

Trust Board**ITEM: 12****DATE:** 25 July 2012**TITLE:** Foundation Trust Application progress report**SPONSOR:** Joe Liddane**REPORT FROM:** Fiona Smith**PURPOSE OF REPORT:**

- To update the Trust Board on progress with FT application
- To present the current Tripartite Formal Agreement status

EXECUTIVE SUMMARY:

- Application for FT status is on track against the accountability agreement and Tripartite Formal Agreement (TFA). The TFA is attached to this report at appendix 1.
- The Board are directed to a new element to the TFA the London adjusted TFA rating where the Trust's current performance against quality and finance are RAG rated – the Trust has been scored as “performance under review” for both of these elements
- The Board will be presented with the draft HDD1 from Deloitte and draft Working Capital Report from KPMG at its morning seminar.
- The Board will receive the Monitor Quality Governance Framework action plan under separate cover at today's Board
- The major risk to the FT application is discussed and remains delivery of the Trust's savings programme

PROPOSED ACTION: To discuss:

1. The London adjusted TFA rating
2. To discuss the current risk to the FT application

APPENDICES:

(i) July Tripartite Formal Agreement

DECLARATION

In completing this report, I confirm that the implications associated with the proposed action shown above have been considered – any exceptions are reported in the Supporting Information:

Implications for the NHS Constitution, CQC registration

Financial, regulatory and legal implications of proposed action

Risk management, Annual Plan/IBP

Moving Ahead – how does this report support any of the Trust's 5 Strategic Goals

Supporting Information

This paper gives an update to the Board on progress with the development of the Trust's Foundation Trust (FT) application. It focuses on delivery against key milestones in the Trust's project plan and those outstanding in the Tripartite Formal Agreement (TFA).

Tripartite Formal Agreement

1. The July Tripartite Formal Agreement (TFA) was submitted to NHS London on 23 July and is attached at appendix 1 for ratification. This submission was reviewed internally and approved by NCL prior to submission to NHS London. The Board is reminded that the development of these returns falls outside of the Boards reporting timetable and as such cannot be received in advance for approval. The Board have given the CEO delegated responsibility for approval.
2. Overall RAG rating remains Amber/Red. There were no in month milestones.
3. The Board's attention is drawn to a new element to the TFA the London adjusted TFA rating where the Trust's current performance against quality and finance are RAG rated – the Trust has been scored as “performance under review” for both of these elements. As such as the Trust is rated “performance under review” on quality or finance, the TFA RAG rating can be no better than amber/red. The “performance under review” rating relates to the underperformance against the Emergency Department national 4-hour standard and the delivery of CIP against plan. Both of these items will be discussed in more detail under separate performance and finance reports to the Board.

IBP/LTFM

4. Following the June Trust Board feedback on the IBP and LTFM the documents were updated and edited before submission to NHS London and NCL.
5. The programme team are working through queries and recommendations that have come through since this submission
6. The Director of Planning & Programmes and Director of Finance will meet with NCL and NHS London through August to undertake required actions to progress delivery of the Commissioner Convergence Letter

Monitor Quality Governance Framework

7. The Trust Board received the Monitor Quality Governance Framework report from RMS Tenon at the June meeting. The report has now been reviewed and an action plan to address shortfalls in governance developed by the Medical Director. This is presented to the Board under separate cover at today's Board meeting
8. The MQGF report and supporting evidence and action plan (once approved by the Board) have been submitted to NHS London who are undertaking the SHA Quality Gateway review. The SHA will observe the July Quality Committee, meet with key clinicians and manager and interview the Medical

Director, Director of Nursing and Chair of the Quality committee through August and September.

