

University Hospitals Coventry and
Warwickshire NHS Trust
Clifford Bridge Road
Coventry
CV2 2DX

9 February 2012

Dear Andrew,

**Tripartite Formal Agreement (TFA) Escalation meeting – University
Hospitals Coventry and Warwickshire NHS Trust**

Further to our useful escalation meeting on 24 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 in the TFA monitoring, has triggered the first stage of the agreed escalation process. The aim of the meeting was to discuss issues, get clarity and an agreement on the way forward to progress towards University Hospitals Coventry and Warwickshire NHS Trust achieving Foundation Trust (FT) status.

Following discussion, we identified the following concerns that need to be resolved:

- Trust Q1 position of £3.5million deficit caused not least by a dramatic reduction of elective care referrals (20 per cent), not compensated by income from an equal rise in conversion rates;
- insufficient levels of surplus achieved against plan;
- it had taken 12 months to appoint a substantive Chief Finance Officer;
- Local Health Economy (LHE) discussions to resolve surgical activity rebasing; and
- some performance issues.

Thank you for the frank exchange of information in the meeting, which was helpful to gain a better understanding of the issues your Trust is facing.

After detailed discussion we agreed that a new date of 1 December submission was sensible, alongside a refreshed TFA which has clear milestones to monitor. However, this will need agreement with Ian Dalton, Senior Responsible Officer for the FT pipeline and Sir Neil McKay before it can be finalised and in order to justify not progressing to the next level of escalation with them both. I will therefore discuss our plans and the rationale behind them with both of them to seek their agreement to this proposed way forward.

We discussed the potential organisational and or personal consequences of not delivering the specific milestones and overall timeline agreed in your revised TFA and you stated that you, your Chair and the Board understand the implications very clearly.

I hope this accurately reflects our discussion but if you have any queries please feel free to contact either Angela Lamb or me in the first instance.

With reference to Annex 1, please come back to 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', with a large, sweeping loop at the end.

MATTHEW KERSHAW
DIRECTOR OR PROVIDER DELIVERY

CC:
Dale Bywater, NHS Midlands and East
Sir Neil McKay, NHS Midlands and East
Ian Dalton, DH

Annex 1

Your TFA had a formal submission date of 1 October 2011. You failed to submit to this agreed plan.

I explained the purpose of the meeting was to understand and resolve the issues relating to this failure to submit and the future implications for your organisation moving towards gaining FT status. If we failed to agree the way forward today there was an opportunity for further escalation. The next stage of escalation would involve Ian Dalton and Sir Neil McKay.

We needed to agree the best way to progress your journey to FT status. Any agreement we reach will be formally documented.

I invited you to explain the reason for your delay.

You explained that the Trust Q1 position of £3.5million deficit had been caused in the main by a dramatic reduction of elective care referrals (20 per cent), not compensated by income from an equal rise in conversion rates.

The planned surplus levels had not been ambitious enough and it had taken 12 months to appoint a substantive Chief Finance Officer.

The Trust's DH and McKinsey review of PFI had resulted in you being in "category 2" and although you were now discussing solutions to this with the Local Health Economy it had also impacted on your ability to submit an FT application on time.

You stated you believed the original date had been over ambitious and, had not anticipated the workload reduction. I noted the lack of Board governance relating to this decision.

You saw the potential for growth in readmissions income not related to original care episodes, up until the Commissioners put in place effective avoidance schemes.

There is potential for an increase in surgical emergency work as Commissioners examine re-basing this in the LHE.

Any assumptions on these issues need to be carefully reviewed before being included in forward plans.

We discussed interagency relationships and my observations that they were not as strong as they could be. You described how you had worked on that over recent months and the LHE Paediatric support you had provided had helped considerably with this and, you had also made concerted efforts to spend time with Commissioners.

I asked about Board governance particularly in relation to the original planned submission date. This had clearly been wrong and there are consequences to

any future failures if we agree changes. This needs to be and was understood.

You thought it had been over ambitious and specifically it had failed to take into account the reduction in activity, which meant you had not looked at the downside sufficiently robustly. A 20 percent reduction in referrals had caused a significant drop in income.

I noted that there were internal and external factors involved and that if any changes are made to your TFA, the DH will need assurance that your Board understand this cannot happen again. You replied that your Board are fully aware of this.

You stated you had discussed what date might be reasonable with Dale Bywater, Director or Provider Development at the SHA and you both felt 1 December 2012 was reasonable. You understood the performance and surplus expected and intended to achieve the appropriate targets. You also intend to rewrite the Integrated Business Plan (IBP) by March. You were already addressing numerous performance issues e.g. C.diff, Never events, Pressure sores.

