

Trust Board: Thursday 3 November 2011

TB2011.57

Title	Foundation Trust development timeline
Purpose of paper	<p>With the creation of Oxford University Hospitals NHS Trust on 1 November 2011, benefits are being delivered for patients and for the wider NHS as set out in the business case agreed by predecessor trusts and scrutinised by the Department of Health and Co-operation and Competition Panel.</p> <p>The formation of Oxford University Hospitals NHS Trust (OUH) creates an organisation which can now move towards authorisation as an NHS Foundation Trust.</p> <p>A Tripartite Foundation Trust Agreement (TFA) has been signed with the Department of Health and Strategic Health Authority as part of a national process to establish timescales for NHS Trusts making progress towards authorisation by Monitor to operate as NHS Foundation Trusts.</p> <p>The Board is asked to note the timetable agreed in the TFA and to receive the Agreement.</p>
Board Lead	Mr Andrew Stevens, Director of Planning and Information

Key purpose	Strategy	Assurance	Policy	Performance
Strategic Objectives	All and particularly: SO5 To meet the challenges of the current economic climate and the changes in the NHS and become a resilient, flexible and successful Foundation Trust SO6 To achieve the integration of the ORH and the NOC during 2011/2012, realising the benefits as set out in the business case			
Links to Board Assurance Framework/Trust Key Risks/CQC Registration	Failure to achieve FT authorisation will compromise achieving OUH's strategic objectives			
Resource and financial impact	To be managed as part of the FT authorisation process			
Consideration of legal/ equality /diversity/engagement/risk issues	To be managed as part of the FT authorisation process			

Foundation Trust development timeline

1. The creation of Oxford University Hospitals NHS Trust on 1 November 2011 enables the delivery of a series of benefits for patients and for the wider NHS, ranging from the improvement of pathways for spinal care to opportunities to strengthen medical cover across hospital sites in Headington and to make better use of up-to-date facilities.
2. Celebration of the Trust's formation has offered an opportunity to thank the many colleagues in the Nuffield Orthopaedic Centre and Oxford Radcliffe Hospitals who made this development possible, and to mark the beginning of a journey towards authorisation as a successful NHS Foundation Trust.
3. A Tripartite Foundation Trust Agreement (TFA) has been signed by the Department of Health and Strategic Health Authority (now NHS South of England) as part of a national process to establish timescales for every NHS Trust moving towards authorisation by Monitor to operate as an NHS Foundation Trust. The TFA is attached and is available on the Trust's website.
4. The requirements that need to be met for authorisation are summarised in the table below. Sustained progress must be made during 2012, not least to demonstrate that improvements made in performance are sustained and financial expectations met.
5. Every Foundation Trust is a membership organisation and significant work will take place during 2012 to sustain and develop the membership inherited from the two predecessor Trusts.
6. Partnership with the University of Oxford is clearly critical to the success of the Trust and its ability to deliver world-class care, bringing best practice and innovation 'from bench to bedside' as quickly and effectively as possible.
7. The TFA shows that public consultation will take place in the summer of 2012 on future governance arrangements for Oxford University Hospitals NHS Foundation Trust – explaining the organisation's purpose and strategy and how its arrangements for membership and Governors will work.

Assessment criteria for applicant Foundation Trusts

Monitor assessment criteria	DH/SHA test	Example criteria used by DH/SHA
Is the applicant legally constituted?	Legally constituted and representative	The application complies with current legislation The Trust has carried out due consultation Membership is representative and sufficient to enable credible Governor elections
Is the applicant financially viable?	Financially viable	Monitor's requirements are met for Financial Risk Rating at the point of application A surplus can be generated from year 3 under a downside scenario Plans are underpinned by a set of reasonable assumptions on savings and expenditure Commissioner support exists for activity and service development assumptions
	Good business strategy	Commissioner support for strategy Takes account of local/national issues Good analyses of potential and likelihood of service change
Is the applicant well-governed?	Well governed	Full compliance with CQC standards or robust action plans in place Systems to check and improve quality are strong: robust, comprehensive and effective risk management and performance management systems are in place and are proven to affect decision making
	Capable board to deliver	Evidence of reconciliation of skills and experience to requirements of the strategy Evidence of effective, evidence-based decision-making processes
	Good service performance	Evidence of meeting statutory and national/local targets Evidence of no issues/concerns from regulatory bodies (e.g. CQC) Evidence that delivery meets or exceeds plans
	External relations	Plans reflect realistic position of local health and social care commissioners Effective and appropriate contractual relations are in place

8. The Board is asked to **note** the TFA and particularly the timetable within it, in the context of the requirements that need to be met.

