

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.

Legally Binding Contracts

As brand new types of NHS organisation, NHS Foundation Trusts will have greater operational freedoms. Therefore there will be a different system for NHS Foundation Trusts to negotiate the provision of NHS services with local NHS Primary Care Trusts that buy health services for their populations. These arrangements will be based on longer-term planning arrangements.

NHS Foundation Trusts will be answerable to NHS Primary Care Trusts that buy healthcare services from them on behalf

of their populations – they will not be performance managed by the Department of Health or Strategic Health Authorities.

There are over 300 NHS Primary Care Trusts across England. They control almost three-quarters of the overall NHS budget. It is their responsibility to ensure that the services they buy from hospitals on behalf of their local communities are locally relevant and represent best value for public money.



Current agreements between NHS Trusts and NHS Primary Care Trusts ('service level agreements') to secure the provision of healthcare services do not need to be legally binding because they are overseen by Strategic Health Authorities on behalf of the Department of Health. These arrangements work because NHS Trusts and NHS Primary Care Trusts are accountable to the Secretary of State for Health via Strategic Health Authorities.

NHS Foundation Trusts will take full responsibility for the healthcare services they provide in terms of volume, quality and responsiveness to patients. Agreements between NHS Foundation Trusts and NHS Primary Care Trusts therefore need to be formalised in legally binding service contracts.

Working in partnership, NHS Foundation Trusts and NHS Primary Care Trusts will agree on the type and level of services needed to meet the needs of local populations. These requirements will form the basis of a legally binding contract between NHS Foundation Trusts and NHS Primary Care Trusts.

A national tariff system – a series of fixed prices for particular treatments – will allow NHS Primary Care Trusts to buy hospital services from NHS Foundation Trusts that best meet the needs of their local populations

without lengthy price negotiations. The tariff will apply across the NHS, so all hospitals will be treated fairly. Payment from NHS Primary Care Trusts will be on the basis of work that has been carried out.

Long-term planning

NHS funding has traditionally been allocated on an annual basis. This has prevented NHS Trusts and NHS Primary Care Trusts from taking a long-term view when planning the development of health services.

The new legally binding service contracts between NHS Foundation Trusts and NHS Primary Care Trusts will initially be for three years. This – together with three year funding allocations – will create a stable environment in which new relationships and partnerships can develop.

The three year financial cycle will ensure NHS Foundation Trusts have the financial certainty to plan ahead, while NHS Primary Care Trusts will be able to respond to changes in demand from their local populations.



Help and support

The relationship between NHS Foundation Trusts and NHS Primary Care Trusts is new and will take time to develop.

It is important that attention remains focused on the quality of health services while the new arrangements are put into place.

The Department of Health will therefore help to support NHS Primary Care Trusts and NHS Foundation Trusts with a special emphasis on quality.

The Department will:

- Help NHS Primary Care Trusts develop the necessary competencies to carry out their new role;
- Provide support around contract negotiation and contract management; and
- Supply a 'model' template contract for NHS Primary Care Trusts to adopt when agreeing service contracts with NHS Foundation Trusts.

In addition, the Department will work with specialist commissioning groups to support the provision of specialist health care services.

Resolving Disputes

Where disagreements arise NHS Foundation Trusts and NHS Primary Care Trusts will be encouraged to resolve disputes between themselves. However, service contracts will include a requirement for compulsory arbitration where a local settlement cannot be reached.

Although the ultimate option would be the courts, every effort will be made to avoid legal intervention in the interest of NHS patients.

Engaging Health Communities

Partnership working is key to the success of the new NHS Foundation Trust/Primary Care Trust relationship.

A series of local health economy roadshows are being hosted by the Department of Health to identify new ways of working and the development needs of NHS professionals working under the new regime. The roadshows will be centred on an individual NHS Foundation Trust applicant. Each event will include representatives from an NHS Foundation Trust, local NHS Primary Care Trusts and, where appropriate, other partner organisations.



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: System Reform in the NHS, Financial Reforms: Payment by Results, Financial Freedoms, Accountability and Regulation, Members, Governors and Human Resources.

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