Dale Bywater agreed that the December submission date and detailed milestones seems sensible.

You mentioned the use of the Board Governance Assurance Framework and I commented that you will need to demonstrate you are addressing any gaps identified, and commended the development modules to you as an addition to the mandatory elements you will be completing.

In Summary I told you we would write a note recording this meeting and make proposals on the way forward which is that we re-set the TFA date to 1 December with refreshed explanations and specific new milestones in it.

There is another level of escalation available involving Ian Dalton and Sir Neil McKay and they will need to be comfortable with our proposals if that is not to happen.

We do need to agree a new date with clear milestones. I noted again the consequences of failing to achieve this new TFA which your Board fully understood.

University Hospitals Coventry and
Warwickshire NHS Trust
Clifford Bridge Road
Coventry
CV2 2DX

9 February 2012

Dear Andrew,

**Tripartite Formal Agreement (TFA) Escalation meeting – University
Hospitals Coventry and Warwickshire NHS Trust**

Further to our useful escalation meeting on 24 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 in the TFA monitoring, has triggered the first stage of the agreed escalation process. The aim of the meeting was to discuss issues, get clarity and an agreement on the way forward to progress towards University Hospitals Coventry and Warwickshire NHS Trust achieving Foundation Trust (FT) status.

Following discussion, we identified the following concerns that need to be resolved:

- Trust Q1 position of £3.5million deficit caused not least by a dramatic reduction of elective care referrals (20 per cent), not compensated by income from an equal rise in conversion rates;
- insufficient levels of surplus achieved against plan;
- it had taken 12 months to appoint a substantive Chief Finance Officer;
- Local Health Economy (LHE) discussions to resolve surgical activity rebasing; and
- some performance issues.

Thank you for the frank exchange of information in the meeting, which was helpful to gain a better understanding of the issues your Trust is facing.

After detailed discussion we agreed that a new date of 1 December submission was sensible, alongside a refreshed TFA which has clear milestones to monitor. However, this will need agreement with Ian Dalton, Senior Responsible Officer for the FT pipeline and Sir Neil McKay before it can be finalised and in order to justify not progressing to the next level of escalation with them both. I will therefore discuss our plans and the rationale behind them with both of them to seek their agreement to this proposed way forward.

We discussed the potential organisational and or personal consequences of not delivering the specific milestones and overall timeline agreed in your revised TFA and you stated that you, your Chair and the Board understand the implications very clearly.

I hope this accurately reflects our discussion but if you have any queries please feel free to contact either Angela Lamb or me in the first instance.

With reference to Annex 1, please come back to 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', with a large, sweeping loop at the end.

MATTHEW KERSHAW
DIRECTOR OR PROVIDER DELIVERY

CC:
Dale Bywater, NHS Midlands and East
Sir Neil McKay, NHS Midlands and East
Ian Dalton, DH

Annex 1

Your TFA had a formal submission date of 1 October 2011. You failed to submit to this agreed plan.

I explained the purpose of the meeting was to understand and resolve the issues relating to this failure to submit and the future implications for your organisation moving towards gaining FT status. If we failed to agree the way forward today there was an opportunity for further escalation. The next stage of escalation would involve Ian Dalton and Sir Neil McKay.

We needed to agree the best way to progress your journey to FT status. Any agreement we reach will be formally documented.

I invited you to explain the reason for your delay.

You explained that the Trust Q1 position of £3.5million deficit had been caused in the main by a dramatic reduction of elective care referrals (20 per cent), not compensated by income from an equal rise in conversion rates.

The planned surplus levels had not been ambitious enough and it had taken 12 months to appoint a substantive Chief Finance Officer.

The Trust's DH and McKinsey review of PFI had resulted in you being in "category 2" and although you were now discussing solutions to this with the Local Health Economy it had also impacted on your ability to submit an FT application on time.

You stated you believed the original date had been over ambitious and, had not anticipated the workload reduction. I noted the lack of Board governance relating to this decision.

You saw the potential for growth in readmissions income not related to original care episodes, up until the Commissioners put in place effective avoidance schemes.

There is potential for an increase in surgical emergency work as Commissioners examine re-basing this in the LHE.

Any assumptions on these issues need to be carefully reviewed before being included in forward plans.

We discussed interagency relationships and my observations that they were not as strong as they could be. You described how you had worked on that over recent months and the LHE Paediatric support you had provided had helped considerably with this and, you had also made concerted efforts to spend time with Commissioners.

I asked about Board governance particularly in relation to the original planned submission date. This had clearly been wrong and there are consequences to

any future failures if we agree changes. This needs to be and was understood.

