

NHS Foundation Trusts information guide

Introduction

The creation of NHS Foundation Trusts is a key step in public sector reform – giving greater freedoms to NHS organisations. This is part of the wider programme of moving from an NHS controlled nationally towards an NHS where standards and inspection are national but delivery and accountability is local.

NHS Foundation Trusts will remain fully part of the NHS and will have a primary purpose of providing NHS services to NHS patients. They will be subject to NHS standards, NHS performance ratings and NHS systems of inspection. NHS Foundation Trusts will pioneer a new model of social ownership, giving local communities real opportunities to get involved in the stewardship of their local hospitals.

This information document is part of a first series of 8 short documents covering key aspects of NHS Foundation Trust policy and interrelated areas.

Overview

The NHS Foundation Trust programme aims to support the *NHS Plan*. A ten-year strategy of investment, expansion and reform published in July 2000, the plan promises an NHS that:

- Provides prompt, convenient, high quality services;
- Treats patients, relatives and carers as partners;
- Treats all staff fairly and rewards good performance; and
- Encourages health and social care professionals to use their skills to the full.



NHS Foundation Trusts will be governed by the four principles of public service reform:

- High national standards and clear accountability;
- More power and resources to frontline NHS staff;
- More flexibility between services and staff; and
- More services with better choice for consumers.

Patient choice

Patient choice lies at the heart of the NHS reform programme. Patients are to be given more say in how and where they access NHS services. From April 2004 all patients waiting over six months for treatment will be offered earlier treatment in another hospital. And by December 2005, all patients needing planned NHS treatment will be offered the choice of four or five hospitals for their care.

System reform

The NHS Foundation Trust programme will be introduced alongside other reforms to the NHS system.

New ways of funding NHS organisations are to be introduced. They will ensure that the money hospitals receive accurately reflects the amount of work they do.

If a patient decides to be treated in a particular location, funds will 'follow' them, giving hospitals an incentive to provide better, more accessible services.

More money will be allocated to NHS organisations locally. A national inspection regime will be introduced to make sure extra funding delivers real improvements.

Financial reform

A new system of standard national 'tariffs' will be drawn up, putting fixed prices on a range of NHS treatments and services.

These tariffs will be adjusted to take account of hospitals that carry out more complex operations, and for areas of the country where staff and other costs are high.

Primary Care Trusts will buy services from local providers based on these national tariffs.

The tariff system will be introduced on a limited basis from 2003 and rolled out across most NHS activities from 2005.



Instead of traditional 'block' contracts, hospitals and other NHS service providers will only be paid for the work they carry out.

These providers will sign binding contracts with local NHS Primary Care Trusts, agreeing to deliver a certain level of activity. They will lose money for failing to deliver, and will earn extra resources for treating extra patients.

A consultation document setting out how the national tariff system will work is available at www.doh.gov.uk/nhsfinancialreforms

More power to the NHS front line

NHS organisations will be encouraged to take more ownership of, and responsibility for, improving local services.

The financial planning cycle will be increased from one year to three years. This will allow NHS Trusts and NHS Primary Care Trusts to develop longer-term improvement plans.

The top performing NHS Trusts will be given more freedom to run their own affairs. They will have access to £1 million extra funding during 2002/03.

Trusts scoring a maximum 'three stars' in the annual NHS performance ratings will be allowed to apply for NHS Foundation Trust status.

Subject to Parliamentary approval, the first NHS Foundation Trusts will be created in April 2004.

These new NHS organisations will be 'Public Benefit Corporations', owned by, and accountable to, the communities they serve.

Monitored by an Independent Regulator and committed to NHS principles, NHS Foundation Trusts will be free from Government control. They will be able to develop innovative local solutions to local problems.

Strengthened public accountability

The quality of services across the NHS will be independently monitored to ensure improvements are taking place. At the same time, better information will be provided to the public so that they can make more informed decisions about their own care.



The NHS will be accountable to the public through:

- Independent regulation of NHS performance by the Commission for Health Improvement (CHI);
- The creation, subject to legislation, from April 2004 of a single national NHS inspection body. The Commission for Healthcare Audit and Inspection (CHAI) will bring together the work of CHI, the value for money work of the Audit Commission and the monitoring of private healthcare currently carried out by the National Care Standards Commission. CHAI will publish regular reports on the NHS nationally and on individual NHS organisations;
- The provision of better, more accessible information about the availability and quality of local health services. NHS Primary Care Trusts will publish an annual 'Patient Prospectus' – a snapshot of local NHS performance delivered to every household in their area; and.
- Further development of the NHS star ratings system. New management teams could be brought into run poor performing NHS organisations under the franchising system.

Further Information

This information document is part of a first series of 8 short documents covering key aspects of NHS Foundation Trust policy and interrelated areas.

Other titles in the same series are: Financial Reforms: Payment by Results, Financial Freedoms, Accountability and Regulation, Members, Governors, Human Resources and Contracting.

A Guide to NHS Foundation Trusts and A Short Guide to NHS Foundation Trusts, published by the Department of Health, are available at www.doh.gov.uk/nhsfoundationtrusts