Mr Andrew Stevens, Director of Planning and Information

November 2011



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

Tripartite Formal Agreement between:

- Oxford Radcliffe Hospitals 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 Chief Executive Officers (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)¹ when that takes over the SHA provider development functions.

¹ NTDA previously known as the Provider Development Authority – the name change is proposed to better reflect their role with NHS Trusts only.

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 Quality, Innovation, and Productivity & 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, Sir Jonathan Michael (CEO of the Oxford Radcliffe NHS Trust)	Signature  Date: 1st September 2011
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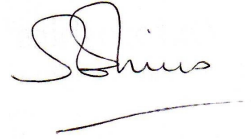
Name, Andrea Young (CEO of NHS South Central SHA) Andrea Young (CEO of NHS South Central SHA)	Signature:  Date: 1 st September 2011
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Name, Ian Dalton, (Managing Director of Provider Development, Department of Health)	 Signature Date: 27 th September 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.

Name, Sonia Mills (Chief Executive NHS
Oxfordshire Lead commissioner)



Signature

Date: 1st September 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):

Registration without conditions

Financial data

	2009/10 (£000)	2010/11 (£000)
Total income	635,893	663,770
EBITDA	56,674	55,761
Operating surplus\deficit	106	1,289
CIP target	40,074	47,146
CIP achieved recurrent	29,067	41,481
CIP achieved non-recurrent	6,000	2,300

The NHS Trust's main commissioners

Is NHS Oxfordshire with significant income from specialist commissioning

Summary of PFI schemes (if material)

Both the Churchill and John Radcliffe Hospital sites have PFI elements. Combined unitary cash payment of £46.6m in 2010/11.

Further information

The Oxford Radcliffe Hospitals NHS Trust is one of the largest acute teaching trusts in the UK. The Trust employs over 10,000 people, making it one of the largest employers in Oxfordshire. The Trust provides high quality general hospital services for the local population in Oxfordshire and neighbouring counties, and more specialist services for patients from a wide geographic area.

The Trust also runs a number of satellite clinics, midwifery-led maternity units and renal units. The Trust has around 1,500 inpatient beds across the three main sites. In 2010/11 there were:

- 614,056 outpatient appointments
- 19,688 admissions for treatment as inpatients
- 123,592 attendances at the emergency departments
- 87,275 admissions for emergency assessment and treatment
- 62,062 admissions for treatment as day cases (108,308 if renal dialysis is included)
- 8,077 babies delivered.

The Trust is split across three large sites:

- John Radcliffe Hospital
- Churchill Hospital:
- Horton General Hospital:

As a teaching Trust, the Trust has a role to play in the education and training of doctors, nurses and other healthcare professionals. This is done in close partnership with the University of Oxford and Oxford Brookes University. The Trust is also involved in a wide variety of research programmes, in collaboration with the University of Oxford and many other research bodies. The Trust in partnership with the University of Oxford is one of the five comprehensive Biomedical Research Centres in the country.

A process is currently underway to integrate the Nuffield Orthopaedic Centre NHS Trust into the Trust. The Nuffield Orthopaedic Centre NHS Trust services will form an additional division of the Trust.