You thought it had been over ambitious and specifically it had failed to take into account the reduction in activity, which meant you had not looked at the downside sufficiently robustly. A 20 percent reduction in referrals had caused a significant drop in income.

I noted that there were internal and external factors involved and that if any changes are made to your TFA, the DH will need assurance that your Board understand this cannot happen again. You replied that your Board are fully aware of this.

You stated you had discussed what date might be reasonable with Dale Bywater, Director or Provider Development at the SHA and you both felt 1 December 2012 was reasonable. You understood the performance and surplus expected and intended to achieve the appropriate targets. You also intend to rewrite the Integrated Business Plan (IBP) by March. You were already addressing numerous performance issues e.g. C.diff, Never events, Pressure sores.

Dale Bywater agreed that the December submission date and detailed milestones seems sensible.

You mentioned the use of the Board Governance Assurance Framework and I commented that you will need to demonstrate you are addressing any gaps identified, and commended the development modules to you as an addition to the mandatory elements you will be completing.

In Summary I told you we would write a note recording this meeting and make proposals on the way forward which is that we re-set the TFA date to 1 December with refreshed explanations and specific new milestones in it.

There is another level of escalation available involving Ian Dalton and Sir Neil McKay and they will need to be comfortable with our proposals if that is not to happen.

We do need to agree a new date with clear milestones. I noted again the consequences of failing to achieve this new TFA which your Board fully understood.

University Hospitals Coventry and
Warwickshire NHS Trust
Clifford Bridge Road
Coventry
CV2 2DX

9 February 2012

Dear Andrew,

**Tripartite Formal Agreement (TFA) Escalation meeting – University
Hospitals Coventry and Warwickshire NHS Trust**

Further to our useful escalation meeting on 24 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 in the TFA monitoring, has triggered the first stage of the agreed escalation process. The aim of the meeting was to discuss issues, get clarity and an agreement on the way forward to progress towards University Hospitals Coventry and Warwickshire NHS Trust achieving Foundation Trust (FT) status.

Following discussion, we identified the following concerns that need to be resolved:

- Trust Q1 position of £3.5million deficit caused not least by a dramatic reduction of elective care referrals (20 per cent), not compensated by income from an equal rise in conversion rates;
- insufficient levels of surplus achieved against plan;
- it had taken 12 months to appoint a substantive Chief Finance Officer;
- Local Health Economy (LHE) discussions to resolve surgical activity rebasing; and
- some performance issues.

Thank you for the frank exchange of information in the meeting, which was helpful to gain a better understanding of the issues your Trust is facing.

After detailed discussion we agreed that a new date of 1 December submission was sensible, alongside a refreshed TFA which has clear milestones to monitor. However, this will need agreement with Ian Dalton, Senior Responsible Officer for the FT pipeline and Sir Neil McKay before it can be finalised and in order to justify not progressing to the next level of escalation with them both. I will therefore discuss our plans and the rationale behind them with both of them to seek their agreement to this proposed way forward.

We discussed the potential organisational and or personal consequences of not delivering the specific milestones and overall timeline agreed in your revised TFA and you stated that you, your Chair and the Board understand the implications very clearly.

I hope this accurately reflects our discussion but if you have any queries please feel free to contact either Angela Lamb or me in the first instance.

With reference to Annex 1, please come back to 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', with a large, sweeping loop at the end.

MATTHEW KERSHAW
DIRECTOR OR PROVIDER DELIVERY

CC:
Dale Bywater, NHS Midlands and East
Sir Neil McKay, NHS Midlands and East
Ian Dalton, DH

Annex 1

Your TFA had a formal submission date of 1 October 2011. You failed to submit to this agreed plan.

I explained the purpose of the meeting was to understand and resolve the issues relating to this failure to submit and the future implications for your organisation moving towards gaining FT status. If we failed to agree the way forward today there was an opportunity for further escalation. The next stage of escalation would involve Ian Dalton and Sir Neil McKay.

We needed to agree the best way to progress your journey to FT status. Any agreement we reach will be formally documented.

I invited you to explain the reason for your delay.

You explained that the Trust Q1 position of £3.5million deficit had been caused in the main by a dramatic reduction of elective care referrals (20 per cent), not compensated by income from an equal rise in conversion rates.

The planned surplus levels had not been ambitious enough and it had taken 12 months to appoint a substantive Chief Finance Officer.

The Trust's DH and McKinsey review of PFI had resulted in you being in "category 2" and although you were now discussing solutions to this with the Local Health Economy it had also impacted on your ability to submit an FT application on time.

You stated you believed the original date had been over ambitious and, had not anticipated the workload reduction. I noted the lack of Board governance relating to this decision.

