



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

### *Tripartite Formal Agreement between:*

- West Hertfordshire Hospitals NHS Trust
- NHS East of England
- 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)<sup>1</sup> 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.

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<sup>1</sup> 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**


**March 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.

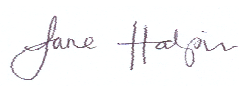
Jan Filochowski (CEO of West Hertfordshire Hospitals NHS Trust)	 Date: 25/03/11
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Sir Neil McKay (CEO of SHA)	Signature  Date: 31/03/2011
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Name, Job Title (Ian Dalton)	 Signature Date: 30/09/2011
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## 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.

Jane Halpin (CEO of NHS Hertfordshire)	<div>Signature </div> <div>Date: 31<sup>st</sup> March 2011</div>
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## Part 3 – NHS Trust summary

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

#### **High Level Description of Range of Services**

The Trust provides a full range of acute hospital services for the local population of West Hertfordshire and some neighbouring communities.

The Trust's core business is to:

- Deliver a full range of emergency secondary care services, including intensive and high dependency care
- Provide a comprehensive range of planned in- and outpatient services, in an environment of patient choice and contestability
- Ensure that a broad span of diagnostic services is available locally.

The three main hospitals have complementary but differing roles:

- Acute emergency care and complex elective care is provided at Watford
- Hemel Hempstead Hospital offers a range of locally based services including an Urgent Care Centre not requiring the full backup of a major hospital with intensive care (Hemel Urgent Care Centre is a joint undertaking involving the Trust and Herts Urgent Care – a Social Enterprise)
- St Albans has the dedicated elective centre for West Hertfordshire focussing on day case and less complex care and also offers a wide range of other services including the Minor Injuries Unit.

The Trust also delivers services from a range of community based settings.

#### **Required information**

Current CQC registration (and any conditions):

The Trust was awarded a rating of 'Good' for the use of resources and 'Fair' for the quality of services in 2009/10

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

	2009/10 (£m)	2010/11 (£m)
Total income	254.5	258.2
EBITDA	21.3	19.8
Operating surplus/deficit	5.7	7.5
CIP target	10.8	19.3
CIP achieved recurrent	7.5	9.6
CIP achieved non-recurrent	1.3	8.7

The NHS Trust's main commissioners

<b>Commissioner Name</b>	<b>2011/12 %</b>
<b>Hertfordshire</b>	89.80%
<b>Harrow</b>	1.50%
<b>Hillingdon</b>	2.50%
<b>EoE Specialist Services Commissioning Group (SSCG)</b>	2.10%

Summary of PFI schemes (if material)

Beds: 654

Geographical area covered: West Hertfordshire , parts of the London Boroughs of Hillingdon (particularly the wards of Harefield and Northwood) and Harrow

Explain historic debt and liquidity issues (see attached)

Three factors have given rise to the debt/liquidity issues outlined above:

- In 2006/07, the Trust's breakeven duty was recalibrated from £38.2m to £11.4m. This

enabled the Trust to deliver its break even duty, but this affected the Trust's underlying poor liquidity. A cash loan of £11.2m was therefore taken out in March 2007.

- A further liquidity loan for £7m was taken out in March 2010 to enable the Trust to achieve 10 days liquidity, the minimum required to become an FT.
- The Trust also took a loan of £27m in 2007/08 to finance the Acute Admissions Unit. The Trust expected this to be funded through PDC but this was subsequently changed to a 10 year loan (though the life of the AAU is 60 years) at an interest rate of 5.5%.

These factors have meant that the Trust has had to make very high levels of savings in order to generate sufficient surplus to address the £11.4m recalibrated deficit and to provide the cash needed to finance the loans resulting from the historical deficit. In addition, the AAU debt treatment and profile is much more onerous than had been expected.