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 checked="" type="checkbox"/> *
Site reconfigurations and closures	<input checked="" type="checkbox"/> *
Integration of community services	<input type="checkbox"/>
Not clinically or financially viable in current form	<input type="checkbox"/>
Local health economy sustainability issues	<input type="checkbox"/>
Contracting arrangements	<input type="checkbox"/>
Financial	
Current financial Position	<input 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 type="checkbox"/>
Working Capital and Liquidity	<input checked="" type="checkbox"/>
Quality and Performance	
QIPP	<input checked="" type="checkbox"/>
Quality and clinical governance issues	<input type="checkbox"/>
Service performance issues	<input checked="" type="checkbox"/>
Governance and Leadership	
Board capacity and capability, and non-executive support	<input type="checkbox"/>
	<ul style="list-style-type: none"> • Relating to the integration of the NOC
<p>Please provide any further relevant local information in relation to the key issues to be addressed by the NHS Trust:</p> <p>The FT application trajectory for the Oxford Radcliffe Hospitals NHS Trust had been slipping in 2009. This was linked to financial sustainability issues across the local health economy, performance issues within the Trust and the then focus on the Academic Health Centre application. In 2010 a trajectory was agreed giving January 2012 as the deadline for an FT application.</p> <p>In September 2010 the Trust announced its intention to explore integration with the Nuffield Orthopaedic Centre NHS Trust. The Strategic Health Authority Board approved this in principle and the business case has been agreed.. The proposed transaction is presently being considered by the CCP.</p> <p>Initial discussions confirmed this transaction would occur in parallel to the Foundation Trust application. Reviewing the proposed timescale has however revealed a number of issues which, in conjunction with the merger, impact upon the ability to meet the January 2012 date. The Trust has recently restructured, and is working to embed the new clinical management structure. In addition they are working to resolve financial and quality performance issues and, in 2011, are currently scheduled to be upgrading their Patient Administration System. This impacts on the timing of the Historical Due Diligence and the Monitor Assessment. With this in mind a January 2013 application date has been agreed. A firm plan is now in place to ensure this is achieved.</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	
Strategic and local health economy issues	
Integration of community services	<input type="checkbox"/>
Financial	
Current financial position	<input type="checkbox"/>
CIPs	<input checked="" type="checkbox"/>
Other capital and estate Plans	<input type="checkbox"/>
Quality and Performance	
Local / regional QIPP	<input checked="" type="checkbox"/>
Service Performance	<input checked="" type="checkbox"/>
Quality and clinical governance	<input type="checkbox"/>
Governance and Leadership	
Board Development	<input type="checkbox"/>
Other key actions to be taken (please provide detail below)	<input checked="" type="checkbox"/>
<p>Describe what actions the Board is taking to assure themselves that they are maintaining and improving quality of care for patients.</p> <p>Trust Board has strengthened assurance arrangements within the Trust in recent months (e.g. commissioned an external review and revised Board structures) and continues to do so (e.g. the appointment of a Director of Assurance). A primary objective of these actions has been strengthening of the focus on the continuous improvement of patient care.</p> <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> <ul style="list-style-type: none"> • The integration of the Nuffield Orthopaedic Centre during 2011/12 is crucial to the Foundation Trust pipeline being delivered • Performance issues to be resolved and performance sustained, including Referral to Treatment and cancer waiting times. • Cost Improvement/Quality, Innovation, Productivity and Prevention plans need to be delivered in 2011/12 • The outcome of the 2011/12 contracting round is being reflected in the Long Term Financial Model • The successful delivery of the robust plan for the Care Records Service within the current timetable is required in order not to impact on the Foundation Trust timeline. 	

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 checked="" type="checkbox"/>
Quality and Performance	
Regional and local QIPP	<input checked="" type="checkbox"/>
Quality and clinical governance	<input type="checkbox"/>
Service Performance	<input checked="" type="checkbox"/>
Governance and Leadership	
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> <p>The Trust has a clear plan and trajectory to remedy performance failures and deliver the financial and Quality, Innovation, Productivity and Prevention targets. This will be rigorously monitored by the Strategic Health Authority and Primary Care Trust cluster with formal quarterly reviews. This is set out below and in Section 8. The Strategic Health Authority will:</p> <ul style="list-style-type: none"> • continue to work with health system to ensure Quality, Innovation, Productivity and Prevention plans and service performance are delivered • ensure timely assurance of business case and Department of Health Transaction Board approval • support the development of a robust plan for the delivery of the Care Records Service in line with planned timetable <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	
Strategic and local health economy issues	
Alternative organisational form options	<input type="checkbox"/>
Financial	
NHS Trusts with debt	<input type="checkbox"/>
Short/medium term liquidity issues	<input checked="" type="checkbox"/>
Current/future PFI schemes	<input type="checkbox"/>
National QIPP workstreams	<input type="checkbox"/>
Governance and Leadership	
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 DH with an identified lead and delivery dates:</p> <ul style="list-style-type: none"> • May require Department of Health support in Cooperation and Competition Panel process • Clarity on Department of Health Transaction Board processes <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