You saw the potential for growth in readmissions income not related to original care episodes, up until the Commissioners put in place effective avoidance schemes.

There is potential for an increase in surgical emergency work as Commissioners examine re-basing this in the LHE.

Any assumptions on these issues need to be carefully reviewed before being included in forward plans.

We discussed interagency relationships and my observations that they were not as strong as they could be. You described how you had worked on that over recent months and the LHE Paediatric support you had provided had helped considerably with this and, you had also made concerted efforts to spend time with Commissioners.

I asked about Board governance particularly in relation to the original planned submission date. This had clearly been wrong and there are consequences to

any future failures if we agree changes. This needs to be and was understood.

You thought it had been over ambitious and specifically it had failed to take into account the reduction in activity, which meant you had not looked at the downside sufficiently robustly. A 20 percent reduction in referrals had caused a significant drop in income.

I noted that there were internal and external factors involved and that if any changes are made to your TFA, the DH will need assurance that your Board understand this cannot happen again. You replied that your Board are fully aware of this.

You stated you had discussed what date might be reasonable with Dale Bywater, Director or Provider Development at the SHA and you both felt 1 December 2012 was reasonable. You understood the performance and surplus expected and intended to achieve the appropriate targets. You also intend to rewrite the Integrated Business Plan (IBP) by March. You were already addressing numerous performance issues e.g. C.diff, Never events, Pressure sores.

Dale Bywater agreed that the December submission date and detailed milestones seems sensible.

You mentioned the use of the Board Governance Assurance Framework and I commented that you will need to demonstrate you are addressing any gaps identified, and commended the development modules to you as an addition to the mandatory elements you will be completing.

In Summary I told you we would write a note recording this meeting and make proposals on the way forward which is that we re-set the TFA date to 1 December with refreshed explanations and specific new milestones in it.

There is another level of escalation available involving Ian Dalton and Sir Neil McKay and they will need to be comfortable with our proposals if that is not to happen.

We do need to agree a new date with clear milestones. I noted again the consequences of failing to achieve this new TFA which your Board fully understood.

University Hospitals Coventry and
Warwickshire NHS Trust
Clifford Bridge Road
Coventry
CV2 2DX

9 February 2012

Dear Andrew,

**Tripartite Formal Agreement (TFA) Escalation meeting – University
Hospitals Coventry and Warwickshire NHS Trust**

Further to our useful escalation meeting on 24 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 in the TFA monitoring, has triggered the first stage of the agreed escalation process. The aim of the meeting was to discuss issues, get clarity and an agreement on the way forward to progress towards University Hospitals Coventry and Warwickshire NHS Trust achieving Foundation Trust (FT) status.

Following discussion, we identified the following concerns that need to be resolved:

- Trust Q1 position of £3.5million deficit caused not least by a dramatic reduction of elective care referrals (20 per cent), not compensated by income from an equal rise in conversion rates;
- insufficient levels of surplus achieved against plan;
- it had taken 12 months to appoint a substantive Chief Finance Officer;
- Local Health Economy (LHE) discussions to resolve surgical activity rebasing; and
- some performance issues.

Thank you for the frank exchange of information in the meeting, which was helpful to gain a better understanding of the issues your Trust is facing.

After detailed discussion we agreed that a new date of 1 December submission was sensible, alongside a refreshed TFA which has clear milestones to monitor. However, this will need agreement with Ian Dalton, Senior Responsible Officer for the FT pipeline and Sir Neil McKay before it can be finalised and in order to justify not progressing to the next level of escalation with them both. I will therefore discuss our plans and the rationale behind them with both of them to seek their agreement to this proposed way forward.

We discussed the potential organisational and or personal consequences of not delivering the specific milestones and overall timeline agreed in your revised TFA and you stated that you, your Chair and the Board understand the implications very clearly.

I hope this accurately reflects our discussion but if you have any queries please feel free to contact either Angela Lamb or me in the first instance.

With reference to Annex 1, please come back to 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', with a large, sweeping loop at the end.

MATTHEW KERSHAW
DIRECTOR OR PROVIDER DELIVERY

CC:
Dale Bywater, NHS Midlands and East
Sir Neil McKay, NHS Midlands and East
Ian Dalton, DH

Annex 1

Your TFA had a formal submission date of 1 October 2011. You failed to submit to this agreed plan.

I explained the purpose of the meeting was to understand and resolve the issues relating to this failure to submit and the future implications for your organisation moving towards gaining FT status. If we failed to agree the way forward today there was an opportunity for further escalation. The next stage of escalation would involve Ian Dalton and Sir Neil McKay.

We needed to agree the best way to progress your journey to FT status. Any agreement we reach will be formally documented.

