

Mark Davies
Chief Executive
Imperial College Healthcare NHS Trust

29 February 2012

Dear Mark,

**Tripartite Formal Agreement (TFA) Escalation meeting – Imperial College
Healthcare NHS Trust**

Further to our useful escalation meeting on 20 January 2012, I am writing as agreed to record the main details we discussed. I have at annex 1, provided an overview of the full conversation.

As you are aware, the Trust having been red rated for three consecutive months relating to numerous indicators in TFA monitoring, has triggered the first stage of the agreed escalation process. The aim of the meeting was to discuss these issues, get clarity and an agreement on the way forward to progress towards Imperial College 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 Trust's systems and processes and governance that underpins RTT (and certain other targets) reporting;
- the financial situation at the Trust; and
- the outcome and implications of the North West London service consultation on acute and out of hours services.

Whilst there has been progress against all of these items, there is still work to do and until there is a resolution to the issues, the Trust will remain red rated. You and your team, working with the North West London Cluster and the Strategic Health Authority (SHA) will need to continue this work as an absolute priority. As we agreed, you will work with the North West London Cluster to review the position with all these issues and be prepared to respond to questions about a revised set of milestones (underpinned by an appropriate accountability agreement) to be included in an updated TFA although the submission date would not change.

The next stage will be a further conversation at the next FT monitoring call between the Department of Health and NHS London. Following that and a review of the updated TFA, I will discuss next steps with Dame Ruth Carnall 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 new 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 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 (david.meek@dh.gsi.gov.uk) 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 'Matthew Kershaw', with a large, sweeping loop at the end.

MATTHEW KERSHAW
DIRECTOR OF PROVIDER DELIVERY

CC:
John Goulston, NHS London;
Dame Ruth Carnall, NHS London; and
David Flory, DH

Background

The Trust's TFA has a submission date of 1 April 2015.

Finance and Related Matters

The financial position is improving. The forecast out-turn deficit position is reducing from £35million to the £9million-£19million range, based on a number of improvements in CIP delivery, some technical adjustments and confirmation of R&D MFF funding and project Diamond monies.

In year CIP delivery was likely to be in the region of £45million, but there would likely be a cash requirement of £15million before the end of the year (nature of the funding still to be agreed).

These financial improvements have been delivered by a changed executive team and putting in place more robust performance management and reporting systems.

Most of the CIP delivered were 'basic' CIPs. Financial target for 2012/13 is breakeven and a £62million CIP target.

When questioned on where the Trust makes money or loses money it was felt that general services lost money, research lost money, but education was positive (prior to any changes on MPET funding).

Organisation

Significant changes made and there are more happening. A number of changes to the executive Board have already been made and more continue to be made. A new Chair has been in post for two weeks and he will be refreshing the non-executive team.

A new commercial strategy will be worked on, including work on private patients, pathology and middle East work.

Improved management arrangements, including a reduction in clinical divisions (from seven to four or five) is underway.

Performance Reporting

Significant concerns regarding RTT and breaches. The Trust Board will be asked to support a reporting break on RTT, six-week diagnostics and 62 day cancer. The reporting break may be for a period of up to six months.

The Trust is working on a three-stage approach to understand:

- how did it happen;
- what is the size of the problem; and
- what will be done about it.

The Trust will build up a set of common rules for determining the size of the problem and treating the backlog. An external review will be commissioned on why they are where they are.

Work is ongoing with a new IT system – for implementation in April 2013.

North West London Service Consultation

The review will be complete within the next six weeks (end of February 2012). The criteria and options are still to be agreed regarding the configuration of services in March and the public consultation will start in July.

Implications for Imperial on changes that are likely to take place at West Middlesex, are not 100 per cent clear, with potential outcomes being either a stand-alone West Middlesex application or a coming together of West Middlesex with one of Imperial, Chelsea and Westminster or Hillingdon.

Next Steps

All to consider what success would look like and to build up on the Accountability Agreement to underpin a newly written TFA (but not requiring a new date).