Completed	Milestone
May 2011	Executive to Executive meeting
May 2011	SHA Feedback to Trust within 10 days
End July 2011	Q1 Performance and Financial Review: 2011/12 Financial Plan on Track, Cost Improvement Plan trajectory delivered, service performance broadly on track
September 2011	Integration Proposal to Department of Health Transactions Board
End of September	Plan in place to address in year activity and financial pressures
End October 2011	Q2 Performance and Financial Review: 2011/12 Financial Plan on Track, Cost Improvement Plan trajectory delivered, service performance on track
1 November 2011	Integration of NOC completed
Mid November	Executive to Executive meeting
December 2011	Formal submission to include complete draft of Integrated Business Plan, Long-Term Financial Model, and an update on Board development and quality action plan.
December 2011	Submission of enabling strategies for Strategic Health Authority review, to include, for example, estates, Information Technology, workforce and risk.
January 2012	Strategic Health Authority Shadow Historical Due Diligence
February 2012	Board Observation
End January 2012	Q3 Performance and Financial Review: 2011/12 Financial Plan on Track, Cost Improvement Plan trajectory delivered, and service performance on track
March 2012	Strategic Health Authority confirm to Department of Health Trust ready for Historical Due Diligence
March 2012	Quality peer review
May 2012	Second formal submission to include draft of Integrated Business Plan, Long-Term Financial Model, draft v2 of consultation documents and update on shadow Historical Due Diligence actions.
June 2012	Strategic Health Authority Medical / Nurse Director Visit and Quality Governance sign off
June 2012	Strategic Health Authority meeting with commissioners to discuss alignment
June 2012	Board to Board to approve consultation
Late June 2012	Public Consultation to begin
End of May 2012	Confirm delivery of 2011/12 financial plan, Cost Improvement Plan delivery, and performance against national targets. Consistently green for governance against compliance framework measures
End July 2012	Q1 Performance and Financial Review: 2012/13 Financial Plan on Track, Cost Improvement Plan trajectory delivered, and service performance on track
September 2012	Commence independent Historical Due Diligence Phase 1
October 2012	Third formal submission to include final draft of Integrated Business Plan, Long-Term Financial Model, outcome of consultation legal confirmation of constitution and letter of support from commissioners. Public consultation completes
November 2012	Board to Board to approve application
End October 2011	Q2 Performance and Financial Review: 2012/13 Financial Plan on Track, Cost Improvement Plan trajectory delivered, service performance on track
December 2012	Historical Due Diligence Phase 2 to commence
1 January 2013	Strategic Health Authority apply to Department of Health
	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.
	Robust performance management and escalation arrangements will be put in place with :

- monthly reviews against project plan and milestones;
- Executive to Executive Management meetings;
- Regular Board to Board meetings
- Quarterly stocktakes

Any slippage, or risk of slippage will be addressed immediately with action plans

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
Integration of NOC not completed	Trust integration plan Trust Lead: Director of Planning and Information SHA Lead: Director of Provider Development
Integration approvals not in the SHAs gift	Until a recommendation is made by CCP and decision made by the NHS Transaction Board, the transaction proceeds at risk.
Financial risk on downside case	Trust is taking prudent approach Trust Lead: Director of Finance and Procurement SHA Lead: Director of Finance and Performance
Service Performance slips	<ul style="list-style-type: none"> • Regular performance monitoring arrangements in place. • Intervention gradient in place to enable swift response and action • Regular performance meetings with the Trust and commissioner to address any emerging issues • Weekly meetings of Executive Team to flag emerging situations/gaps Trust Lead: Director of Clinical Services SHA Lead: Director of Finance and Performance
CRS implementation timetable not met	Detailed planning being undertaken. A contingency plan needs to be developed. Trust Lead: Director of Planning and Information SHA Lead: Director of Provider Development