I invited you to explain the reason for your delay.

You explained that the Trust Q1 position of £3.5million deficit had been caused in the main by a dramatic reduction of elective care referrals (20 per cent), not compensated by income from an equal rise in conversion rates.

The planned surplus levels had not been ambitious enough and it had taken 12 months to appoint a substantive Chief Finance Officer.

The Trust's DH and McKinsey review of PFI had resulted in you being in "category 2" and although you were now discussing solutions to this with the Local Health Economy it had also impacted on your ability to submit an FT application on time.

You stated you believed the original date had been over ambitious and, had not anticipated the workload reduction. I noted the lack of Board governance relating to this decision.

You saw the potential for growth in readmissions income not related to original care episodes, up until the Commissioners put in place effective avoidance schemes.

There is potential for an increase in surgical emergency work as Commissioners examine re-basing this in the LHE.

Any assumptions on these issues need to be carefully reviewed before being included in forward plans.

We discussed interagency relationships and my observations that they were not as strong as they could be. You described how you had worked on that over recent months and the LHE Paediatric support you had provided had helped considerably with this and, you had also made concerted efforts to spend time with Commissioners.

I asked about Board governance particularly in relation to the original planned submission date. This had clearly been wrong and there are consequences to

any future failures if we agree changes. This needs to be and was understood.

You thought it had been over ambitious and specifically it had failed to take into account the reduction in activity, which meant you had not looked at the downside sufficiently robustly. A 20 percent reduction in referrals had caused a significant drop in income.

I noted that there were internal and external factors involved and that if any changes are made to your TFA, the DH will need assurance that your Board understand this cannot happen again. You replied that your Board are fully aware of this.

You stated you had discussed what date might be reasonable with Dale Bywater, Director or Provider Development at the SHA and you both felt 1 December 2012 was reasonable. You understood the performance and surplus expected and intended to achieve the appropriate targets. You also intend to rewrite the Integrated Business Plan (IBP) by March. You were already addressing numerous performance issues e.g. C.diff, Never events, Pressure sores.

Dale Bywater agreed that the December submission date and detailed milestones seems sensible.

You mentioned the use of the Board Governance Assurance Framework and I commented that you will need to demonstrate you are addressing any gaps identified, and commended the development modules to you as an addition to the mandatory elements you will be completing.

In Summary I told you we would write a note recording this meeting and make proposals on the way forward which is that we re-set the TFA date to 1 December with refreshed explanations and specific new milestones in it.

There is another level of escalation available involving Ian Dalton and Sir Neil McKay and they will need to be comfortable with our proposals if that is not to happen.

We do need to agree a new date with clear milestones. I noted again the consequences of failing to achieve this new TFA which your Board fully understood.

University Hospitals Coventry and
Warwickshire NHS Trust
Clifford Bridge Road
Coventry
CV2 2DX

9 February 2012

Dear Andrew,

**Tripartite Formal Agreement (TFA) Escalation meeting – University
Hospitals Coventry and Warwickshire NHS Trust**

Further to our useful escalation meeting on 24 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 in the TFA monitoring, has triggered the first stage of the agreed escalation process. The aim of the meeting was to discuss issues, get clarity and an agreement on the way forward to progress towards University Hospitals Coventry and Warwickshire NHS Trust achieving Foundation Trust (FT) status.

Following discussion, we identified the following concerns that need to be resolved:

- Trust Q1 position of £3.5million deficit caused not least by a dramatic reduction of elective care referrals (20 per cent), not compensated by income from an equal rise in conversion rates;
- insufficient levels of surplus achieved against plan;
- it had taken 12 months to appoint a substantive Chief Finance Officer;
- Local Health Economy (LHE) discussions to resolve surgical activity rebasing; and
- some performance issues.

Thank you for the frank exchange of information in the meeting, which was helpful to gain a better understanding of the issues your Trust is facing.

After detailed discussion we agreed that a new date of 1 December submission was sensible, alongside a refreshed TFA which has clear milestones to monitor. However, this will need agreement with Ian Dalton, Senior Responsible Officer for the FT pipeline and Sir Neil McKay before it can be finalised and in order to justify not progressing to the next level of escalation with them both. I will therefore discuss our plans and the rationale behind them with both of them to seek their agreement to this proposed way forward.

We discussed the potential organisational and or personal consequences of not delivering the specific milestones and overall timeline agreed in your revised TFA and you stated that you, your Chair and the Board understand the implications very clearly.

I hope this accurately reflects our discussion but if you have any queries please feel free to contact either Angela Lamb or me in the first instance.

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

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'M Kershaw', with a large, sweeping loop at the end.

