



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

Tripartite Formal Agreement between:

- Coventry and Warwickshire Partnership 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 – Rachel Newson, 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 they take on 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 June 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.

Rachel Newson Chief Executive Coventry and Warwickshire Partnership Trust	Signature  Date: 24 May 2011
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Ian Cumming OBE Chief Executive NHS West Midlands	Signature  Date: 25/05/2011
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Ian Dalton Managing Director, Provider Development Department of Health	Signature  Date: 8 July 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.

Stephen Jones Chief Executive Arden Cluster	Signature  Date: 24 May 2011
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Part 3 – NHS Trust summary

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

Current CQC registration The Trust is registered by the CQC with no conditions.

Financial data Figures for 2009/10 & 2010/11 are as follows:

	2009/10 £m	2010/11** £m
Total income	147.4	148.2
EBITDA	12.2	10.8
Operating surplus*	3.7	2.9
CIP target	4.1	5.2
CIP achieved recurrent	4.1	5.2
CIP achieved non-recurrent	0	0

*Breakeven performance adjusted for impairments and IFRIC 12

**Based on draft accounts

Impairments of £25.1 million and £1.6 million were incurred in 2009/10 and 2010/11 respectively and have been adjusted in the table above.

The NHS Trust's main commissioners – 2011/12

The Trust's principal commissioners account for 82% of total income and are as follows:

- NHS Warwickshire 2011/12: £64,408,925
- NHS Coventry 2011/12: £49,423,766 , Mental Health, Learning Disabilities & CAMHS
- NHS Coventry 2011/12: £51,375,692, Community Services
- NHS Solihull 2011/13: £5,693,289, Learning Disability and IAPT

Summary of Private Finance Initiative (PFI) contracts: 2011/12

The PFI contract is for the construction of the purpose built mental health unit, the Caludon Centre on the Walsgrave Hospital site in Coventry.

The finance lease obligation represents the PFI contract between the Partnership Trust and Coventry and Rugby Hospital Company PLC.

- An annual unitary payment of £4.754 million is charged to the Trust payable quarterly in advance.
- PFI Annual revenue costs of £1.242 million represent only 3.5% of the Trust's annual operating costs.
- The revenue commitment for the life of the contract is £62.84 million.
- Ownership of the PFI asset will transfer to the Trust at the end of the contract on 31/12/2042.

The current capital value of the scheme is £21.657 million.

Further information

Coventry and Warwickshire Partnership NHS Trust, formed in October 2006, provides Mental Health, Learning Disabilities and Substance misuse services and Community Services, predominantly to the people of Coventry and Warwickshire. The Trust also provides forensic and secure learning disability services West Midlands wide, and a small number of specialist services, such as eating disorders and some forensic services, nationally.

The Trust has three main centres, the Caludon Centre in Coventry and St Michael's Hospital in Warwick, both providing acute mental health inpatient services, and Brooklands Hospital in Marston Green, Birmingham, providing comprehensive specialist learning disability services. In addition Community Services are provided at a number of sites in the Coventry locality.

The resident population served by the Trust is 850,000. The organisation employs more than 4,000 people and operates services from around 100 different locations across an area, covering more than 1,200 square miles.

CWPT has undertaken two transactions. One significant transaction in relation to the acquisition of Coventry Community Health Services (£59 million) and a small transaction in relation to services from Solihull Care Trust (£5.69 million). The integration of these services provides the Trust with an opportunity to increase efficiency and improve patient quality through enhanced integrated patient pathways.

