



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

Tripartite Formal Agreement between:

- Sandwell and West Birmingham Hospitals NHS Trust
- NHS West Midlands
- 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 – John Adler, Chief Executive Officer
SHA – Ian Cumming, 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)¹ 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.

¹ 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


1st November 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.

John Adler Chief Executive Sandwell and West Birmingham Hospitals NHS Trust	Signature:  Date: 30 September 2011
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Ian Cumming Chief Executive NHS West Midlands	Signature:  Date: 30 September 2011
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Name, Job Title (Ian Dalton)	Signature  Date: 30 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.

Robert Bacon Chief Executive Black Country Cluster	Signature
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A handwritten signature in black ink, appearing to read 'Adam', is positioned in the upper right corner of a rectangular box.

Date: 30th September 2011

Part 3 – NHS Trust summary

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

Current CQC registration (and any conditions):Unconditional

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

	2009/10 £000	2010/11 £000
Total income	384,774	383,816
EBITDA	30,876	23,480
Operating surplus/deficit	(28,646)	(3,237)
Performance Against DoH target	7,260	2,038
CIP target	15,075	20,840
CIP achieved recurrent	13,564	20,797 [#]
CIP achieved non-recurrent	1,511	43

[#] Recurrent full year effect reported in-year mitigating schemes account for 25%.

Note: reported operating surplus/deficit includes the impact of impairments and IFRS accounting which are excluded from the measurement of performance against the DH target.

The NHS Trust's main commissioners

	2009/10 £000	2010/11 £000
Sandwell PCT	157,658	162,574
Of which 'Right Care Right Here' Programme Transitional Framework Funding (via Sandwell PCT)		9,000
Heart of Birmingham PCT	88,859	86,454
Birmingham East & North PCT	21,145	20,933
South Birmingham PCT	17,569	17,723

Summary of PFI schemes (if material)

The Trust has submitted an OBC with a capital value of £370m for the construction of a single hospital site to deliver the majority of the Trust's acute services. The OBC assumes a bed reduction from around 950 acute beds to 666. The Trust has recently completed a submission to inform HM Treasury's economic evaluation of the scheme and the OBC is now awaiting final DH/HMT approval.

Further Information

Sandwell and West Birmingham Hospitals NHS Trust (SWBH) is one of the largest teaching Trusts in the United Kingdom with a reputation for excellent, friendly staff who provide high quality care from City Hospital in Birmingham and Sandwell General in West Bromwich. Both are busy acute hospitals providing many specialist services and a broad range of emergency services, including Accident & Emergency at both sites. In addition, from April 2011, the Trust provides comprehensive community services to the Sandwell area, including from Rowley Regis Community Hospital, Leasowes Intermediate Care Centre and the Lyng Centre for Health and Social Care.

The Trust has an income of £415m (2011/12) and employs around 7000 WTE staff. It has circa 950 beds and serves a population of over 500,000

The Trust is a key partner along with local PCTs, GPs and local authorities in the “Right Care Right Here” programme which seeks to deliver an ambitious redevelopment of local health services. This has the backing of the West Midlands Strategic Health Authority and has been approved as a national priority scheme by the Department of Health. The programme includes major investment in new facilities including a new acute hospital.

The Trust’s current strategy focuses on the period leading up to the new hospital with an emphasis on driving clinical integration by reconfiguration of services between the existing sites, strengthening key specialties and on quality and productivity improvement. Successful reconfigurations have included paediatrics, maternity, neonatology, general surgery, trauma and orthopaedics and pathology.

The Trust is a pioneer in developing new and more effective approaches to staff engagement through its “Listening into Action” programme which harnesses the energy and ideas of front line staff to improve services. This is the largest programme of its kind in the NHS and has received widespread national recognition.

The Trust hosts the Birmingham and Midland Eye Centre which is a supra-regional specialist facility, as well as the Pan-Birmingham Gynaecological Oncology Centre, Birmingham Skin Centre, Sickle Cell and Thalassaemia Centre and regional base of the National Poisons Information Service.

Aside from being one of the largest providers of patient services in the Midlands, the Trust also has a substantial teaching and research agenda with several academic departments including rheumatology, ophthalmology, cardiology, gynaecological oncology and neurology.

