



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

Tripartite Formal Agreement between:

- Surrey and Sussex Healthcare NHS Trust
- NHS South East Coast
- 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 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.

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

1 April 2013 * (This date is for application to DH Transactions Board for approval of Trusts partnership with another organisation)

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.

Michael Wilson Chief Executive Surrey and Sussex Healthcare NHS Trust	Signature  Date: 29 th September 2011
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Candy Morris Chief Executive NHS South East Coast	Signature  Date: 29 th September 2011
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Ian Dalton Managing Director Provider Development Department of Health	Signature  Date: 30 th 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.

Amanda Fadero Chief Executive Sussex Cluster	Signature
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	<p data-bbox="938 241 1117 268"><i>atf</i></p> <p data-bbox="932 338 1252 375">Date:29th September 2011</p>
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Part 3 – NHS Trust summary

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

CQC registration

The Trust is registered with the CQC with no conditions

Financial data (figures for 2010/11 are based on audited accounts)

	2009/10 (£m)	2010/11 (£m)
Total income	195.0	196
EBITDA	16.0	8
Operating surplus/deficit	7.8	0.9
CIP target	8.8	12.0
CIP achieved recurrent	6.0	4.6
CIP achieved non-recurrent	2.4	1.3

Trusts Main Commissioners

Our services are mainly commissioned by NHS West Sussex and NHS Surrey with activity split approximately 50/50. The lead commissioner role is undertaken by NHS West Sussex (part of the Sussex Cluster)

Further Information

Surrey and Sussex Healthcare NHS Trust (SASH) provides a comprehensive range of emergency and non-emergency services to the residents of East Surrey, north-east West Sussex, and South Croydon, including the major towns of Crawley, Horsham, Reigate and Redhill. Our proximity to the M25 and M23 motorways and Gatwick Airport means that we also treat many patients from outside the area and from overseas. The trust has a catchment population of c420,000 and employs 3100 staff, which includes 150 consultants.

The trust is responsible for East Surrey Hospital in Redhill, where it provides the more acute and complex services incl. full A&E and maternity services. In addition, it reaches out into the community to provide a range of outpatient, diagnostic and less complex planned services closer to home. It provides services at Dorking and Caterham Dene Hospitals, and Oxted Health Centre, in Surrey, and at Crawley, Horsham and Queen Victoria Hospitals in West Sussex, working in partnership with NHS Surrey and NHS West Sussex. The majority of its day case surgery takes place at Crawley Hospital.

East Surrey and Crawley Hospitals merged on 1998 and reconfigured the majority of services onto the East Surrey site, which concluded in 2002, resulting in the closure of the A&E department and maternity services at Crawley. Crawley hospital is now owned and managed by NHS West Sussex.

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	<input type="checkbox"/>
Site reconfigurations and closures	<input type="checkbox"/>
Integration of community services	<input type="checkbox"/>
Not clinically or financially viable in current form	<input checked="" type="checkbox"/>
Local health economy sustainability issues	<input checked="" type="checkbox"/>
Contracting arrangements	<input type="checkbox"/>
Financial	
Current financial Position	<input checked="" type="checkbox"/>
Level of efficiencies	<input checked="" type="checkbox"/>
PFI plans and affordability	<input type="checkbox"/>
Other Capital Plans and Estate issues	<input type="checkbox"/>
Loan Debt	<input checked="" type="checkbox"/>
Working Capital and Liquidity	<input checked="" type="checkbox"/>
Quality and Performance	
QIPP	<input type="checkbox"/>
Quality and clinical governance issues	<input checked="" type="checkbox"/>
Service performance issues	<input checked="" type="checkbox"/>
Governance and Leadership	
Board capacity and capability, and non-executive support	<input type="checkbox"/>

Please provide any further relevant local information in relation to the key issues to be addressed by the NHS Trust:

Background

The Trust has a key strategic location (its catchment population is not shared with other Trusts) and it provides the principal emergency centre for a significant radius.

However, the current service model is not sustainable in the medium term. Therefore it is looking to redesign its service structure to create a financially sustainable model for health services on its sites in the future.

Partners in the local health economy are all involved in agreeing the route map for establishing a clinically and financially viable solution for services managed by the Trust. This is in a context where both the main PCTs have a history of significant financial difficulties and where, in the current financial climate, this will continue.

