

## TFA document



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

#### *Tripartite Formal Agreement between:*

- Nuffield Orthopaedic Centre NHS Trust
- NHS South Central Strategic Health Authority
- 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).

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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 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 Quality, Innovation, Productivity and Prevention (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 January 2013


**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.

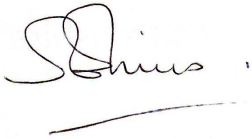
Name, Jan Fowler (CEO of Nuffield Orthopaedic Centre NHS Trust)	Signature  Date: 1st September 2011
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Name, Andrea Young (CEO of NHS South Central SHA)	Signature:  Date: 1st September 2011
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Name, Ian Dalton, (Managing Director of Provider Development, Department of Health)	Signature  Date: 27 <sup>th</sup> September 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.

Name, Sonia Mills (CEO of NHS Oxfordshire Lead commissioner)	Signature  Date: 1st September 2011
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## Part 3 – NHS Trust summary

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

#### Required information

#### Current Care Quality Commission (CQC) registration (and any conditions):

Registration without conditions

#### Financial data (£m)

	2009/10	2010/11
Total income	78.9	82.2
EBITDA	7.0	9.2
Operating surplus/deficit	0.3	0.9
CIP target	7.8	6.0
CIP achieved recurrent	6.0	4.7
CIP achieved non-recurrent	1.8	1.3

#### The NHS Trust's main commissioners

NHS Oxfordshire – contract for £44.7m in 2010/11

NHS Buckinghamshire - £5.1m

NHS West Berkshire - £3.2m

#### Summary of Private Financial Initiative (PFI) schemes (if material)

The Trust has a building financed through Private Financial Initiative which it has used since 2007, where the contract runs to the year 2036 and with unitary payments currently approximately £7.5m per annum

#### Further information

The Trust is a specialist orthopaedic hospital, providing routine and specialist orthopaedic and rheumatology services to the people of Oxfordshire. Specialist services, such as the treatment of bone infection and bone tumours, and the rehabilitation of those with limb amputation or congenital deficiency, and those with neurological disabilities are provided for patients from across the UK and abroad. The range of services include:

- Orthopaedic Surgery
- Rheumatology
- Disability Services
- Rehabilitation
- Metabolic Medicine
- Research

The Trust employs just over 1000 people.

The Trust receives 20,000 referrals each year, it undertakes:

- 750 knee replacements
- 670 hip replacements
- 1400 arthroscopies
- 3500 attend specialist rehabilitation

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

Key issues affecting NHS Trust achieving FT	
<p><b>Strategic and local health economy issues</b></p> <ul style="list-style-type: none"> <li>Service reconfigurations</li> <li>Site reconfigurations and closures</li> <li>Integration of community services</li> <li>Not clinically or financially viable in current form</li> <li>Local health economy sustainability issues</li> <li>Contracting arrangements</li> </ul> <p style="text-align: center;"><b>Financial</b></p> <ul style="list-style-type: none"> <li>Current financial Position</li> <li>Level of efficiencies</li> <li>PFI plans and affordability</li> <li>Other Capital Plans and Estate issues</li> <li>Loan Debt</li> <li>Working Capital and Liquidity</li> </ul> <p style="text-align: center;"><b>Quality and Performance</b></p> <ul style="list-style-type: none"> <li>QIPP</li> <li>Quality and clinical governance issues</li> <li>Service performance issues</li> </ul> <p style="text-align: center;"><b>Governance and Leadership</b></p> <ul style="list-style-type: none"> <li>Board capacity and capability, and non-executive support</li> </ul>	<input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>  <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>  <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>  <input type="checkbox"/>
<p>Please provide any further relevant local information in relation to the key issues to be addressed by the NHS Trust:</p> <p><b>Background</b></p> <ul style="list-style-type: none"> <li>▪ There had been doubts since 2006 regarding the NOC’s ability to develop a Foundation Trust application as a previous application had been rejected due to concerns regarding long term financial viability and the impact of tariff on specialist orthopaedic services.</li> <li>▪ Work carried out by the Trust, Strategic Health Authority and Primary Care Trust at that time, supported by external consultants, indicated the Trust would be unlikely to meet Monitor’s requirements.</li> <li>▪ Proposals by Oxfordshire to create an Academic Health Science Centre, of which the Trust would have been part, and to integrate with community services as part of Transforming Community Services, have been unsuccessful.</li> <li>▪ A range of options have been explored by Board of the Trust with an NHS solution being the preferred option.</li> <li>▪ In September 2010, the Boards of both the Oxford Radcliffe Hospitals and Nuffield Orthopaedic Centre NHS Trust agreed to develop proposals to integrate the two Trusts and the services they provide to develop a single stronger acute organisation. The business case to support the merger was agreed by both organisations at the end of February 2011.</li> <li>▪ The Strategic Health Authority approved this and a timeline is agreed leading to completion of the transaction by 1 November 2011.</li> </ul> <p><b>Current Situation</b></p> <ul style="list-style-type: none"> <li>▪ Strategic Health Authority currently working with the Trusts as they progress with the Cooperation and Competition Panel assessment</li> <li>▪ A detailed timeline has been agreed, with milestones leading to a January 2013 Foundation Trust application for the integrated organisation.</li> <li>▪ Post transaction implementation planning will need to be robust to ensure all benefits are realised and risks mitigated.</li> </ul>	

