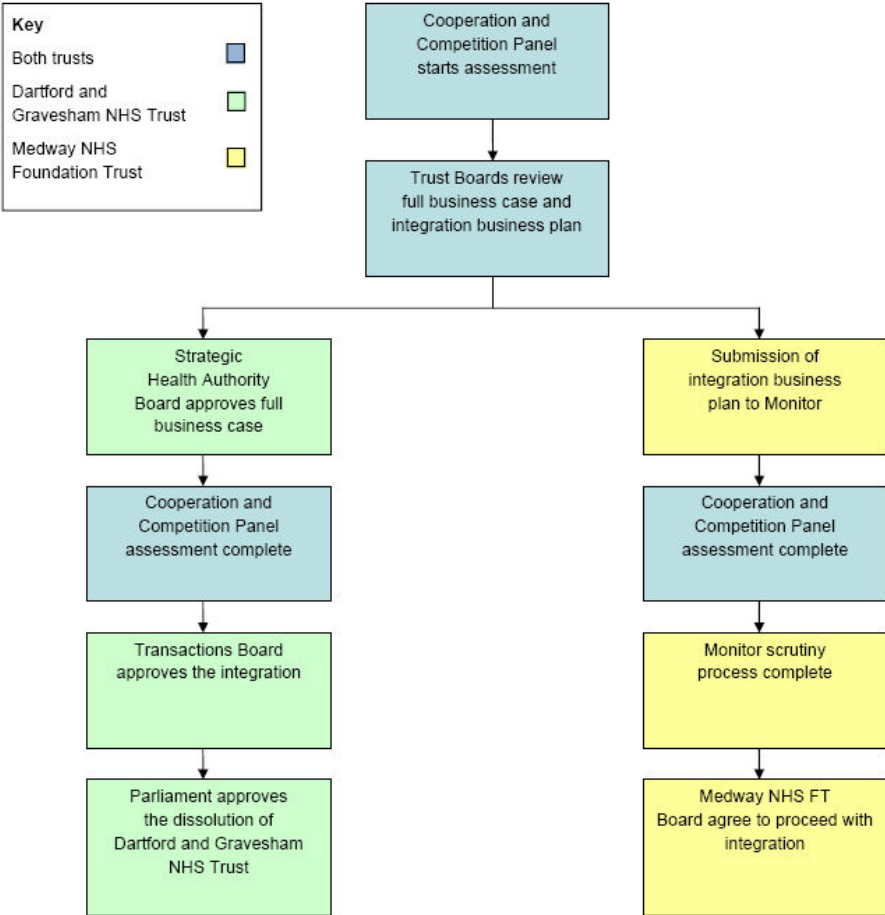


Appendix 2:

Medway NHS Foundation Trust and Dartford and Gravesham NHS Trust Formal Approval Processes



Appendix 3: Structural Support for NHS Trusts with PFIs

Department of Health press release

NHS Trusts to receive funding support

February 3, 2012

Seven NHS hospital Trusts who have demonstrated that they face serious structural financial issues may receive additional support from the Department of Health if they can demonstrate that they can meet four key tests.

In October, Health Secretary Andrew Lansley announced that the Department of Health would provide ongoing support to a small number of NHS Trusts with historic Private Finance Initiative (PFI) arrangements that were unable to demonstrate the necessary long-term financial viability. To meet the criteria for such support, a shortlist of affected Trusts would need to demonstrate that they had met four key tests:

- The problems they face should be exceptional and beyond those faced by other organisations;
- They must be able to show that the problems they face are historic and that they have a clear plan to manage their resources in the future;
- They must show that they are delivering high levels of annual productivity savings;
- They must deliver clinically viable, high quality services, including delivering low waiting times and other performance measures.

This process was established so that patients and taxpayers could see that additional funding for NHS organisations that face financial issues would be provided in a transparent and open way, where it can clearly be demonstrated that these organisations would otherwise be financially sustainable.