In July 2011, the Trust, in conjunction with both NHS Sussex and NHS Surrey, completed a detailed financial modelling exercise, considering a number of strategic change scenarios examining the way to develop a clinically and financially sustainable service model (and so stand alone FT status). This concluded that, the model would require the Trust to retain an additional contribution from its income – and would require an increase in revenue coupled with significant improvements in the flow and management of patients both within the Trust and across the wider system. There is no commissioning resource to provide this income, given current activity patterns. Therefore, the trust and the SHA have concluded the current configuration is not viable for the long term.

The Trust also has a history of weak financial results and a similar challenge to deliver consistently high performance standards. SASH was categorised as a financially challenged trust and received a working capital loan from the Department of Health of £56.0 million in 2007/08. This categorisation was removed after agreement to repay that loan. £51.2m had been repaid by the end of 2009/10. The final £4.5m is currently outstanding and repayment subject to rescheduling with the Department of Health.

Throughout this period the Trust has had a weak liquidity position (in excess of minus 20 days cash). The trust is seeking an amount of operational PDC to address part of the liquidity issue.

The trust 2011/12 plan is to deliver a £6.1m deficit by year end including savings of £7.7m, 4% of turnover.

The Way Forward

NHS Sussex, NHS Surrey and Surrey and Sussex Healthcare NHS Trust (SASH) agree the following:

- It will not be possible for SASH to achieve FT status in its current form
- FT status through partnership(s) will be achieved by April 2014
- The Trust will in the first instance look to develop partnerships both within the NHS and other partners. Should these options not lead to sustainability, then a procurement option will be pursued.
- Commissioners will develop a strategy for community and primary care in the local area in line with national operating framework by December 2011
- The Trust will develop a series of strategic partnerships, supported by commissioners that address issues of clinical and financial sustainability

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	<input type="checkbox"/>
Financial	
Current financial position	<input checked="" type="checkbox"/>
CIPs	<input type="checkbox"/>
Other capital and estate Plans	<input type="checkbox"/>
Quality and Performance	
Local / regional QIPP	<input type="checkbox"/>
Service Performance	<input checked="" type="checkbox"/>
Quality and clinical governance	<input checked="" type="checkbox"/>
Governance and Leadership	
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.	
<p>Safety and Quality</p> <ul style="list-style-type: none"> Established Quality and Safety committee reporting to the Board to provide assurance that the trust is compliant with all standards (NICE, CQC) Established integrated quality and performance report for discussion at public trust board meeting <ul style="list-style-type: none"> Includes quality account measures Ensured corporate and clinical governance structures in place to monitor and provide assurance of quality, safety and patient experience Established a clinically led organisation <p>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:</p> <p>Organisational Form – CEO</p> <ul style="list-style-type: none"> Develop a series of strategic partnerships, supported by commissioners that address issues of clinical and financial stability over the period. Individual or multiple partnerships identified by April 2012 that deliver financial sustainability Partnership working will begin in earnest by January 2013 <p>Service Performance – COO</p> <ul style="list-style-type: none"> Put in place additional funded bed capacity to meet demand (in addition to equivalent 20 beds delivered via PCT actions) by quarter four of 2011/12 Deliver new operational and clinical emergency care model by March 2012 <p>Financial (in the context of the transaction) – CFO</p> <ul style="list-style-type: none"> Agree individual aspects of liquidity solution Agree resolution of transition funding 	

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)	<input type="checkbox"/>
Contracting arrangements	<input type="checkbox"/>
Transforming Community Services	<input type="checkbox"/>
Financial	
CIPs\efficiency	<input type="checkbox"/>
Quality and Performance	
Regional and local QIPP	<input type="checkbox"/>
Quality and clinical governance	<input type="checkbox"/>
Service Performance	<input type="checkbox"/>
Governance and Leadership	
Board development activities	<input type="checkbox"/>
Other key actions to be taken (please provide detail below)	See below
<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"> • Ensure local health community agreements through transition period • Liaise with DH re short term financial support e.g. liquidity, working capital loan • Administer FT assurance process • Challenge and agreement of the resulting strategic option • Administer transaction process <p>Director of provider development (detailed actions and timeline set out in section 8)</p>	