MATTHEW KERSHAW
DIRECTOR OR PROVIDER DELIVERY

CC:
Dale Bywater, NHS Midlands and East
Sir Neil McKay, NHS Midlands and East
Ian Dalton, DH

Annex 1

Your TFA had a formal submission date of 1 October 2011. You failed to submit to this agreed plan.

I explained the purpose of the meeting was to understand and resolve the issues relating to this failure to submit and the future implications for your organisation moving towards gaining FT status. If we failed to agree the way forward today there was an opportunity for further escalation. The next stage of escalation would involve Ian Dalton and Sir Neil McKay.

We needed to agree the best way to progress your journey to FT status. Any agreement we reach will be formally documented.

I invited you to explain the reason for your delay.

You explained that the Trust Q1 position of £3.5million deficit had been caused in the main by a dramatic reduction of elective care referrals (20 per cent), not compensated by income from an equal rise in conversion rates.

The planned surplus levels had not been ambitious enough and it had taken 12 months to appoint a substantive Chief Finance Officer.

The Trust's DH and McKinsey review of PFI had resulted in you being in "category 2" and although you were now discussing solutions to this with the Local Health Economy it had also impacted on your ability to submit an FT application on time.

You stated you believed the original date had been over ambitious and, had not anticipated the workload reduction. I noted the lack of Board governance relating to this decision.

You saw the potential for growth in readmissions income not related to original care episodes, up until the Commissioners put in place effective avoidance schemes.

There is potential for an increase in surgical emergency work as Commissioners examine re-basing this in the LHE.

Any assumptions on these issues need to be carefully reviewed before being included in forward plans.

We discussed interagency relationships and my observations that they were not as strong as they could be. You described how you had worked on that over recent months and the LHE Paediatric support you had provided had helped considerably with this and, you had also made concerted efforts to spend time with Commissioners.

I asked about Board governance particularly in relation to the original planned submission date. This had clearly been wrong and there are consequences to

any future failures if we agree changes. This needs to be and was understood.

You thought it had been over ambitious and specifically it had failed to take into account the reduction in activity, which meant you had not looked at the downside sufficiently robustly. A 20 percent reduction in referrals had caused a significant drop in income.

I noted that there were internal and external factors involved and that if any changes are made to your TFA, the DH will need assurance that your Board understand this cannot happen again. You replied that your Board are fully aware of this.

You stated you had discussed what date might be reasonable with Dale Bywater, Director or Provider Development at the SHA and you both felt 1 December 2012 was reasonable. You understood the performance and surplus expected and intended to achieve the appropriate targets. You also intend to rewrite the Integrated Business Plan (IBP) by March. You were already addressing numerous performance issues e.g. C.diff, Never events, Pressure sores.

Dale Bywater agreed that the December submission date and detailed milestones seems sensible.

You mentioned the use of the Board Governance Assurance Framework and I commented that you will need to demonstrate you are addressing any gaps identified, and commended the development modules to you as an addition to the mandatory elements you will be completing.

In Summary I told you we would write a note recording this meeting and make proposals on the way forward which is that we re-set the TFA date to 1 December with refreshed explanations and specific new milestones in it.

There is another level of escalation available involving Ian Dalton and Sir Neil McKay and they will need to be comfortable with our proposals if that is not to happen.

We do need to agree a new date with clear milestones. I noted again the consequences of failing to achieve this new TFA which your Board fully understood.

University Hospitals Coventry and
Warwickshire NHS Trust
Clifford Bridge Road
Coventry
CV2 2DX

9 February 2012

Dear Andrew,

**Tripartite Formal Agreement (TFA) Escalation meeting – University
Hospitals Coventry and Warwickshire NHS Trust**

Further to our useful escalation meeting on 24 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 in the TFA monitoring, has triggered the first stage of the agreed escalation process. The aim of the meeting was to discuss issues, get clarity and an agreement on the way forward to progress towards University Hospitals Coventry and Warwickshire NHS Trust achieving Foundation Trust (FT) status.

Following discussion, we identified the following concerns that need to be resolved:

- Trust Q1 position of £3.5million deficit caused not least by a dramatic reduction of elective care referrals (20 per cent), not compensated by income from an equal rise in conversion rates;
- insufficient levels of surplus achieved against plan;
- it had taken 12 months to appoint a substantive Chief Finance Officer;
- Local Health Economy (LHE) discussions to resolve surgical activity rebasing; and
- some performance issues.

Thank you for the frank exchange of information in the meeting, which was helpful to gain a better understanding of the issues your Trust is facing.