HDD1 and Working Capital Review

Historic Due Diligence 1 has now been completed by Deloitte and their first draft report received by the Trust. This is being presented to the Board for discussion and agreed actions at the morning Seminar

The Working Capital Review has now been completed by KPMG and their first draft report received by the Trust. This is being presented to the Board for discussion and agreed actions at the morning Seminar

Recommendations:

The Board is asked to note and discuss:

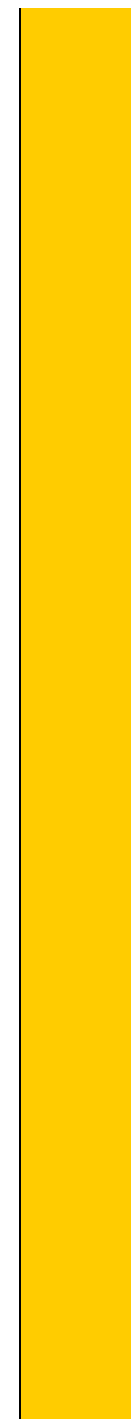
1. Progress against the TFA
2. The London adjusted TFA rating that reports the Trust as "performance under review"
3. The current risks to the Trust's FT application

| RAG KEY |
|---------|
| RED |
| A/R |
| A/G |
| GREEN |

| | | |
|------------------|--|----------|
| Cluster Sign Off | | YES / NO |
| By Whom: | | |

| Date | TFA or AA | Milestone | Progress | AA delivery Rag Rating | RAG Risk to future delivery |
|--------------------------|-----------|---|---|------------------------|-----------------------------|
| May 2010 | TFA | 2010-2013 Trust Board development plan approved by CEO and Chairman | | | |
| 31 March 2011 | TFA | ICO Business Transfer Agreement signed by Trust and commissioners (GREEN) | | | |
| 1 April 2011 | TFA | Community services transfer to Trust and ICO created (GREEN) | | | |
| | TFA | Acute contract signed (GREEN) | | | |
| | TFA | Newly appointed NEDs commence Trust Board duties (GREEN) | | | |
| 24 May 2011 | TFA | Third NED appointed (GREEN) | | | |
| April, May and June 2011 | TFA | All NEDs have undergone induction and orientation to the ICO (GREEN) | | | |
| 21 May 2011 | TFA | Haringey children's services contract signed by Trust and commissioners and services transferred to Trust (GREEN) | | | |
| June 2011 | TFA | 2011/12 QIPP plan approved by Trust Board (GREEN) | Trust Board received the detailed 2011/12 CIP. The Trust is currently reporting a surplus for the year to date (Months 1-8) and is forecasting achievement of the year end surplus control total. The total CIP required for 2011/12 is £19.6m of which £19.3m has been specifically identified against CIP schemes. Of the remaining £0.37m action plans are in place which will deliver equivalent savings through reductions in recruitment to vacancies and use of temporary / agency staffing. The Trust has achieved 99% of the year to date target at Month 8. Within the £19.6m forecast achievement, the non recurrent element represents only £1.6m (8%). | | |
| | TFA | ICO senior management structure revised and new structure in place (GREEN) | The Executive senior management structure has now been revised and appointments made with new structure in place since 8 June 2011. The next tier of management organisational change completed in September and all appointments to posts have been made. Estimated severance costs for management restructure were lower than the funds set aside. | | |
| | TFA | ICO service development priorities agreed and transformation work underway (GREEN) | The Trust Board has agreed its five year strategic vision and goals. These are underpinning strategy discussions within clinical divisions. Through a series of events service development priorities have been agreed. Activity and finance modelling are progressing and the trust has commissioned external consultants to assist in care pathway redesign. | | |
| July 2011 | TFA | | | | |

