Total income	£722.2m	£742.2m
EBITDA	£47.182m	£44.474m
Operating surplus\deficit	£7.3m	£5.0
CIP target	£26.249m	£28.695m
CIP achieved recurrent	£21.996m	£24.276
CIP achieved non-recurrent	£4.259m	-

The NHS Trust's main commissioners
Nottinghamshire County PCT, Nottingham City PCT, East Midlands Specialist Commissioning Group, Derbyshire County PCT, Lincolnshire PCT

Summary of PFI schemes (if material) Not Applicable

Description of Trust

Nottingham University Hospitals NHS Trust is one of the largest acute trusts in England, and was formed on 1 April 2006 following the merger of two predecessor Trusts. In 2010/11 our planned income is £743 million. We employ 11,038 whole time equivalent staff and have 1,600 beds.

We provide a wide range of secondary and tertiary hospital services for patients in Nottingham, Nottinghamshire and the East Midlands from a number of sites. These include Queen's Medical Centre campus, Nottingham City Hospital campus and Ropewalk House.

Our mission is to deliver excellent, caring, safe and thoughtful healthcare for Nottingham and the East Midlands. With the support of clinical teams throughout the organisation we have developed a bold and ambitious plan for our future. Our vision is to be England's best acute teaching Trust by 2016; our patients and staff deserve nothing less.

We will be the best by delivering excellence in our two complementary roles as both a provider of local general hospital services to patients in Nottingham and Nottinghamshire and as a provider of more specialised services to the wider East Midlands population.

The organisation we are developing will have a reduced cost base. This is necessary to respond to reductions in public expenditure and resultant constraints on health spending.

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:

Local health economy sustainability issues
There are significant financial challenges for the local health economy. Nottinghamshire County PCT have indicated a requirement for significant levels of QIPP savings in 2011/12 and beyond, impacting on the acute sector, and more specifically Nottingham University Hospitals. This increases the total level of cost reduction and efficiency savings for the health economy which are required in the short and medium term. There is board and clinical commitment to work together to ensure that significant transformation of clinical pathways can be delivered.

A further issue relates to the ending of the ISTC contract with Nations/Circle in July 2013 – this presents financial and market risks to the Trust. The risk includes staff costs associated with seconded staff and other staff providing support services.

Level of Efficiencies
The Trust has a CIP plan of 5.7% in 2011/12 accumulating to 25% over the 5 year planning period. The Board acknowledges that that this is a very challenging target compared to previous years' delivery. Plans are in place for 80% of the CIP requirement for 2011/12 and 55% for 2012/13. This excludes any additional QIPP savings.

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.

The Board has established a committee to assure Quality, Risk and Safety. A comprehensive Quality Strategy will be approved by the Board in April which will clearly set out the priority areas for improving the experience of patients. Quality reporting is integrated with access, financial and workforce metrics and is supported by board activities including patient safety conversations.

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:

Level of Efficiencies
The Trust's commitment to improve efficiency and quality is delivered through the *Better for You* whole hospital change programme. This supports the delivery of our cost reduction and efficiency plans, and incorporates staff and clinician engagement, risk assessments and monitoring of quality and safety factors.

As a result of the challenging local context the Trust has carried out the following actions -:

- Received a market review of its principal services (undertaken by PwC) to strengthen response to the emerging market context and as a result is undertaking a review of all clinical service strategies and market plans, which will be completed by January 2012
- Is concluding a planning response to the ISTC contract termination in 2013 (completion – June 2011)
- Commissioned an external review of CiP plans, opportunities and governance to ensure robust delivery of its cost reduction plans in 2011/12 and future years (to report in May 2011)
- Undertaking a further review to identify efficiency opportunities associated with variations in clinical practice in key specialities (to report in June 2011)

Executive lead –, Deputy Chief Executive & Director of Nursing/, Director of Workforce and Strategy

Local health economy sustainability issues

A number of responses are being vigorously implemented -:

- A QIPP programme across all local organisations – 'Productive Notts' – has been established to deliver rationalisation and change across the provision of health and social care.
- The Trust has further developed its mechanisms for engagement between hospital based clinical leaders and their colleagues in primary and community settings. Specific recommendations will be received by July 2011
- The Trust and PCTs are undertaking a major service transformation programme across primary and secondary care. This will achieve significant efficiency and effectiveness gain between NUH and primary care.
- Other change programmes are being implemented – for example – a project to strengthen primary care focus in ED will be implemented by July 2011
- The PCT is developing strategies to radically alter the provision of key community services and facilities, which the Trust is committed to supporting

Executive lead – Chief Operating Officer

Part 6 – SHA actions required

Key actions to be taken by SHA to support delivery of date in part 1 of agreement	
Strategic and local health economy issues Local health economy sustainability issues (including reconfigurations)	☐
Contracting arrangements	☐
Transforming Community Services	☐
Financial CIPs\efficiency	☐
Quality and Performance Regional and local QIPP	☐
Quality and clinical governance	☐
Service Performance	☐
Governance and Leadership Board development activities	☐
Other key actions to be taken (please provide detail below)	☐

Please provide any further relevant local information in relation to the key actions to be taken by the SHA with an identified lead and delivery dates.

The 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

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
March 2011	Conclude contracting issues including agreement of health economy transformation programmes Lead –)Chief Operating Officer/Director of Finance)
May 2011	Service strategy (1st cohort) review completed – identifies response to longer term market conditions (Lead – Director of HR)
May 2011	Complete review of CIPs/Opportunities/Governance – to strengthen delivery of cost reductions (Lead – Deputy Chief Executive/ & Director of Nursing/Director of Finance)
June 2011	Receive assessment of opportunities related to variations in practice in key specialities (Lead – Medical Director)
June 2011	Conclude ISTC scenario planning (Lead – Director of Workforce and Strategy)
June 2011	Implement transformation programme for health economy efficiency and improvement (Lead – Deputy Chief Executive/ & Director of Nursing /Chief Operating Officerl)
June 2011	Final LTFM/IBP approved by Trust Board (Lead – Director of Workforce and Strategy)
June 2011	SHA Board Approval (Lead – SHA Director of Provider Development)
1st July 2011	Application Submission to DH – Director of Workforce and Strategy
1st July 2011	SHA support form submission to DH - SHA Director of Provider Development)
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. The SHA will apply its existing escalation policy for the delivery of the timeline detailed in this document.	

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 established.)

Part 9 – Key risks to delivery

Risk	Mitigation including named lead
Inability to agree a sustainable contract/commissioning position	Identification of opportunities to deliver health economy efficiencies, supported by clinical engagement (Lead – Deputy Chief Executive & Director of Nursing/Chief Operating Officer)

Unable to identify sufficient levels of cost reduction to meet financial obligations	External review of cost improvement programme, opportunities and governance commissioned to provide recommendations to the Board to strengthen delivery (Lead – Deputy Chief Executive & Director of Nursing /Director of Finance)
Unable to deliver longer term efficiencies	External review of opportunities to address clinical variation to drive efficiency and better quality care (Lead – Deputy Chief Executive & Director of Nursing /Medical Director