After detailed discussion we agreed that a new date of 1 December submission was sensible, alongside a refreshed TFA which has clear milestones to monitor. However, this will need agreement with Ian Dalton, Senior Responsible Officer for the FT pipeline and Sir Neil McKay before it can be finalised and in order to justify not progressing to the next level of escalation with them both. I will therefore discuss our plans and the rationale behind them with both of them to seek their agreement to this proposed way forward.

We discussed the potential organisational and or personal consequences of not delivering the specific milestones and overall timeline agreed in your revised TFA and you stated that you, your Chair and the Board understand the implications very clearly.

I hope this accurately reflects our discussion but if you have any queries please feel free to contact either Angela Lamb or me in the first instance.

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

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'M Kershaw', with a large, sweeping loop at the end.

MATTHEW KERSHAW
DIRECTOR OR PROVIDER DELIVERY

CC:
Dale Bywater, NHS Midlands and East
Sir Neil McKay, NHS Midlands and East
Ian Dalton, DH

Annex 1

Your TFA had a formal submission date of 1 October 2011. You failed to submit to this agreed plan.

I explained the purpose of the meeting was to understand and resolve the issues relating to this failure to submit and the future implications for your organisation moving towards gaining FT status. If we failed to agree the way forward today there was an opportunity for further escalation. The next stage of escalation would involve Ian Dalton and Sir Neil McKay.

We needed to agree the best way to progress your journey to FT status. Any agreement we reach will be formally documented.

I invited you to explain the reason for your delay.

You explained that the Trust Q1 position of £3.5million deficit had been caused in the main by a dramatic reduction of elective care referrals (20 per cent), not compensated by income from an equal rise in conversion rates.

The planned surplus levels had not been ambitious enough and it had taken 12 months to appoint a substantive Chief Finance Officer.

The Trust's DH and McKinsey review of PFI had resulted in you being in "category 2" and although you were now discussing solutions to this with the Local Health Economy it had also impacted on your ability to submit an FT application on time.

You stated you believed the original date had been over ambitious and, had not anticipated the workload reduction. I noted the lack of Board governance relating to this decision.

You saw the potential for growth in readmissions income not related to original care episodes, up until the Commissioners put in place effective avoidance schemes.

There is potential for an increase in surgical emergency work as Commissioners examine re-basing this in the LHE.

Any assumptions on these issues need to be carefully reviewed before being included in forward plans.

We discussed interagency relationships and my observations that they were not as strong as they could be. You described how you had worked on that over recent months and the LHE Paediatric support you had provided had helped considerably with this and, you had also made concerted efforts to spend time with Commissioners.

I asked about Board governance particularly in relation to the original planned submission date. This had clearly been wrong and there are consequences to

any future failures if we agree changes. This needs to be and was understood.

You thought it had been over ambitious and specifically it had failed to take into account the reduction in activity, which meant you had not looked at the downside sufficiently robustly. A 20 percent reduction in referrals had caused a significant drop in income.

I noted that there were internal and external factors involved and that if any changes are made to your TFA, the DH will need assurance that your Board understand this cannot happen again. You replied that your Board are fully aware of this.

You stated you had discussed what date might be reasonable with Dale Bywater, Director or Provider Development at the SHA and you both felt 1 December 2012 was reasonable. You understood the performance and surplus expected and intended to achieve the appropriate targets. You also intend to rewrite the Integrated Business Plan (IBP) by March. You were already addressing numerous performance issues e.g. C.diff, Never events, Pressure sores.

Dale Bywater agreed that the December submission date and detailed milestones seems sensible.

You mentioned the use of the Board Governance Assurance Framework and I commented that you will need to demonstrate you are addressing any gaps identified, and commended the development modules to you as an addition to the mandatory elements you will be completing.

In Summary I told you we would write a note recording this meeting and make proposals on the way forward which is that we re-set the TFA date to 1 December with refreshed explanations and specific new milestones in it.

There is another level of escalation available involving Ian Dalton and Sir Neil McKay and they will need to be comfortable with our proposals if that is not to happen.

We do need to agree a new date with clear milestones. I noted again the consequences of failing to achieve this new TFA which your Board fully understood.

University Hospitals Coventry and
Warwickshire NHS Trust
Clifford Bridge Road
Coventry
CV2 2DX

9 February 2012

Dear Andrew,

**Tripartite Formal Agreement (TFA) Escalation meeting – University
Hospitals Coventry and Warwickshire NHS Trust**

Further to our useful escalation meeting on 24 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 in the TFA monitoring, has triggered the first stage of the agreed escalation process. The aim of the meeting was to discuss issues, get clarity and an agreement on the way forward to progress towards University Hospitals Coventry and Warwickshire NHS Trust achieving Foundation Trust (FT) status.