## Part 4 – Key issues to be addressed by NHS trust

Key issues affecting NHS Trust achieving FT	
<b>Strategic and local health economy issues</b> 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"/>
<b>Financial</b> Current financial Position Level of efficiencies PFI plans and affordability Other Capital Plans and Estate issues Loan Debt Working Capital and Liquidity	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>
<b>Quality and Performance</b> QIPP Quality and clinical governance issues Service performance issues	<input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>
<b>Governance and Leadership</b> Board capacity and capability, and non-executive support	<input type="checkbox"/>
<p><b>Please provide any further relevant local information in relation to the key issues to be addressed by the NHS Trust:</b></p> <p>The Trust have been through turnaround and have improved the delivery of service and financial performance.</p> <p>The Trust Board worked through a range of issues in 2009, 2010 and the first half of 2011 to progress their FT application.</p> <p>The Trust are working to provide updated assurance, to improve/embed delivery and update key submission documents.</p> <p>The Hertfordshire QIPP plan, led by NHS Hertfordshire, has been developed with the full cooperation of the Trust.</p> <p>The actions necessary to mount a credible FT application have been agreed in writing between the SHA and the Trust. The Trust Board have developed a clear delivery plan. Some of the actions have already been progressed.</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	
<b>Strategic and local health economy issues</b>	
Integration of community services	<input type="checkbox"/>
<b>Financial</b>	
Current financial position	<input type="checkbox"/>
CIPs	✓
Other capital and estate Plans	<input type="checkbox"/>
<b>Quality and Performance</b>	
Local / regional QIPP	<input type="checkbox"/>
Service Performance	✓
Quality and clinical governance	✓
<b>Governance and Leadership</b>	
Board Development	<input 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 has made a clear statement of commitment to patient safety. Despite facing one of the largest CIPs challenges in the NHS in 2010/11 (c.8%), the Board recruited the Director of Patient Safety from the World Health Organisation for a period in 2010 to ensure that cost improvement schemes were assessed for quality and the impact on patients. The Medical Director was, and remains, the Board lead for patient safety. There is a separate agenda item on each Board meeting that ensures that the Board reflects on any decisions it has made that may have an impact on patient safety.

A key challenge from the Board in 2010/11 was for the Trust to improve the patient experience. A programme of staff and patient engagement was put in place that resulted in significant improvement in the outpatient survey results and the Trust winning a national award (RCN and the Patient Experience Network) for patient experience. This model of engagement has been shared across the NHS and is now a programme of work, led by the Board, as a brand for improving the inpatient experience and building a strong reputation for the Trust. There is a programme of further work to undertake on patient experience including the translation of the work under-taken into measurable improvement in key patient surveys which the Board is strongly committed to delivering. The Trust was also a finalist in an HSJ sponsored national award for patient safety for its work on the Enhanced Care programme.

The Board has also engaged directly with patients. Several patients have been invited to speak directly to the Board about their experience. This has been very valuable and allowed the Trust to demonstrate to the Board how it learns learning from complaints and serious incidents.

**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:**

- Further refresh of the TFA – DH – Sept 11
- Refresh of Quality Framework and external review – JF - Oct 11
- Complete the development of 2 years of detailed future CIP plans – AA – Oct 11
- 2011 inpatient survey – preliminary results to demonstrate improvements – NF – Oct 11
- Demonstrate progress with Deanery improvement plan for A&E – CJ – Oct 11
- Complete external WHO checklist audit with NHS Hertfordshire – CJ – Oct 11
- Trust to achieve increase in midwife numbers – NF - Oct 11
- Complete the update of IBP and LTFM – JF – Nov 11
- Updated PCT letter of support – JF – Nov 11
- HDD review – AA/JF - Dec 11
- HDD action plan and full FT submissions to the SHA – AA/JF – Jan 12
- Trust on track with in year finance – AA – Jan 12
- Trust demonstrating green or amber green GRR – CP/JF – Jan 12
- SHA Board to Board meeting – JF - Feb 12
- Presentation to DH – JF with SHA – by 1 March 12