| | | | |
|------------------|-----|--|---|
| August 2011 | TFA | Quality and safety dashboard developed (Green) | The Trust has a draft quality and safety dashboard that provides longitudinal information on KPIs from the wards, through to top level summaries. This has been approved by the Quality and Safety sub committee of the Trust Board. Changes have been made to the Trust Board dashboard with the first revised dashboard due to be presented to Trust Board in January 2012. |
| September 2011 | TFA | FT public consultation begins (Green) | The FT consultation was launched on 1 November 2011 and will complete on 29 February 2012. Membership recruitment events are underway in parallel. |
| | TFA | Board to discuss recruitment plan for fourth new NED (GREEN) (21 September) | Decision at the 28 September 2011 Trust Board was to delay the recruitment of the 4th NED until after the organisation becomes an FT. |
| 03-Oct-11 | TFA | 2012/13 QIPP plan finalised (GREEN) | 11/12 CIP annual target £19.6m - M10 plan 100% achievement to date (£15.3m) |
| | TFA | | 11/12 YTD surplus £1.4m against YTD target of £1.0m |
| | TFA | | 12/13 CIP target has been revised downwards from £19.55m to £13.1m by reducing the target surplus for 2012/13 but maintaining the required Monitor risk rating. This revision has reflected the pace of transformation of clinical services with more ICO benefit being modelled in 2013/14. Of the revised £13.1m target the full amount has been identified. |
| | TFA | | 13/14 CIP target is £15.3m of which only £1.1m is unidentified. The overall financial plan includes an assumption for severance that will be associated with the delivery of SAFE and transformation of care pathways. 14/15 CIP target has been developed to outline stage with full detailed to be developed by August Trust Board. |
| 30 December 2011 | TFA | Agree new ICO payment mechanisms that might be reflected in 2012/13 contract (Amber/Red) | <p>The Whittington CEO has written to the NCL Cluster CEO outlining a proposed basis for contracting for the next two years. NCL Cluster consider the letter a helpful strategic approach and the proposal will be considered as part of the contracting round.</p> <p>The Trust has scheduled a meeting with Jeremy Burden for 30 Jan 2012 to discuss the contracting mechanism for the ICO and the funding arrangements for the five year period in light of the need to progress the TFA timeline which without income confirmation the LTFM and IBP are at risk of being delayed. The Trust is awaiting the initial opening offer for 2012/13 SLA from NCL. An assumption has been made within the LTFM for the five year period.</p> <p>In addition the Whittington has been identified as an integrated care demonstrator site by NHS London with a view to developing local tariffs. The Trust is also participating in the DoH working parties to develop bundle tariffs.</p> |



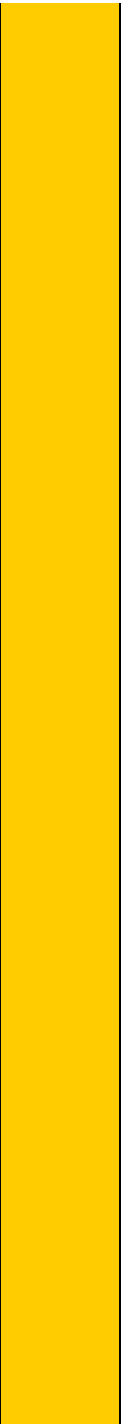
| | | | |
|---------------|-----|--|--|
| January 2012 | TFA | First draft Foundation Trust Integrated Business Plan (IBP) and Long Term Financial Model (LTFM) approved by ICO Trust Board & submitted to NHS London (AMBER/GREEN) | The LTFM is now constructed and the Board received first draft assumptions in January. The IBP is partially complete with the remaining parts to be ready by the end of February as HDD 1 will start and finish in March. |
| | TFA | Public consultation finishes (GREEN) | The period of public consultation will complete on 29 Feb 2012. |
| February 2012 | TFA | Draft LTFM | 14th February 2012 |
| | TFA | Progress update on agreement of new ICO payment mechanisms that might be reflected in 2012/13 contract (GREEN) | <p>The Trust and commissioners have agreed that for 2012/13 the preferred contracting mechanism is a cap and collar arrangement. Implementation of this is subject to agreement on;</p> <ul style="list-style-type: none"> - overall contract value - the need for and extent of any non recurrent transitional funding requested by the trust - approval of any non recurrent transitional funding by NHSL and DoH - appropriate and agreed commissioner gateways - sign off by relevant boards - and support from NHS London and DoH for a cap and collar mechanism <p>During 2012/13 the Trust and commissioners are committed, via the Integrated Care Programme pilot, to developing a commissioning model, including contracting currencies, that will provide a more sustainable approach to contracting with the ICO in the longer term.</p> |
| March 2012 | TFA | ICO Historic Due Diligence part one undertaken (RED) | 5 March 2012. Not started because Monitor have not allocated a firm of accountants. Delayed to April 2012? |
| | TFA | IBP (RED) | IBP due on 9 march 2012. |
| | TFA | Return of signed Accountability Agreement - Draft (Amber/Green) | 16th march 2012 |
| | TFA | IBP (Amber/Red) | Revised date of w/c 26th March 2012 |
| | TFA | BGAF - Self Assessment (GREEN) | Self assessment discussed at Trust Board seminar on 14th March. Ratified at the Trust Board Meeting on 28th March 2012. Independent assessors nominated - E&Y. Trust now has timetable for independent assessment agreed and this will commence on 14 May 2012. |
| | TFA | Board Development and Performance Monitoring Programme (GREEN) | <p>Ongoing Board development underway through Trust Board seminars fortnightly. The Board will review its forward plan for development at the June seminar post BGAF independent review.</p> <p>Board composition recently reviewed and skills gap identified resulting in new NED appointment in April for an individual with commercial business development expertise.</p> |

