

Gateway Reference: 16902

To: Chief Executives NHS Trusts

Cc: Chairs NHS Trusts
Directors of Provider Development, Strategic Health Authority Clusters

Date: 18 November 2011

Dear colleague,

Next steps to deliver an all foundation trust (FT) provider landscape

We believe that patients will benefit from all NHS trusts achieving NHS Foundation Trust (FT) status. FT status brings increased autonomy to respond to the needs of local people and patients. There is a strong expectation that NHS trust boards will ensure that their organisations are able to achieve FT status by the dates to which they have now committed.

I wrote to all NHS trusts in June 2011 to set out the progress that the NHS has made towards the delivery of an all FT landscape and the issues we face to achieve it. This letter describes the next steps in that process.

Progress to date

On 30 September 2011 we all met an important milestone - all tripartite formal agreements (TFAs) were agreed and signed by NHS trusts, strategic health authorities (SHAs) and the Department of Health. The TFA process has been crucial in identifying the issues trusts need to resolve to support a successful FT application. They set out the journey each trust will take to achieve FT status and ensure they are clinically and financially sustainable for the future. They ensure that the issues are locally owned and the responsibility of trust boards and their Chief Executives, but through work with the Department of Health, they also enable national support to be provided where necessary.

We must be transparent in our approach, that is why the TFAs will be available locally, as a public declaration of and commitment to the steps each organisation will take on its journey towards FT status. I recognise the huge amount of work this journey represents and I would like to personally thank you and your teams for the commitment shown so far.

In completing the agreed TFAs, it is clear that there has been a revision of timescales, some earlier, some later but the overwhelming majority will apply to the Department prior to 1 April 2013 and thus can expect to be authorised by 1 April 2014. The challenge now is to deliver against the commitments made in these documents.

The TFAs have introduced genuine local accountability of the FT pipeline for the first time. It is critical to maintain a demonstrable grip on delivery of this in order to succeed. The TFAs will be used for the performance management of progress towards achieving FT status. Individuals who are party to TFAs must be held to account for the agreements they signed and the actions detailed within them. Whilst the first step from SHAs and the Department will be to support trusts with difficult challenges, failure to consistently meet milestones cannot occur if trusts are to deliver the FT pipeline successfully across the country.

Next steps

Although there are common issues, we know that the challenges and solutions vary from trust to trust. There is no universal approach. For most trusts, there are a clear series of actions, however, some face challenges that cannot be resolved locally. For those trusts, regional and national support to address the barriers is being developed by the Department in conjunction with SHAs. The products are as follows:

- liquidity – work is underway with HM Treasury to find solutions to strengthen aspirant trusts' balance sheets;
- Private Finance Initiative – individual organisations are looking at solutions they can manage themselves, for a very small number of named NHS trusts this will not be sufficient and work continues on this;
- quality framework – the framework setting out the key quality measures to be assessed by SHA medical directors has now been implemented and supports the principle of ensuring there is no 'lowering of the quality bar';
- leadership - an 'Assurance Framework for Aspirant Foundation Trusts' is being developed and will be mandatory from January 2012;
- Unsustainable Providers Regime – guidance for the NHS and Trust Special Administrators will be completed shortly; and
- interventions - the policy on potential different organisational forms is being developed in conjunction with NHS London and NHS Midlands and the East.

The products and financial support will only be available if trusts meet the four criteria that have been set:

- the problems they face must be exceptional and beyond those faced by other organisations;

- they must show that they have a clear plan to address historic problems and manage their resources in the future;
- they must show that they are delivering high levels of annual productivity savings; and
- they must deliver clinically viable high quality services – including delivering low waiting times and other performance measures.

NHS Trust Development Authority (NTDA)

Work is currently underway to develop the new organisation to take on the responsibilities for supporting and delivering the FT pipeline currently vested with SHA clusters and the Department. The NTDA will be established in shadow form in October 2012 and will take on full responsibility for aspirant FTs from April 2013. The next step will be to advertise for the post of Chair of the NTDA and to publish further details about the purpose and structure of the NTDA and the transition process involved in transferring provider development responsibilities across to the new organisation.

I fully appreciate that the journey towards FT status is tough. If we are to improve the service we offer to patients, trusts must be clinically and financially sustainable for the long term. The finalised TFAs give us new focus to achieve this and together we will use this opportunity to make progress on the issues faced by NHS trusts. With local ownership of the issues and national support as needed, I am confident we can deliver on the TFA commitments and deliver a full FT sector. I look forward to continuing to work with you and your SHAs on this challenging journey.

If you or members of your team have any questions about the steps laid out in this letter, please contact the Director of Provider Delivery in your SHA or Matthew Kershaw, Director of Provider Delivery on 020 7210 4858.

Yours sincerely,



Ian Dalton, CBE
Senior Responsible Officer,
FT pipeline and NTDA