***Delivery Group Meeting – May 2012***

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| **Title:** | Update on Tripartite Formal Agreements (TFAs) and Foundation Trust (FT) solutions for all remaining NHS Trusts in London |
| **Agenda item:**  | 10 | **Paper** | 10 |
| **Action requested:** | - To note and discuss the progress made by trusts in relation to the delivery of the milestones in the Tripartite Formal Agreements (TFAs) - To provide an update re: the trusts in the Stage 2 DH Performance and Escalation process- To update re: progress regarding roll-out of the Accountability Agreements to aspirant Foundation Trusts |
| **Timing** | FT solutions report to Delivery Group every 2 months |
| **Executive Summary:** | The main purpose of this paper is to highlight the progress made by trusts in relation to their TFAs, to provide an update on trusts in the Stage 2 DH Performance and Escalation process and to provide an update regarding progress on the roll-out of Accountability Agreements to aspirant Foundation Trusts |
| **Summary of recommendations:** | Provider Development Directorate is supported in delivering the milestones in the TFAs and the Accountability Agreements that underpin the TFAs |
| **Fit with NHSL strategy:** | This paper fits with the NHS London Priorities – FT Solutions for remaining NHS trusts and TFA Monitoring  |
| **Reference to related / other documents:** | Appendix 1 TFA overall RAG ratings since June 2011; Appendix 2– Stage 2 DH Escalation Meeting letter sent to Imperial Healthcare NHS Trust; Appendix 3 – List of FT application submission dates and target authorisation dates |
| **Date paper completed:** | 27 April 2012 |
| **Other forums that have considered this paper:** | N/A |
| **Author name and title:** | **Deodita Fernandes, Programme Manager, Provider Development** | **Director name and title:**  | **John Goulston, Regional Director of Provider Development** |
| **For EMT/ SSG reports,****Date paper seen by SMT/ PDG** |  | **Equality Impact Assessment complete?** | **No** | **Risk assessment undertaken?** | **Yes** | **Legal advice received?** | **No** |

**Update on Tripartite Formal Agreements (TFAs) and FT Solutions for all remaining trusts**

**RAG RATING FOR LONDON – AMBER/RED**

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| **Key achievements**- Royal Free was authorised as a Foundation Trust by Monitor on 1 April 2012- Establishment of Barts Health, the largest Trust in England, on 1 April, 2012 in line with the original merger plan- Accountability Agreements to underpin the TFAs signed with fifteen aspirant FTs- The outline business case for the Epsom & St Helier transaction has been submitted and is currently being reviewed | **Next Steps**- To ensure that the Accountability Agreements with the remaining trusts are in place by end of May and monitor the agreements and TFAs going forward- To ensure that the actions arising from the Stage 2 DH Performance and Escalation meetings are monitored  - Barts Health currently undertaking detailed planning for its FT trajectory with this forming an agenda item at the next Board meeting. The expectation is to conclude the Trust’s Accountability Agreement by the summer- FBC for the Ealing Hospital Trust and NW London Hospitals Trust merger scheduled for the SHA Board meeting on 28 June 2012- To contribute to the further development of the National Single Operating Model in reference to remaining four phases e.g. M&A assurance- To work with the independent suppliers in relation to the Board Governance Assurance Framework self-assessments and effectively monitor action plans arising from these assessments |
| **Risks/Mitigations (besides risks outlined in the SHA CRAF)**- Failure to gain support from the Clinical Commissioning Groups (CCGs) will halt the progress of aspirant FTs – working with the clusters to encourage early engagement with CCGs - Staff turnover within the SHA during transition may have an adverse impact on the FT Solutions work of NHS London going forward-Management of the Barts Health integration and day 100 plans, including in particular staff consultation and movement of people across the three organisations in to the new structure. Detailed plans are now agreed and the Board is actively reviewing progress. | **Support required from the Delivery Group**- Cluster & CCG engagement and support in order to deliver the FT pipeline and M&A transactions |
| **Dependencies**- Cluster CSP/QIPP and service strategies which are currently in development may have an impact on trusts progressing with their FT applications |

**Update on Tripartite Formal Agreements (TFAs) and FT Solutions for all remaining trusts**

1. **Introduction**

 The main purpose of this paper is to highlight:

* the progress made by trusts in relation to their TFAs;
* to provide an update regarding the trusts in the Stage 2 DH Performance and Escalation process;
* to provide an update on the roll-out of the Accountability Agreement to aspirant trusts in London;

**2 DH Monitoring of TFAs and progress made by Trusts**

**2.1** As per the DH monitoring of TFAs - **Appendix 1** - TFA overall RAG ratings, there has been an adverse change in the overall TFA ratings for the following three trusts:

**2.1.1 The Whittington Hospital NHS Trust**

 The overall rating changed from Green to ***Amber/Green*** *in March 2012 and then to* ***Amber/Red*** *in April 2012*

 During the discussions to finalise the Accountability Agreement for the Trust, the Trust and NHS London have agreed that there will be a slippage of around three months in relation to the submission of the Trust’s FT application to DH. This is to ensure that the steps in the FT Assurance phase of the Single Operating Model are mapped to the Trust’s Accountability Agreement.