| | | | |
|------------|-----|--|---|
| | TFA | Start of Safety & Quality gateway review start (GREEN) | Trust has met with SHA quality assessment lead and agreed approach and milestones. Self assessment underway and progress discussed at Trust Board seminar on 28th March. SHA external review commenced in April and will complete in July following internal focus of assessment and receipt of the independent assessors report. |
| April 2012 | TFA | BGAF - action plans (GREEN) | Self assessment has identified areas for improvement and action plans to address these are being implemented with each having an allocated Director lead. Trust Board approved the action plans on 28 March 2012. |
| | TFA | Working Capital - Self Assessment (Amber/Green) | SEE MAY MILESTONE - also accountability agreement requires independent assessment in May. SLAs recently agreed following dispute. Final accounts now available - both improve the relevance of the exercise. NHS London to confirm supplier for independent assessment. |
| | TFA | Working Capital - action plans (Amber/Green) | As above - will follow completion of exercise in May 2012 |
| May 2012 | TFA | Self Assessment, Self Certification of Monitors Quality Governance Framework (GREEN) | Self assessment underway and progress discussed at Trust Board seminar on 28th March. Self assessment and actions plans to be ratified at the May Trust Board. Independent assessors nominated by NHS London - RMS Tenon. Trust to agree timetable for independent assessment to commence at the end of May 2012. |
| | TFA | Monitors Quality Governance Framework action plans (GREEN) | Actions plans have been developed to fill gaps identified as a result of the self assessment and lead Directors allocated to ensure completion. Self assessment and actions plans to be ratified at the May Trust Board. |
| | TFA | Monitor Board independent assessment and action plans - RMS Tenon | MQGF self assessment complete and TB to self certify on 23 May. RMS Tenon engaged to commence their independent review week commencing 28 May. |
| | TFA | BGAF - Independent Assessment - E&Y (GREEN) | E&Y independent assessment of BGAF commenced 14 May and will conclude 28 May - report to follow and be presented at Trust Board in June. |
| | TFA | Working Capital independent assessment (GREEN) | KPMG have undertaken the WC IA. Recommendations are being reviewed and the Trust is now in discussion with KPMG to agree final document and required actions. WC IA and action plans will be presented to the Trust Board in June |
| | TFA | HDD1 | Deloitte are undertaking HDD1 and are due to complete by mid June. HDD1 report will be presented to June TB. Report received in 4 July 2012. Currently being checked for factual accuracy - to be discussed with Deloitte prior to issue |
| | TFA | HDD1 action plans | To follow receipt of Deloitte report To be compiled during July with ratification at July Board |
| | TFA | SHA Interview with commissioners | tb - New SHA advised that this will be actioned by them at an appropriate point |