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> <p>Service reconfigurations <input type="checkbox"/></p> <p>Site reconfigurations and closures <input type="checkbox"/></p> <p>Integration of community services <input checked="" type="checkbox"/></p> <p>Not clinically or financially viable in current form <input type="checkbox"/></p> <p>Local health economy sustainability issues <input checked="" type="checkbox"/></p> <p>Contracting arrangements <input type="checkbox"/></p> <p>Financial</p> <p>Current financial Position <input type="checkbox"/></p> <p>Level of efficiencies <input type="checkbox"/></p> <p>PFI plans and affordability <input type="checkbox"/></p> <p>Other Capital Plans and Estate issues <input type="checkbox"/></p> <p>Loan Debt <input type="checkbox"/></p> <p>Working Capital and Liquidity <input type="checkbox"/></p> <p>Quality and Performance</p> <p>QIPP <input type="checkbox"/></p> <p>Quality and clinical governance issues <input checked="" type="checkbox"/></p> <p>Service performance issues <input type="checkbox"/></p> <p>Governance and Leadership</p> <p>Board capacity and capability, and non-executive support <input checked="" type="checkbox"/></p>	
<p>Please provide any further relevant local information in relation to the key issues to be addressed by the NHS Trust:</p> <p>1. Integration of Community Services</p> <p>CWPT has recently undertaken a material transaction in relation to the acquisition of Coventry Community services as part of TCS. The Trust requires 12 months as an integrated organisation to progress through the process. This has been reflected in the proposed timeline and is dependent upon a 1st April transfer date.</p> <p>2. Local Health Economy Sustainability Issues</p> <p>There is a significant financial challenge across the local health economy that will require partners to work together innovatively, to create solutions that could result in services being decommissioned in the future and reducing the associated costs of delivering those services.</p> <p>3. Quality and Clinical Governance Issues</p> <p>The Trust was given a 'Weak' CQC rating in 2008/9 for quality. However, subsequent to the CQC opting not to release the Periodic Review scores for 2009/10, the Trust undertook a shadow assessment of its performance. The Trust Board calculated that it would have achieved a rating of 'Good' for Quality of Services and 'Good' for Quality of Financial Management, based on the published CQC benchmarked data. Staff survey results improved year-on-year (2009 to 2010) but still lag behind national averages in many areas.</p> <p>The organisation is mindful of the need to ensure there continues to be a strong grip on quality and patient safety at Board level, through the period of change and transition with the acquisition of community services. This has been to date successfully managed through the TCS Programme Board with Phases one, two and three of the project. Although risk issues raised by the work streams within the project are reflected in the Trust's corporate risk register, the Trust will review the register to ensure an entry for overall 'organisation grip' and mitigating action is identified. This will be reviewed through the Trust's Governance structures.</p>	

4. Board Capacity and Capability

The Chief Executive has restructured the Executive Team from 1/10/10 with revised portfolios which relate to the requirements of a Foundation Trust. Although the Executive Team is relatively new, all the Directors were recruited from the previous Executive Team, and therefore are not new to the organisation (See attached Board Profile).

The Trust has recently appointed a total of four non-executive directors (NED) all of whom joined the Trust on the 1st April 2011. Two NEDs designate, pending FT status, in order to create the correct Board balance. One medical school appointment (in line with the Establishment Order) and one further substantive post to fill a vacancy. Independent Board capacity evaluation covering individual and collective capability is currently in progress, including 360 degree assessments to inform a structured Board Development Programme which is planned to commence in June 2011.