**2.1.2 Kingston Hospital NHS Trust**

The overall TFA rating changed from Green to ***Amber/Red*** *in March 2012 and then to* ***Red*** *in April 2012*

The Trust missed its FT application submission date of 1 March 2012. The reason for this delay is the Independent Quality Governance review which gave the Trust a score of 4.5. (For any application to progress to DH stage the trust has to receive a score of under 4 from the independent consultants). The Trust has completed a number of actions recommended in the report and has now been reviewed by the consultants who have confirmed a score of 3.5. Following this confirmation, Chairman’s action by the Capital Investment Committee (CIC) has been sought and subsequently provided. Kingston’s FT application will be submitted to DH on 1 May 2012.

**2.1.3 Lewisham Healthcare NHS Trust**

The overall TFA rating changed from *Amber Red to* ***Red*** in April 2012

The Trust’s FT application has been delayed by two months due to insufficient detail on CIPs and downside mitigation. The revised date for the Trust’s submission of its FT application to DH has been agreed as June 2012. Progress continues to be made on the quality of the CIP programme along with other work associated with the alignment of the Integrated Business Plan and the Long Term Financial Model. The Board to Board meeting with Lewisham Healthcare NHS Trust is confirmed to take pace on 27 April 2012.

**2.1.4 Central London Community Healthcare**

 The overall rating changed from *Amber/Green to* ***Amber Red*** in March 2012

 The overall rating changed from Amber/Green to **Amber/Red** in March 2012 when the trust reported a three month slippage against its current FT trajectory of October’12, having reviewed its current timeline against the deliverables set out in the Accountability Agreement.

**2.1.5 West Middlesex University Hospital NHS Trust**

The overall rating changed from *Amber/Green to* ***Amber Red*** in March 2012

 The March Trust Board concluded that a decision regarding the proposed route to FT would be made by June 2012. Alignment with the NWL commissioning strategy and consultation and the CTB decision on funding of historic deficit required. As the TFA milestone for the decision was in March 2012, the rating was changed to Amber Red.

**2.2** The following progress has been made by trusts since the Provider Development paper to the January Delivery Group meeting:

**2.2.1 Royal Free London NHS Foundation Trust**

 Royal Free was authorised as a Foundation Trust on 1 April 2012, by Monitor, the independent regulator of Foundation Trusts.

**2.2.2 St. George’s Healthcare NHS Trust**

 A readiness review is planned with the Trust to understand its plans to address the financial and performance concerns. If this concludes satisfactorily, a board to board meeting with Ruth Carnall will be scheduled with the Trust to allow the Trust to make its case for entering the FT pipeline.

 The Trust has finalised its Accountability Agreement, which has been agreed with the Cluster. Detailed planning at the Trust is now well advanced.

 The projected submission for the Trust’s FT application to the Department of Health remains October, 2013.

**Mergers & Acquisitions**

**2.2.3 Barts Health - Barts, Newham and Whipps Cross merger**

 The merger was transacted in line with the timetable with the new Trust established successfully on 1 April, 2012. This follows approval of the business case by the three trusts, NHS London, two clusters and the Department of Health Transaction Board, and finally, confirmation by the Secretary of State.

 All appointments to the Board have been made. Stephen O’Brien is now the substantive Chair with Peter Morris the Chief Executive. The Barts Health Board has thirteen voting Board members comprising the Chair, seven NEDs and five Executive Directors.

 The new Board met for the first time on the 2 April 2012.

 The Trust is continuing to refine and implement its integration plans, including undertaking consultation with the majority of staff at the hospitals involved in the merger as people migrate to the new organisational design.

 It is currently also working on its plans for Foundation Trust status, which are to be finalised by the summer.

**2.2.4 Ealing and North West London Hospitals merger**

 Work is progressing to complete the Full Business Case, setting out the case for merger of the Ealing Hospital NHS Trust/Integrated Care Organisation with the North West London Hospitals NHS Trust. The FBC is due to be considered at NHS London Board meeting to be held 28 June, 2012, ahead of the public consultation on the cluster’s commissioning strategy beginning July 2012.

 If approved, the Trusts target a merger completion date of 1 October 2012.

**2.2.5 Epsom & St. Helier Hospitals NHS Trust**

 The Outline Business Case (OBC) for the acquisition of Epsom General Hospital and the separation from St. Helier & Sutton Hospitals is due to be reviewed in May and June by NHS London and NHS South Strategic Health Authorities.

 The sole remaining bidder for Epsom Hospital remains committed to the process and the target transaction date has moved to 1 April, 2013. The impact on the Trust’s TFA is currently being assessed and is subject to a satisfactory outcome of the outline business case.