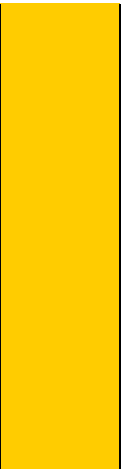
AMBER/RED

| | | | |
|-------------|-----|--|---|
| June 2012 | TFA | Draft IBP/LTFM with enabling strategies | Second draft previously circulated and comments now back from NHS London, NCL and CCGs and WH Trust Board. These are being incorporated into 3rd draft including feedback from BGAF and MQGF assessment to include best practice from SOM guidance. Next draft for TB submission and approval on 27 June. Will be shared with NHS London and commissioners following TB approval. |
| | TFA | BGAF, MQGF, WC - action plans post independent review | BGAF - E&Y have completed their table top exercise and 1 : 1 interviews. Report due to be presented to TB seminar on 27 June. Action plans to be developed once report received. MQGF - RMS Tenon have commenced their table top exercise and completed their 1: 1 interviews. Report due to be presented to TB seminar on 27 June. Action plans to be developed once report received. WC - KPMG have undertaken the WC IA. Recommendations are being reviewed and the Trust is now in discussion with KPMG to agree final document and required actions. WC IA and action plans will be presented to the Trust Board in June |
| | TFA | Formal submission of IBP/LTFM including enabling strategies | Approval at TB on 27 June and then submit to NHS London and NCL. |
| | TFA | Legal opinion on Constitution | Constitution written by Bevan Brittan and approved by TB. Will be redrafted later in year to reflect any legislative changes post H&SC Act and prior to CoG elections |
| | AA | Estates Strategy approved by Trust Board | Approval at TB on 27 June and submitted to NHS London and NCL. |
| | AA | Draft IBP/LTFM developed with enabling strategies and approved by Trust Board | Approval at TB on 27 June and submitted to NHS London and NCL. |
| | AA | Trust BGAF action plan updated post independent review and approved by Trust Board | BGAF - presented to TB seminar on 27 June and action plan approved. |
| | AA | Trust Quality Governance action plan updated post independent review and approved by Trust Board | MQGF - RMS Tenon presented their report to Trust Board on 27 June Action plans developed and will be presented to Trust board in July. |
| July 2012 | AA | Constitution - legal opinion obtained and approved by Trust Board | Constitution written by Bevan Brittan and approved by TB. Will be redrafted later in year to reflect any legislative changes post H&SC Act and prior to CoG elections |
| | AA | Revised IBP/LTFM developed with enabling strategies and approved by Trust Board | 31 July 2012 —there are no AA milestones for July This was due in June and the deadline was met . We are working on version 3 which will reflect comments received from NHS London and NCL - with a view to the LTFM revision being completed by first week in August |
| August 2012 | TFA | Monitor Board self certification assessment | By 31 st August 2012 |
| | TFA | SHA - Board interviews | 20/21 August 2012. |
| | AA | SHA Readiness review meeting (Gateway 2) | 31 August 2012 |
| | AA | SHA Agrees to commencement of HDD2 | Early September 2012. |