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 checked="" 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 type="checkbox"/>
Service Performance	<input type="checkbox"/>
Quality and clinical governance	<input checked="" type="checkbox"/>
Governance and Leadership Board Development	<input checked="" type="checkbox"/>
Other key actions to be taken (please provide detail below)	<input 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>The Board has self assessed quality systems and processes against Monitor's Quality Governance Framework leading to a high level strategic action plan, approved at and monitored by the Safety and Quality Committee.</p> <p>The Trust has refined the integrated performance report to include a range of safety and quality indicators. This report is routinely presented to senior managers at the Trust Leadership Team and the Finance, Performance and Capital Planning Committee.</p> <p>Internal audit has included an independent review of the Quality Governance Framework assessment on their audit programme for the coming period to ensure the findings and scores are validated.</p> <p>The Trust has recently recruited an Associate Director of Service User & Carer Involvement to take forward the Trust's strategy for user involvement, and is in the process of appointing a Head of Staff Engagement and Development, to lead on the cultural improvement needed to improve staff satisfaction.</p> <p>1. Integration of Community Services</p> <p>A clinical service redesign programme has been established prioritising key service areas to focus on early integration, in Children's / CAMHS and Older Peoples Service: these will be aligned to QIPP Plans where appropriate. A detailed programme of work is being developed to support this system change, and will require engagement and negotiation, with both PCT and emerging GP Commissioning consortia. The Trust is currently engaged in forums across the local health economy to ensure there is alignment between the service redesign and system wide plans.</p> <p>The Trust has recently reviewed its vision and values with the Board and is currently re-shaping the overall strategy in the light of TCS. The outputs of this work will form the basis of the strategy refresh in Chapter 3 of the IBP.</p> <p>2. Cost Improvement Programme</p> <p>The Trust has a strong history of delivering its CIP and is actively managing the process in collaboration with operational services. The Trust's substantial service redesign programme will deliver significant efficiency savings, and this is managed via a programme management approach, by the Programme Board. Management arrangement for the CIP has taken account of Monitor's Guidance relating to assurance that quality is not compromised by cost improvements</p> <p>3. Governance and Leadership</p> <p>The Trust Board has been the subject of an independent evaluation by Healthskills which included individual and collective assessment which was presented to the Trust Board on the 29th March 2011. The results of this have informed the ongoing Board Development Programme which will include a series of mock Board to Boards leading up to the Monitor assessment in September 2012.</p>	

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 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>	

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 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"/>
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:	

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

Date	Milestone
April/May 2011	FT Readiness/Diagnostic Refresh
June/Aug 2011	Draft IBP/LTFM
Oct 2011	Assess & Challenge IBP/LTFM 1 st B2B
Oct 2011	SHA Consultation Sign-Off
Dec 2011	HDD stage 1 starts
Early Jan 2012	HDD stage 1 ends
Nov 2011	Consultation Starts
Jan 2012	Consultation Ends
Feb 2012	Finalise IBP/LTFM
Feb 2012	SHA Approval Review
March 2012	FT Quality and Safety Assessment
March 2012	HDD stage 2 Starts
May 2012	SHA Recommend to Exec Board - 2nd B2B
June 2012	Submission of papers to DH
<p>Describe what actions/sanctions the SHA will take where a milestone is likely to be, or has been missed.</p> <p>The FT application is being developed using a programme management approach. Therefore, any missed milestones would be addressed through the Project Team (Chaired by the CEO), and a report on mitigating actions provided to the Project Board, which is a Board Sub-Committee (Chaired by the Chair). There is a monthly report to the Trust Board and if the Board requires further assurance they would refer specific matters to the Project Board for more detailed scrutiny. The Project has its own risk register (which feeds through to the corporate risk management system) and any potential risks or actual issues are monitored at each Project Team and Project Board meeting.</p> <p>The SHA will follow its normal escalation procedure in the event that a key milestone is not delivered and no improvement is achieved.</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 formally has the authority.)

Part 9 – Key risks to delivery

Risk	Mitigation including named lead
<p>TCS: Significant Service Redesign and Integration Programme</p>	<p>A detailed project plan is in place to oversee the clinical integration of services over the next 2 years. The Board has been expanded to include Executive and Non Executive Director posts with a portfolio for community services.</p> <p>Lead – N Barton (Nigel Barton – Director of Operations) and J Spencer (Director of Operations (Community Services))</p>
<p>Board Readiness: Appointment of 2 new Non Executive Directors</p>	<p>Board diagnostic completed and development programme is being produced in response. Development sessions at the Board on a monthly basis focusing on the preparation for authorisation as an FT.</p> <p>Lead – S Crews (Trust Secretary)</p>
<p>NHS Warwickshire contract impact on LTFM</p>	<p>Negotiations have concluded for 2011/12 with Warwickshire with an agreement to develop and implement demand management processes for community services in year. However it is recognised that the Warwickshire PCT position will continue to impact on future years, work is in train to address 2012/13 issues early and this will be built into the LTFM.</p> <p>Lead – D Allcock (Director of Finance, Performance, Information and Deputy Chief Executive)</p>