Part 7 – Supporting activities led by DH

Actions led by DH to support delivery of date in part 1 of agreement	
<p>Strategic and local health economy issues</p> <p>Alternative organisational form options <input type="checkbox"/></p>	
<p>Financial</p> <p>NHS Trusts with debt <input type="checkbox"/></p> <p>Short/medium term liquidity issues <input type="checkbox"/></p> <p>Current/future PFI schemes <input type="checkbox"/></p> <p>National QIPP workstreams <input type="checkbox"/></p>	
<p>Governance and Leadership</p> <p>Board development activities <input type="checkbox"/></p> <p>Other key actions to be taken (please provide detail below) <input checked="" type="checkbox"/></p>	
<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> <ul style="list-style-type: none"> • Facilitate recapitalisation / refinancing of the Trusts Balance sheet • Political support of the resulting strategic option once agreed with commissioners / SHA 	

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

Date	Milestone
June 11	<ul style="list-style-type: none"> • Completed strategic options to present to PCTs/SHA
During Q3 11/12	<ul style="list-style-type: none"> • Sussex commissioning strategy complete (mid Dec) – NHS Sussex • Future organisation form options identified • Identification of potential partners • FT development gateway review stage 1 – strategic preparation <ul style="list-style-type: none"> ○ Review existing strategies / plans ○ Review governance arrangements ○ Undertake position audit
During Q4 11/12	<ul style="list-style-type: none"> • Agreement of strategic options / partnerships by Trust with PCTs and SHA • Partnership working to start in earnest • FT development gateway review stage 2 – strategic preparation and development action identified <ul style="list-style-type: none"> ○ Update existing strategies ○ First drafts of clinical strategy ○ First draft workforce strategy ○ First draft IBP and LTFM ○ Detailed efficiency programme for 12/13 ○ Governance update ○ Agree FT development action plan with SHA based on submissions and feedback
During Q1 12/13	<ul style="list-style-type: none"> • FT development gateway review stage 3 – readiness to consult <ul style="list-style-type: none"> ○ Second draft IBP and LTFM and underlying strategies ○ Consultation and membership strategies and documentation prepared ○ Board to board confirms readiness to consult ○ 12 week consultation commence
During Q2 12/13	<ul style="list-style-type: none"> • FT development gateway review stage 4 – post consultation revisions <ul style="list-style-type: none"> ○ Consultation complete ○ Post consultation revisions ○ Strategy confirmed ○ Governance meets FT requirements ○ Commissioner support of IBP ○ Detailed efficiency programme for 13/14 and outline schemes for 14/15
During Q3 12/13	<ul style="list-style-type: none"> • FT development gateway review stage 5 – readiness for assessment <ul style="list-style-type: none"> ○ Post consultation revisions ○ Ready for assessment
During Q4 12/13	<ul style="list-style-type: none"> • FT development gateway review stage 6 – final

	<p>assurance</p> <ul style="list-style-type: none"> ○ Recruit members and governors ○ Updated IBP with commissioner support ○ Final assurance ○ Board to Board ○ Detailed efficiency programme 13/14 and 14/15 and outline schemes up to 2018/19
1 April 13	<ul style="list-style-type: none"> • Submission to DH
1 April 14	New organisational form commences as Foundation Trust
<p><i>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.</i></p> <p><i>Describe what actions\sanctions the SHA will take where a milestone is likely to be, or has been missed.</i></p> <p>In the event that TFA and performance milestones are not met it would be necessary to seek a partner through competitive procurement</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 established)

Part 9 – Key risks to delivery

Risk	Mitigation including named lead
Strategic partnerships may not lead to sustainability	<ul style="list-style-type: none"> • Development of range of strategic options Trust CEO • Option to put Trust provided services up for competitive tender Commissioning cluster CEO
That FT consultation is delayed due to other consultations required first (e.g. re partnership options)	<ul style="list-style-type: none"> • Identify options where possible that do not require significant consultation (e.g. public consultation) • Review of key milestones within TFA, still working towards FT by 2014 Trust CEO
Transitional funding not sufficient for required timescales to deliver new strategic option	<ul style="list-style-type: none"> • Commitment to timetable by health system Director of provider development
Strategic option not deliverable by 2014	<ul style="list-style-type: none"> • Review of project timetable • Alternative contingencies • Agree FT application can progress as sustainable plan will be in place and in implementation phase Director of provider development