

16 April 2014

Mr Sean Lyons  
Chairman  
Sherwood Forest Hospitals NHS Foundation Trust  
Kings Mill Hospital  
Mansfield Road  
Sutton in Ashfield  
Nottinghamshire  
NG17 4JL

Dear Sean

**Sherwood Forest Hospitals NHS Foundation Trust (the “Trust”)**

**April 2014 progress review meeting**

1. I am writing further to our progress review meeting of 11 April 2014 at which we discussed the headway that the Trust has made since being found in significant breach of its Terms of Authorisation in September 2012, and subsequently in breach of its licence under the new legislative regime which commenced on 1 April 2013.
2. This was the latest in a series of progress review meetings to be held between the Trust and Monitor, with the previous progress review meeting having been held on 29 January 2014 and the roundtable meeting on 11 March 2014.
3. The purpose of the meeting was for the Trust to update Monitor on its progress towards addressing our concerns, as set out in Monitor’s Discretionary Requirements published in April 2013 (amended in September 2013), and the Trust’s Enforcement Undertakings published in August 2013.
4. The remainder of this letter summarises the key areas discussed at the meeting and sets out the next steps in addressing Monitor’s ongoing concerns.

**Key areas of discussion**

5. The main part of our meeting focussed on the Trust’s five-year financial plan, the APR submission, buddying arrangements and the Trust’s quality and governance performance. For reference, the main points discussed are summarised in Appendix 1 to this letter.

**Concerns**

6. In addition to the concerns addressed in Monitor’s Discretionary Requirements and the Trust’s Enforcement Undertakings, we particularly wish to highlight the following concerns arising from the meeting of 11 April 2014.

## **6.1 Long-term financial plan and APR submission:**

In the meeting, Monitor circulated data from the roundtable scenarios, a follow-up email and the recent APR submission, and highlighted the following specific concerns:

- the absence of a credible five-year plan that demonstrates movement towards financial sustainability
- the erroneous inclusion of revenue support rather than PDC cash support underpinning the APR deficit that has not been agreed
- we queried the accounting entries for the Trust's PFI within the APR template
- the lack of clarity for the Trusts request for £33.8m PDC cash support

The Trust explained that it was going to bring in some specific financial expertise to support the Board's work on the financial recovery agenda and to provide the required internal challenge as necessary; it had identified an experienced individual who was available to start immediately. The initial focus of the individual was agreed by the Trust and Monitor to be an outline for recovery, showing the broad areas that could be explored and the time frame over which moving towards recovery might be possible. It was accepted by Monitor that given the size of the projected deficit, the trajectory for recovery might be over a period longer than five years. *[First draft to be agreed between the Trust's financial expert and Monitor, deadline for submission of draft to be agreed on 24 April 2014]*

It was agreed that Monitor would have direct access to the individual providing the expert financial support to the Trust to ensure the scope and timeline for the deliverables meet with Monitor's expectations.

It was agreed that the APR return would be reworked and resubmitted. *[Due by midday 17 April 2014]*

It was also agreed that the Trust would update and resubmit its APR commentary to Monitor. *[Due by 25 April 2014]*

## **6.2 Buddying:**

Monitor highlighted the perceived lack of progress around buddying and the lack of submission of detailed work plans and schedule of payments. The Trust agreed to make contact with the Chair and Chief Executive of its buddy Trust and to report its agreed proposed timescales around buddying to Monitor. *[Due by midday 17 April 2014]*

The Trust also agreed to provide detailed schedules around work plans and payment timings to Monitor by the end of the month. *[Due by 30 April 2014]*

## **Next steps**

7. The next meeting will be held at Monitor's offices in Waterloo, London in May on a date to be arranged. *[After 14 May 2014]*
8. If you have any queries relating to the matters set out in this letter, please do not hesitate to contact me on 020 3747 0554 or by email at [jennifer.tait@monitor.gov.uk](mailto:jennifer.tait@monitor.gov.uk).

Yours sincerely

A handwritten signature in black ink, appearing to read 'J. Tait', with a small dot above the 'i' and a period at the end.

