

Michael Wilson
Chief Executive
Surrey and Sussex Healthcare NHS Trust

22 February 2012

Dear Michael,

**Tripartite Formal Agreement (TFA) Escalation meeting – Surrey and
Sussex Healthcare NHS Trust**

Further to our useful escalation meeting on 7 February 2012, I am writing as agreed to record the main details we discussed. I have at annex 1, provided an overview of the meeting.

As you are aware, the Trust having been red rated for three consecutive months, which has triggered the first stage of the agreed escalation process. The red rating relates to the serious financial and service performance issues both in this year and the 2012/13 plan, as well as the assurance that the partnership working will result in a stand alone clinically and financially sustainable Foundation Trust by April 2014 as per the Trusts TFA. The aim of the meeting was to discuss these issues, get clarity and an agreement on the way forward to progress towards Surrey and Sussex Healthcare NHS Trust achieving Foundation Trust (FT) status.

Following the discussion, I reflected that there are three main areas of concern to be resolved:

- the change from the published TFA in terms of the options or plans for Surrey and Sussex Healthcare NHS Trust and the lack of a robust plan to achieve FT status as a standalone entity (albeit not in current form), at this stage;
- the financial situation at the Trust; and
- the significant level of service performance issues.

There is considerable work to be done on all of the above three issues and until there is a resolution to the issues, the Trust will remain red rated. You and your team, working with NHS Sussex, NHS Surrey and the Strategic Health Authority (SHA) will need to continue this work as an absolute priority.

The next stage will be a further conversation at the next FT monitoring call between the Department of Health and NHS South of England on 23 February 2012. Following that and a review of the updated FT plan for the Trust, I will discuss next steps with Sir Ian Carruthers as SHA Chief Executive (CE) and David Flory as the Senior Responsible Officer for the FT pipeline. Following this, we will meet with you to update you and agree the basis of any new TFA and TFA milestones that should help with the RAG rating as long as performance against milestones is on track. We will also cover any implications of failure to hold to these new milestones on the Board and the organisation as a whole.

I hope this accurately reflects our discussion and if you have any queries feel free to contact me.

With reference to Annex 1, please come back to David Meek or me if you feel I have misrepresented or omitted anything material from our discussion.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'M Kershaw', enclosed within a large, loopy oval shape.

MATTHEW KERSHAW
DIRECTOR OF PROVIDER DELIVERY

CC:
Sir Ian Carruthers, NHS South of England
Nick Yeo, NHS South of England
David Flory, DH

**Tripartite Formal Agreement (TFA) Escalation meeting – Surrey and
Sussex Healthcare NHS Trust**

Notes of the Meeting - 7 February 2012

The Trust's TFA has a submission date of 1 April 2013 (representing the date of a submission to Transactions Board) for approval of Trusts partnership with another organisation as the Trust has identified itself as clinically and financially unviable to achieve FT status in current form.

The Trusts 2011/12 financial plan was to deliver a £6.1million deficit and the Trust is currently on track to meet this. The first cut plan showed a recurrent deficit of £12.3million although it was recognised that further work to reduce this was ongoing.

The Chief Executive (CEO) challenged the size of the efficiency savings at £10million (five per cent). The Trust argued this was the maximum they could do in 2012/13, whilst right sizing the organisation but agreed that further productivity savings should be possible in future years which would be reviewed.

The Trust and commissioners had previously agreed an 18 weeks recovery plan to deliver a sustainable admitted backlog position (around 250) at the end of the financial year.

The Trust is now working to build confidence in their ability to deliver national performance standards and is expecting to achieve 90 per cent admitted RTT standard in both February and March. The Trust expects this to result in a larger backlog, but is agreeing a revised improvement trajectory with commissioners and the SHA. Matthew Kershaw noted that the Department of Health is expecting Trusts to achieve RTT targets in the new financial year.

Regarding A&E, the temporary modular wards, i.e. 40 new beds, will be opened in late February and along with changes in pathways and the recruitment of additional A&E consultants, the Trust expects to achieve the 95 per cent A&E target by end of March. The hospital front entrance will be completed in June and all of these will assist in the resizing of the hospital to help match demand and capacity.

The SHA highlighted that the current service performance rating under Monitor ratings system is a six (it needs to be < two to be authorisable) and although RTT and A&E have been red rated for the last four quarters, there are other performance issues that need addressing.

The CEO assured that there are new ways of thinking, including the replacement of consultant staff to give a different perspective and new ways of working, that are beginning to translate into improved performance in the hospital

The Trust CEO highlighted that LOS is good, fourth out of 13 in peer group. Current occupancy 105 -113 per cent for five months of the year. Re-admissions 3.8 per cent.

The commissioners can see progress, but added there is still a way to go to getting hospital right sized and demand and capacity balanced.

The Trust talked through very high level planning for future years – “a plan for a plan”, with high level timetable, principles, financials and scenarios. MK stated that any modelling must include all possible scenarios to enable the DH to have confidence that this represented the thinking of the whole Health economy, including Primary Care Trust's and Clinical Commissioning Group's and that there were no missed opportunities.

Discussion was then held on why the current plan was different to the TFA plan as signed in September, why was that agreed, signed and published and what had changed?

The Trust's view was that certain things had now changed and that the plan A now was for putting together a robust standalone application, working with partners to achieve a clinically and financially viable organisation that could become a FT.

Matthew Kershaw stressed that this was a significant shift from the published TFA. He then stated that the current position, as presented, did not contain an explanation of why this has changed, or sufficient clear and robust details of how the new plan could deliver a stand-alone FT application. The real detail of a robust plan would need to be ready and shared before the next escalation meeting, which would likely be held near the end of March 2012 to allow the Trust maximum time to produce a credible plan that had local support. This meeting would be with Sir Ian Carruthers, David Flory and Matthew Kershaw and is the final escalation stage and as such will set out and agree next steps for the organisation and its journey to long-term clinical and financial sustainability.