Following further work, seven Trusts who may need financial support have been identified and further work on the detail of each individual case is underway including showing whether or not they can meet the four key tests:

- Barking, Havering and Redbridge NHS Trust
- Dartford and Gravesham NHS Trust
- Maidstone and Tunbridge Wells NHS Trust
- North Cumbria NHS Trust
- Peterborough and Stamford Hospitals NHS Foundation Trust

- South London Healthcare NHS Trust
- St Helens and Knowsley NHS Trust

Any Trusts that can satisfy the rigorous tests will have access to financial support of up to £1.5 billion in total over a period of 25 years. Some of this funding will be available from 2012/13 from within the Department of Health's budget.

Alongside this, Trusts must have in place local plans to achieve long-term financial balance, which will require other factors to be addressed, while continuing to deliver the best possible services for NHS patients. The funding will be provided in a transparent way that represents the best possible value for money for taxpayers.

Health Secretary Andrew Lansley said:

“The NHS is delivering great results for patients but we know that a small number of NHS Trusts with PFI arrangements have historic problems relating to these arrangements that make it very difficult for them to manage financially.”

“Today's announcement is the latest stage in a programme of work we began in 2010 to identify and tackle financial problems at local level in the NHS. In the past, local Trusts have received extra funding on the quiet in order to avoid embarrassment. We have already signalled that we are determined to end these backroom deals by bringing greater transparency and openness to the process.

“We need to balance the accountability of the NHS at local level to live within its means on one hand, with recognising that there is a legacy of debt for some Trusts with PFI schemes.

“And we need to be certain that those NHS Trusts that face historic financial problems are not taking their eye off the most important issue of all – maintaining and improving their frontline patient care.”

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APPENDIX 4:

Summary of Key Themes Arising From Public Engagement

Transport, travel and car parking concerns

These mainly centre around existing issues that both hospitals currently face, once it is explained that core services will continue to be provided on both sites and that local public transport providers have been informed of our plans. We will be closely monitoring the situation for any transport issues that arise during the implementation phase.

Clinical quality must be maintained during integration

Members of the public are generally reassured when it is explained that clinical directors of both trusts will continue in their roles for some time even after integration, to ensure continuity of safety and service quality. Furthermore, to reduce the risk of any 'operational dip', changes will be introduced gradually, in phases and after careful planning.

Service changes

Audiences are reassured that we have no plans to move services and should it become necessary in the future, we have an obligation to consult.

The effect of integration on relationships with other NHS trusts and organisations

Both trusts are active in regional networks for specialist services, such as cancer, and have no plans to remove themselves from these arrangements. In the coming years, the trusts aim to work closely with these networks to identify opportunities to develop specialist services to serve the region at one or other hospital. 'Innovative partnerships' are part of the vision for the integrated trust and includes not only NHS partners, but also social services, community healthcare providers and third sector organisations.

The cost of redundancies

We aim to protect frontline clinical posts, but there will be removal of duplication in corporate back-office functions. The cost of redundancies has been incorporated into our financial plans. We aim to minimise redundancies through natural turnover and retraining.

Finances

This topic has been raised at every public event. We are open and transparent about both trusts' positions: Dartford and Gravesham NHS Trust has an expensive PFI arrangement, but one that offers benefits to patients, while Medway NHS Foundation Trust expects to make a small deficit at the end of this financial year with a strong efficiencies programme in place. Our financial planning shows that maintaining the

status quo is not a viable option for either trust in the long term and that coming together can result in a financially sustainable organisation.

There was a recent announcement by the Department of Health regarding emergency funding for NHS trusts with PFI contracts. Dartford and Gravesham NHS Trust was named as one trust that may be eligible for funding. Please see the press release from the Department of Health in Appendix 3. We would be pleased to provide a verbal update at the meeting.

IT systems

We are currently developing an Information Management and Technology strategy. Both trusts have systems that are coming to the end of their lifespan and so will look to purchase a single system. This will not only be more cost effective, but also ensure that information can easily be shared across sites.