| | | | |
|---------------|--|---|---|
| Sept 2012 | TFA | SHA Audit Committee observation | SHA postponed their observation from 6 June 2012 to 13 Sept 2012. |
| | TFA | SHA - Trust Board Observation | SHA now observing the Trust Board on 26 September 2012 |
| | AA | SHA Quality & Safety Gateway Review completed | |
| | AA | Monitor Board self certification assessment and action plans - Working Capital review - Board statement Clinical quality, service performance - Board Statement of quality governance Arrangements | |
| October 2012 | TFA | NHSL agrees to commencement of ICO Historic Due Diligence part two | Deloitte's - report Oct 2012. |
| | TFA | HDD2 action plans | Oct 2012 |
| | TFA | SHA - Completion of Safety & Quality gateway review | Oct 2012 |
| | TFA | IBP/LTFM updated for SHA B2B (SHA Gateway 3) | Oct 2012 |
| | TFA | CIPs/Downside & Mitigations | By 31st October 2012 |
| | TFA | Commissioner convergence letter | By 31st October 2012 |
| | TFA | SHA - Gain view of CQC. | Oct - New |
| | TFA | SHA - Interview with commissioners | Oct - New |
| | TFA | SHA - Interview with lead HDD reviewer | Oct - New |
| | AA | CIP Programme submission to SHA (5 years with first 2 years detailed) agreed by Cluster and approved by Trust Board | |
| | AA | Trust Base Case assumptions and QIPP agreed with SHA and Cluster | |
| | AA | Trust Downside assumptions modelled and agreed with Cluster including mitigations | |
| | AA | Independent Accountant HDD2 Report | |
| | AA | Trust HDD2 action plan developed and approved by Trust Board | |
| | AA | Commissioner convergence letter | |
| AA | IBP/LTFM updated for SHA B2B submitted to SHA (Gateway 3) | | |
| November 2012 | TFA | SHA ICO Board to Board (SHA Gateway 4) | Nov 2012 |
| | TFA | Trust Agree Working Capital Facility | Nov 2012 |
| | AA | Successful SHA Board to Board (Gateway 4) | |



| | | | |
|----------------------|------------|---|---------------------------|
| December 2012 | TFA | Board FT application approval | Dec 2012 |
| | TFA | SHA CMG/CIC (SHA Gateway 5) | Dec 2012 |
| | AA | SHA NHS FT applicant support form with supporting documentation | |
| January 2013 | TFA | Submission to DH, including SHA NHSFT Applicant Support form. | 1st October '13 |
| | AA | FT application submitted to DH | |
| February 2013 | TFA | DH request a series of additional responses from Trust | Before 21st February 2013 |
| February 2013 | TFA | DH Technical Committee | 28th February 2013 |
| March 2013 | TFA | DH Post Technical Committee letter to Trust | 5 March '13 |
| March 2013 | TFA | DH Presentation and Supporting Evidence from SHA's | 15 March '13 |
| March 2013 | TFA | DH Applications Committee | 21 March '13 |
| April 2013 | TFA | Monitor | tbc |
| July 2013 | TFA | Monitor B2B | tbc |
| Aug 2013 | TFA | Authorised as FT | tbc |



| TRUST NAME | Performance | | Finance | | TFA | Overall NHS London adjusted TFA Rating* |
|----------------------|------------------------------------|--|------------------------------------|--|-----|---|
| | June 2012 DH Performance Framework | NHS London adjusted Performance Rating | June 2012 DH Performance Framework | NHS London adjusted Performance Rating (Month 2 KFI 2012/13) | | |
| Whittington Hospital | Performing | Performance under review | Performing | Performance under review | A/R | A/R |

*The NHS Performance Framework is described in The NHS Performance Framework Implementation Guidance April 2012.

Overall ratings will be completed by applying the following rules:

- If a Trust is “underperforming” on either quality or finance, the TFA RAG rating must be red;
- If a Trust is rated “performance under review” on quality or finance, the TFA RAG rating must be no better than amber/red.
- For Mental Health and Community trusts, local intelligence will be used to inform the RAG ratings.

SHAs may use local knowledge to supplement this information if performance has materially changed since the last Performance Framework scores were issued. The rules described above give the TFA RAG ratings but judgements will still be applied in moving trusts into the escalation process.

Department of Health - Aligning the Performance Management of Tripartite Formal Agreements (TFAs) with the NHS Performance Framework - April 2012

**DH Mental Health Performance Framework Rating is from Q3 2011/12 - For information only, does not currently contribute to the overall TFA rating.

TFA - if there is a slippage of up to 3 months in the overall timeline trusts will be RAG rated as AMBER/RED. If there is a slippage of

***Unpublished finance ratings.

KFI - NHS Lond