Following discussion, we identified the following concerns that need to be resolved:

- Trust Q1 position of £3.5million deficit caused not least by a dramatic reduction of elective care referrals (20 per cent), not compensated by income from an equal rise in conversion rates;
- insufficient levels of surplus achieved against plan;
- it had taken 12 months to appoint a substantive Chief Finance Officer;
- Local Health Economy (LHE) discussions to resolve surgical activity rebasing; and
- some performance issues.

Thank you for the frank exchange of information in the meeting, which was helpful to gain a better understanding of the issues your Trust is facing.

After detailed discussion we agreed that a new date of 1 December submission was sensible, alongside a refreshed TFA which has clear milestones to monitor. However, this will need agreement with Ian Dalton, Senior Responsible Officer for the FT pipeline and Sir Neil McKay before it can be finalised and in order to justify not progressing to the next level of escalation with them both. I will therefore discuss our plans and the rationale behind them with both of them to seek their agreement to this proposed way forward.

We discussed the potential organisational and or personal consequences of not delivering the specific milestones and overall timeline agreed in your revised TFA and you stated that you, your Chair and the Board understand the implications very clearly.

I hope this accurately reflects our discussion but if you have any queries please feel free to contact either Angela Lamb or me in the first instance.

With reference to Annex 1, please come back to 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', with a large, sweeping loop at the end.

MATTHEW KERSHAW
DIRECTOR OR PROVIDER DELIVERY

CC:
Dale Bywater, NHS Midlands and East
Sir Neil McKay, NHS Midlands and East
Ian Dalton, DH

Annex 1

Your TFA had a formal submission date of 1 October 2011. You failed to submit to this agreed plan.

I explained the purpose of the meeting was to understand and resolve the issues relating to this failure to submit and the future implications for your organisation moving towards gaining FT status. If we failed to agree the way forward today there was an opportunity for further escalation. The next stage of escalation would involve Ian Dalton and Sir Neil McKay.

We needed to agree the best way to progress your journey to FT status. Any agreement we reach will be formally documented.

I invited you to explain the reason for your delay.

You explained that the Trust Q1 position of £3.5million deficit had been caused in the main by a dramatic reduction of elective care referrals (20 per cent), not compensated by income from an equal rise in conversion rates.

The planned surplus levels had not been ambitious enough and it had taken 12 months to appoint a substantive Chief Finance Officer.

The Trust's DH and McKinsey review of PFI had resulted in you being in "category 2" and although you were now discussing solutions to this with the Local Health Economy it had also impacted on your ability to submit an FT application on time.

You stated you believed the original date had been over ambitious and, had not anticipated the workload reduction. I noted the lack of Board governance relating to this decision.

You saw the potential for growth in readmissions income not related to original care episodes, up until the Commissioners put in place effective avoidance schemes.

There is potential for an increase in surgical emergency work as Commissioners examine re-basing this in the LHE.

Any assumptions on these issues need to be carefully reviewed before being included in forward plans.

We discussed interagency relationships and my observations that they were not as strong as they could be. You described how you had worked on that over recent months and the LHE Paediatric support you had provided had helped considerably with this and, you had also made concerted efforts to spend time with Commissioners.

I asked about Board governance particularly in relation to the original planned submission date. This had clearly been wrong and there are consequences to

any future failures if we agree changes. This needs to be and was understood.

You thought it had been over ambitious and specifically it had failed to take into account the reduction in activity, which meant you had not looked at the downside sufficiently robustly. A 20 percent reduction in referrals had caused a significant drop in income.

I noted that there were internal and external factors involved and that if any changes are made to your TFA, the DH will need assurance that your Board understand this cannot happen again. You replied that your Board are fully aware of this.

You stated you had discussed what date might be reasonable with Dale Bywater, Director or Provider Development at the SHA and you both felt 1 December 2012 was reasonable. You understood the performance and surplus expected and intended to achieve the appropriate targets. You also intend to rewrite the Integrated Business Plan (IBP) by March. You were already addressing numerous performance issues e.g. C.diff, Never events, Pressure sores.

Dale Bywater agreed that the December submission date and detailed milestones seems sensible.

You mentioned the use of the Board Governance Assurance Framework and I commented that you will need to demonstrate you are addressing any gaps identified, and commended the development modules to you as an addition to the mandatory elements you will be completing.

In Summary I told you we would write a note recording this meeting and make proposals on the way forward which is that we re-set the TFA date to 1 December with refreshed explanations and specific new milestones in it.

There is another level of escalation available involving Ian Dalton and Sir Neil McKay and they will need to be comfortable with our proposals if that is not to happen.

We do need to agree a new date with clear milestones. I noted again the consequences of failing to achieve this new TFA which your Board fully understood.