**Stage 2 viability study**

**2.2.6 Barnet and Chase Farm and North Middlesex Hospitals**

 Following the Secretary of State’s decision to support the implementation of the Barnet Enfield Haringey clinical strategy, Outline Business Cases were approved by CIC in April for building work that will increase hospital capacity on the Barnet Hospital and North Middlesex Hospital sites i.e. to support the reconfiguration of services required by commissioners.  The scale of investment (Over £100m) requires DH and Treasury (for North Middlesex Hospital OBC) approval.

 An “accelerated Case” has been developed, based on a modular build construction at NMUH and advanced (pre-FBC) approval funding is being made to DH to allow an earlier completion/implementation date of autumn 2013.

 A FT viability Group has met to consider the long list of options for both hospitals to secure a viable FT path for the organisations.

**Decision points on clinical & financial viability**

**2.2.7 Royal National Orthopaedic Hospital NHS Trust (RNOH)**

 Following the update to the last Delivery Group, final approval to proceed with the Trust’s PFI redevelopment scheme for the Trust is still outstanding from the Department of Health.

 This remains a key dependency for the Trust’s FT trajectory and is set out in the Accountability Agreement.

 The expectation is that the position will be resolved shortly with the Trust able then to satisfy its commitments to its future development and move to FT status.

**2.2.8** **West Middlesex University Hospital NHS Trust**

The Trust Board has agreed that it is seeking partners to secure the Trust’s route to FT status.

**2.2.9 Barking, Havering and Redbridge University Hospitals NHS Trust**

Quarterly progress meeting held on 16 April 2012 indicates some progress has been made
against the Key Milestone Tracker but the Trust did not meet the A&E 4 hour wait by some
 margin and has made insufficient progress against H4NEL milestones. The Stage 2 DH
Performance and Escalation meeting was held on 17 April 2012. The next steps are to be
agreed following NHS London‘s CE’s meeting with the SOfS on 23 April 2012.

**3 Update on the five trusts in the DH Performance and Escalation Process**

Out of the five trusts in the DH Performance and Escalation process, two trusts have had their stage 2 Performance and Escalation meetings with David Flory, Chief Executive of the NHS Trust Development Authority and Ruth Carnall, Chief Executive of the London SHA.

. The two trusts and the dates of the meetings are shown below:

-Barking Havering and Redbridge University Hospitals NHS Trust – 17 April 2012

 - Imperial College Healthcare NHS Trust – 5 April 2012

 The letter sent to the Chief Executive of Imperial College Healthcare post the Stage 2 Performance and Escalation is attached as **Appendix 2**. DH and NHS London are working together to finalise the letter to the Chief Executive of the Barking, Havering and Redbridge University Hospitals NHS Trust post the Stage 2 meeting.

The Stage 2 Performance and Escalation meetings for the following three trusts are being arranged for the month of May:

* Croydon Health Services NHS Trust;
* South London Healthcare NHS Trust; and
* South West London and St George's NHS Trust

**4 Accountability Agreement**

Accountability Agreements to underpin the TFAs have been signed off with fifteen aspirant Foundation Trusts. The following trusts are currently working through their Accountability Agreements with the support of their respective clusters:

* Barts Health NHS Trust – Trust is working on their agreement which is due back in summer
* Croydon Health Services NHS Trust – in the process of being updated by the Trust
* Imperial Healthcare NHS Trust – due to be returned from the Trust
* London Ambulance Service NHS Trust – sent back to the Trust for further amendments
* SWL & St Georges Mental Health NHS Trust – due to be returned from Trust, signed and agreed by cluster by 30th April
* The Whittington Hospital NHS Trust – Trust is currently revising the agreement in light of comments sent by the SHA
* West London Mental Health NHS Trust – sent back to the Trust for further amendments

**5 Next steps**

The next steps for the directorate are outlined below:

 - To ensure that the remaining seven Accountability Agreements with trusts are in place by the end of May with the exception of Barts Health NHS Trust (will be submitting its Accountability Agreement in summer 2012). Provider Development will continue to monitor the Accountability Agreements and TFAs going forward.

 - To monitor the achievement of the agreed actions for the five trusts in the Stage 2 DH Performance and Escalation process.

 - To contribute to the further development of the National Single Operating Model in reference to remaining four phases: DH & SHA oversight of NHS Trusts; DH FT assurance process; consistency of decision making and assurance of major transactions.

 - To work with the independent suppliers in relation to the Board Governance Assurance Framework self-assessments and effectively monitor action plans arising from these assessments.

 - To work collaboratively with the Leading for Health team in the People and Organisational Development directorate in order to provide support for Board Development for the aspirant FTs and continue to work collaboratively with other directorates at the SHA to deliver the objectives of the directorate.

List of FT application submission dates to DH and target authorisation dates for aspirant FTs - **Appendix 3** attached for information.