## Part 6 – SHA actions required

Key actions to be taken by SHA to support delivery of date in part 1 of agreement	
<b>Strategic and local health economy issues</b>	
Local health economy sustainability issues (including reconfigurations)	<input type="checkbox"/>
Contracting arrangements	<input type="checkbox"/>
Transforming Community Services	<input type="checkbox"/>
<b>Financial</b>	
CIPs\efficiency	✓
<b>Quality and Performance</b>	
Regional and local QIPP	<input type="checkbox"/>
Quality and clinical governance	✓
Service Performance	✓
<b>Governance and Leadership</b>	
Board development activities	<input type="checkbox"/>
Other key actions to be taken (please provide detail below)	<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> <ul style="list-style-type: none"> <li>– Run monthly PMR meetings with the Trust until authorisation (SHA Director of Provider Development - ongoing)</li> <li>– Provide advice and support to the Trust in delivering their FT action plan (SHA Directors – on-going to Jan 12)</li> <li>– Refresh FT assurance (SHA Director of Provider Development – Jan and Feb 2012)</li> <li>– Seek SHA Nurse/Medical Director sign-off refresh (Dec 11 to Feb 12)</li> <li>– Further presentation of the Trust and the SHA assurance to DH Technical and Application Committee (SHA Director of Provider Development – Feb and March 2012)</li> <li>– Hold Board to Board meeting – February 2012 (SHA Directors)</li> <li>– Support Trust through Monitor assessment (SHA Directors - 2012)</li> </ul>	

## Part 7 – Supporting activities led by DH

Actions led by DH to support delivery of date in part 1 of agreement	
<b>Strategic and local health economy issues</b> Alternative organisational form options	<input type="checkbox"/>
<b>Financial</b> NHS Trusts with debt	✓
Short/medium term liquidity issues	✓
Current/future PFI schemes	<input type="checkbox"/>
National QIPP workstreams	<input type="checkbox"/>
<b>Governance and Leadership</b> Board development activities	<input type="checkbox"/>
Other key actions to be taken (please provide detail below)	<input type="checkbox"/>
<p>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:</p> <p>Clarify options to improve liquidity position. The DH to provide some clarity to support the Trust in developing their financial model. Trust to model solution in LTFM</p> <p>DH/Treasury solution to be considered once the Trust has addressed all other issues and is considered to be FT-ready.</p>	

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

Date	Milestone
July 2011	Board self assessment against the Monitor Quality Framework
August 2011	DH/Treasury indicates that debt/loan re-profiling is to be agreed at the point of FT authorisation.
August 2011	External Review of quality self assessment
Sept 2011	Further refresh of the TFA
Oct 2011	Refresh of Quality Framework and external review
Oct 2011	Complete the development of 2 years of detailed future CIP plans
Oct 2011	2011 inpatient survey – preliminary results to demonstrate improvements
Oct 2011	Demonstrate progress with Deanery improvement plan for A&E
Oct 2011	Complete external WHO checklist audit with NHS Hertfordshire
Nov 2011	The Trust will achieve the increased midwifery numbers as agreed with the SHA Chief Nurse.
Nov 2011	Complete the update of IBP and LTFM
Nov 2011	Updated PCT letter of support
Dec 2011	HDD review
Jan 2012	HDD action plan and full FT submissions to the SHA
Feb 2012	SHA Board to Board meeting
1 March 2012	Presentation to DH
<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>Any missed milestone will lead to a Chair and CEO escalation meeting between SHA and Trust.</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 is formally has the authority)

## Part 9 – Key risks to delivery

Risk	Mitigation including named lead
Delay in clarity on liquidity issues holds up the development of the LTFM	SHA will continue to seek clarity from DH (Steve Clarke/Steve Dunn)
There is a risk that the governance risk rating deteriorates again this winter and that introduces a delay in making a successful FT application.	Clear winter plan (Jan Filochowski)  SHA PMR meetings each month (Steve Dunn)
There is a risk that the further self assessment and external review of the Quality Governance Framework does not demonstrate sufficient progress and that this and/or other quality issues and improvements delays a presentation of the FT application to the DH.	Trust action plan following initial external review (Jan Filochowski)  Trust self assessment and external review take place some months ahead of planned DH presentation (Jan Filochowski). SHA Nurse and Medical Director review (Clare Lawton and Ruth May)