Part 4 – Key issues to be addressed by NHS trust

Key issues affecting NHS Trust achieving FT	
<p>Strategic and local health economy issues</p> <ul style="list-style-type: none"> 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 type="checkbox"/> Local health economy sustainability issues <input type="checkbox"/> Contracting arrangements <input checked="" type="checkbox"/> <p>Financial</p> <ul style="list-style-type: none"> Current financial Position <input type="checkbox"/> Level of efficiencies <input type="checkbox"/> PFI plans and affordability <input checked="" type="checkbox"/> Other Capital Plans and Estate issues <input type="checkbox"/> Loan Debt <input type="checkbox"/> Working Capital and Liquidity <input type="checkbox"/> <p>Quality and Performance</p> <ul style="list-style-type: none"> QIPP <input type="checkbox"/> Quality and clinical governance issues <input type="checkbox"/> Service performance issues <input type="checkbox"/> <p>Governance and Leadership</p> <ul style="list-style-type: none"> Board capacity and capability, and non-executive support <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>Contracting Arrangements</p> <p>The health economy has agreed a medium term Transitional Funding programme as part of the implementation of the Right Care Right Here Programme. This amounts to some £65m in total and is £10m in 2011/12. Our plans require transitional funding to continue until opening of new hospital in 2016/17.</p> <p>PFI plans</p> <p>OBC approval by DH and HM Treasury is currently awaited. Public engagement cannot commence until final approval of the OBC has been received as it is central to the Trust's strategy.</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 type="checkbox"/>
Other capital and estate Plans	<input checked="" type="checkbox"/>
Quality and Performance	
Local / regional QIPP	<input type="checkbox"/>
Service Performance	<input 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 checked="" type="checkbox"/>
Describe what actions the Board is taking to assure themselves that they are maintaining and improving quality of care for patients.	
<ul style="list-style-type: none"> • The Board receives regular comprehensive reports on quality and safety issues as well as the experience of patients. • Board members undertake ward visits on a regular basis and feed back findings to the Chief Nurse and the Board itself. • The Quality and Safety Committee of the Board provides support for the Board to examine issues in greater depth. • The Board has approved a new Quality and Safety Strategy in April 2011. This includes a fully integrated approach addressing Monitor's Quality Governance Framework. 	
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:	
Capital and estate Plans <ul style="list-style-type: none"> • Complete land acquisition via voluntary and compulsory purchase within 3 months of OBC approval) (Director of Estates) • Continue to provide any further information required by Treasury/DH in relation to OBC and continue to maintain close contact with SHA/DH 	

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)	<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"> • Support discussions with DH and Treasury to achieve OBC approval • 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. 	

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 type="checkbox"/>
Current/future PFI schemes	<input checked="" 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 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"> • Approval of OBC by DH and Treasury by December 2011 • 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. 	

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

Timeline	Programme Stage/Activity
August 2011	Draft IBP and LTFM submitted
End August/Early September 2011	Assess and challenge IBP/LTFM
October 2011	DH PFI Schemes Review feedback received
November 2011	Historical Due Diligence Stage 1 begins
December 2011	Historical Due Diligence Stage 1 ends
December 2011	Approval of OBC
January 2012	SHA Board to Board to review progress
January 2012	Public engagement commences
March 2012	Complete land acquisition
March 2012	Engagement ends
May 2012	Finalise IBP & LTFM
June 2012	SHA Approval Review
July/August 2012	FT Quality and Safety Assessment
July/August 2012	Historical Due Diligence Stage 2 begins
August/September 2012	Historical Due Diligence Stage 2 ends
October 2012	SHA/NTDA recommend to SHA Board (2 nd B2B)
1 st November 2012	Submission to DH

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.

Approval of the OBC is on the critical path of the FT timeline. Other milestones reflect national application process requirements.

Describe what actions\sanctions the SHA will take where a milestone is likely to be, or has been missed:

The SHA will follow its normal escalation process in the event of a key milestone being missed and no improvement achieved.

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.

Part 9 – Key risks to delivery

Risk	Mitigation including named lead
OBC Approval	Maintain close contact with DH and respond rapidly to further requests for information (Director of Estates)
Failure to deliver Right Care Right Here Activity and Capacity reductions	RCRH activity and capacity model used to guide annual contracting negotiations, programme management tracks and manages delivery of trajectory- (COO)