Jennifer Tait

**Interim Senior Regional Manager**  
0203 747 0554

cc. Paul O'Connor, Chief Executive

## **Appendix 1: Summary of the key areas discussed with the Sherwood Forest Hospital NHS Foundation Trust at the progress review meeting held at the Monitor headquarters on 11 April 2014**

**Attendees from Monitor:** Adam Cayley (Regional Director), Jennifer Tait (Interim Senior Regional Manager), Satpal Singh (Regional Manager), Bryan Scattergood (Senior Legal Adviser)

**Attendees from the Trust:** Paul O'Connor (Chief Executive), Sean Lyons (Chair), Fran Steele (Finance Director), Susan Bowler (Nursing Director)

### **Trust's long-term financial plan**

- Monitor expressed concern that it has not yet received a credible five-year plan that demonstrates a movement to sustainability from the Trust.
- The Trust agreed that it requires further support to develop a credible long-term plan and a plausible narrative around the numbers supplied. The Trust reported that it is hopeful of securing an individual to help with this, whose appointment would be confirmed on Monday 14 April. It was agreed that the initial focus of this person's work would be to agree an outline for recovery, showing the broad areas that could be explored and the time frame over which moving towards recovery might be possible.
- Monitor highlighted that the most recent five-year plan submitted by the Trust did not show an improvement in the Trust's underlying deficit. The Trust acknowledged that there had been movement in the details of its five-year plan which was originally submitted to October 2013, but that this movement was due to a number of reasons. The Trust stated that it believed its financial position was sustainable once its PFI obligation had been met. The Trust reported that it may take longer than five years for it to reach a breakeven position. Monitor accepted that given the size of the projected deficit, the trajectory for recovery may be over a period longer than five years, but given the lack of consistency in the figures so far provided by the Trust on a number of occasions, it was not yet possible for Monitor to reach an informed view on this.
- Monitor stated that it would also require clarity over the value of the Trust's PFI commitment and justification for the revenue and capital PDC support requested by the Trust, and that without this necessary information, Monitor would be unable to present as convincing a case as possible to DH and the Treasury for the release of PDC funding.

### **Trust's 2014/15 APR submission**

- Monitor stated that the Trust's APR submission contained material errors. Monitor highlighted that the Trust had incorrectly shown PDC cash support as revenue support and queried the reporting of the Trust's PFI.
- The Trust agreed to resubmit its APR template by midday on 17 April, with the APR commentary being resubmitted after the next Trust Board meeting on 24 April 2014.

### **Infection Control**

- The Trust reported that it had recorded six cases of C. difficile cross-infection in 2013/14. The Trust stated that four of these cross-infection cases would not have been identified without the root cause analysis carried out by the Trust.
- The Trust stated that it is taking the issue of cross-infection very seriously, that it holds twice-monthly infection control meetings and that it believes it is doing everything possible with regards to infection control and eliminating cross-infection.
- The Trust stated that the issues it faces are with regards to the number of cubicles, dealing with stool specimens and ensuring patients' room doors remain closed. The Trust commented that it is unclear what further action it could take with respect to further preventing cross-infection.
- The Trust commented that there is a good relationship with commissioners around infection control.

### **Buddying**

- Monitor stated that progress on the buddying arrangements between the Trust and Newcastle Hospitals NHS Foundation Trust (NHNFT) appeared to be slow. Monitor stated it had yet to receive detailed work plans and schedules around payment, and until these were received, Monitor would not be authorising payment for the buddying.
- The Trust reported it had agreed broad programs around buddying and that a team from the Trust was travelling to NHNFT on 11 April to progress buddying arrangements.
- The Trust commented that it felt it could particularly learn from Newcastle with respect to primary care and the management of its PFI. Monitor suggested that identifying tangible outcomes of buddying with NHNFT would help bring impetus to the buddying arrangement and allow the Trust to gain the maximum from the arrangement.
- The Trust agreed to communicate timelines around the timescales around its buddying arrangements following the PRM.

### **AOB**

- Monitor stated that it was aware that the Trust had breached its Q4 2013/14 A&E target and it asked whether the Trust expected to breach the target in Q1 2014/15. The Trust reported that whilst it expected April to be a difficult month, it was putting a number of initiatives in place and expected to meet it's A&E target in Q1 2014/15.