

Michael Wilson
Chief Executive
Surrey and Sussex Healthcare NHS Trust
Trust Headquarters
Maple House
East Surrey Hospital
Canada Avenue
Redhill RH1 5RH

29 May 2012

Dear Michael,

**Stage Two Tripartite Formal Agreement (TFA) Escalation Meeting –
Surrey and Sussex Healthcare NHS Trust**

I am writing to you further to the stage two escalation meeting held on 21 May 2012. This letter serves as a formal record of our discussion and highlights the key actions agreed.

The meeting took place following the Trust's further red ratings and following the stage one escalation meeting held on 7 February 2012. The purpose of the meeting was to discuss the Trust's journey to Foundation Trust (FT) status and to discuss the need for a clear plan to achieve clinical and financial sustainability. The main areas of concern have been:

- service performance;
- questions of capability and sustainability of services;
- financial performance; and
- commissioner support.

Service Performance

It was noted that the Trust's service performance in the key measures has now dramatically improved. The Trust is considering and implementing new

ways of working and this progress means you can continue your work towards FT status. However, to maintain this position remains a challenge for the Trust and as such, it was agreed that clear milestones need to be produced within the TFA to demonstrate the Trust's ongoing delivery against these plans and commitments. It was agreed that if the Trust fails to meet the milestones, the Strategic Health Authority (SHA) would intervene as per normal SHA processes.

Capability and Sustainability of Services

You stated that you and your team have been working together to improve the capacity and capability within the organisation to deliver high quality services and you are committed to continuing work on this. However, it was agreed that the Trust needs to give further serious consideration to the potential changes it needs to make to ensure that quality, performance and finance are embedded. The Trust needs to show, through a credible Integrated Business Plan and Long Term Financial Model, how services will be sustainable for the long term given the financial challenges it faces over the next two years. We agreed to review the Trust's progress on this area after the publication of quarter two data against a set of agreed milestones including the production of the IBP and LTFM.

Financial Performance

Whilst the Trust is taking action to improve its financial position, concerns remain about its ability to deliver the plans set out. You will work with Bob Alexander so that a frequent financial test can be created to monitor performance this year and next. We agreed to review the Trust's progress on finances after the publication of quarter two data against these agreed financial tests.

Commissioner Support

You confirmed that the Trust's plan (ending with a small surplus in 2014/15) is supported by Clinical Commissioning Groups and that the agreed view and ideal would be for the local District General Hospital to provide the care services. We require confirmation of what the support really means and the assurance that this will be demonstrated in practice. In practice this means commissioner sign up to the IBP and LTFM that you produce and this needs to be evidenced by the end of quarter 2.

Conclusion

In terms of next steps, we concluded by agreeing that you would submit revised milestones to Bob Alexander and Nick Yeo for review. Once agreed with the SHA they will be passed to the Department of Health for approval. Once sign off of the milestones has been achieved, Matthew Kershaw will work with you and colleagues at the SHA to agree a revised TFA and this will be the key document to monitor and manage the Trust's journey to long term sustainability. Alongside the main plan to deliver what you have outlined, further work is required in parallel that sets out a robust contingency plan if the Trust is unable to deliver its plan for long term sustainability. We will need to cover this in our discussions following the quarter two results and the Department of Health will fix a time for this session shortly.

Thank you for your input into the session and the work you and your team have underway. I hope this accurately reflects our discussion and if you have any queries feel free to contact me or Matthew Kershaw.

Yours sincerely,



DAVID FLORY
SENIOR RESPONSIBLE OFFICER FT PIPELINE

CC:
Sir Ian Carruthers
Matthew Kershaw
Nick Yeo