**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	<input checked="" type="checkbox"/>
Other capital and estate Plans	<input type="checkbox"/>
<b>Quality and Performance</b>	
Local / regional QIPP	<input checked="" type="checkbox"/>
Service Performance	<input type="checkbox"/>
Quality and clinical governance	<input type="checkbox"/>
<b>Governance and Leadership</b>	
Board Development	<input type="checkbox"/>
Other key actions to be taken (please provide detail below)	<input checked="" type="checkbox"/>

**Describe what actions the Board is taking to assure themselves that they are maintaining and improving quality of care for patients.**

The Trust has a strong reputation for governance and clinical quality. The principle for the integration is to maintain the ‘best of both’, in relation to quality, governance and clinical service delivery and development.

The development of the business case for merger has included significant clinical engagement to identify the benefit deliverables and to use the merger to improve quality, efficiency and patient experience. The business case includes a detailed section on benefits realisation, with all benefits and risks assigned to the responsibility of an Executive Director.

Benefits include:

- Development of a single spinal pathway to improve outcome for patients, reduce Length of Stay and reduce appointment numbers.
- Develop post-trauma Musculo-skeletal rehabilitation programme to reduce recovery time and reduce Length of Stay
- Improve identification and treatment of patients who would benefit from specialist neurological services reducing recovery time and reduce Length of Stay

The architecture in place to support the integration includes a joint Executive Integration Group, which is responsible for the delivery of the programme and reports directly to the Boards of both Trusts.

The Trust has a clear model of performance review, focused on specific key performance metrics to ensure quality is maintained during the integration process. A detailed service plan has been approved by the Board and is in place, which will ensure continued service quality up to and over the transition period of integration.

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:

- Implementation of the integration business case, including maintenance of stakeholder engagement
- Quality, Innovation, Productivity and Prevention plans are embedded and being reflected into the Long Term Financial Model of the new integrated organisation

## 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	<input checked="" type="checkbox"/>
<b>Quality and Performance</b>	
Regional and local QIPP	<input checked="" type="checkbox"/>
Quality and clinical governance	<input type="checkbox"/>
Service Performance	<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 checked="" 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>• Support the Trust through the integration process</li> <li>• Continue to work with health system to ensure Quality, Innovation, Productivity and Prevention plans are delivered</li> <li>• SHA to ensure Department of Health Transaction Board approval</li> </ul> <p>The SHA is contributing to the national work on PFI and will work with the Trust in resolving the outstanding PFI issues as a result of the national financial review.</p>	

## 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	<input type="checkbox"/>
Short/medium term liquidity issues	<input type="checkbox"/>
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 checked="" type="checkbox"/>
<p><b>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:</b></p> <ul style="list-style-type: none"> <li>• May require Department of Health support in Cooperation and Competition Panel process</li> <li>• Clarity on Department of Health Transaction Board processes</li> </ul> <p>A national financial review of Trusts with a PFI hospital is taking place to gain a common understanding of any issues that might be an obstacle to passing the financial elements of the FT assessment process. Some elements contained within the TFA will be subject to the outcome of this review in enabling any issues outlined in this agreement to be resolved. This will be confirmed on a case by case as the PFI work is completed and communicated.</p>	

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

Date	Milestone
September 2011	Integration Proposal to DH Transactions Board
1 November 2011	Integration approved – see ORH TFA Milestones
1 January 2013	Strategic Health Authority apply to Department of Health
<p><b>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.</b></p> <p>The Trust has successfully implemented Care Records Service Programme upgrade on 7 May 2011, having successfully moved to the Oxfordshire Domain, where it will ultimately be joined by the Oxford Radcliffe when their planned go live with the Care Records Service system takes place on 19 November 2011. The programmes are separate and subject to separate contract with the supplier, however there is a co- dependency within the programmes. The Oxford Radcliffe implementation date is critical to the Foundation Trust timeline.</p> <p><b>Describe what actions\sanctions the SHA will take where a milestone is likely to be, or has been missed.</b></p> <p>Robust performance management and escalation arrangements will be put in place with :</p> <ul style="list-style-type: none"> <li>• monthly reviews against project plan and milestones;</li> <li>• Executive to Executive Management meetings;</li> <li>• Regular Board to Board meetings</li> <li>• Quarterly stocktakes</li> </ul> <p>Any slippage, or risk of slippage will be addressed immediately with action plans</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
<ul style="list-style-type: none"> <li>Integration approvals not in the SHAs gift</li> </ul>	<ul style="list-style-type: none"> <li>Until a recommendation is made by Co-operation &amp; Competition Panel (CCP) and decision made by the NHS Transaction Board, the transaction proceeds at risk. Trust Lead: SHA Lead: Director of Provider Development</li> </ul>
<ul style="list-style-type: none"> <li>Non delivery of expected benefits, as set out in the business case – financial and quality</li> </ul>	<ul style="list-style-type: none"> <li>Benefits realisation plans assigned to Executive responsibility and feeding into the SHA FT Assurance process: Trust Lead: Jan Fowler, Chief Executive, NOC Sir Jonathan Michael, Chief Executive, Oxford Radcliffe Hospital SHA Lead: Director of Finance and Performance</li> </ul>