

*From the Rt Hon Jeremy Hunt MP
Secretary of State for Health*



POCI_764108

David Bennett
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5 MAR 2013

Dear David,

Failure Regime – Mid Staffordshire NHS Foundation Trust

Thank you for your letter informing me of Monitor's proposal to appoint a Trust Special Administrator (TSA) at Mid Staffordshire NHS Foundation Trust and asking for my views on this proposal.

As you set out in your letter, Mid Staffordshire NHS Foundation Trust continues to face serious financial challenges and despite significant improvements in care in recent years, this financial instability is putting at risk the Trust's work to improve services. It is essential that local services will last and provide high quality care for patients in future.

I know that the findings of the Contingency Planning Team (CPT) are the product of both detailed analysis and extensive engagement with staff and local stakeholders. I agree that the CPT's conclusion that the Trust is both clinically and financially unsustainable, and the evidence that neither the Trust nor commissioners are able to deliver the changes necessary, means that steps must be taken urgently to secure sustainable, high quality services for patients.

In light of this, I support Monitor's proposal to appoint a TSA to Mid Staffordshire NHS Foundation Trust. I believe that, for the reasons outlined in your letter, the Trust will benefit from the leadership and expertise provided by an independent TSA and that this is the best route to developing and implementing a clear and timely solution to the significant problems at the Trust.

The National Health Service Act 2006 (as amended by the 2012 Act) sets out the procedure for special administration for Foundation Trusts and I know that both Monitor and the TSA will follow the steps in this legislation closely. I want to take this opportunity to emphasise the need

to embed clinical advice at every stage of the process. The TSA will want to ensure that there is appropriate local and national input from doctors and other health professionals in shaping and defining the recommendations. Any solution must be driven by the needs of local patients and the best options for securing high quality services for them in a sustainable way in the future.

In line with this, I would be grateful if the TSA could provide an analysis of the final recommendations against the Government's four tests for reconfiguration. This will help to provide local people with additional assurance that these recommendations have been developed in the best interests of patients, rather than by financial factors alone.

Should Monitor confirm the appointment following consultation with other stakeholders, I look forward to seeing the TSA's proposals and welcome the prospect of a sustainable solution for services in Mid Staffordshire.


JEREMY HUNT

Copied:

Lyn Hill-Tout, Chief Executive, Mid Staffordshire NHS Foundation Trust
Sir David Nicholson – Chief Executive, NHS Commissioning Board
David Behan, Chief Executive, Care Quality Commission

11 March 2013

David Bennett
Chair and Chief Executive
Monitor
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By email to:
david.bennett@monitor-nhsft.gov.uk

Dear David

Failure Regime – Mid Staffordshire NHS Foundation Trust

Thank you for your letter of 6 March 2013 to David Nicholson. I am replying on his behalf.

The key statement in your letter is “the Trust is neither financially nor clinically sustainable in its present form for the long term”. We agree with that conclusion and also agree that rather than a short or medium solution being pursued, we need a robust, clinically safe, financially sustainable plan for the long term. The people of Staffordshire deserve nothing less.

I am also pleased to see your reference to working across conventional or established stakeholder and organisational boundaries. This is essential if we are to achieve a practical and equitable solution. By extension, this also suggests that Monitor does not see the Trust Special Administrator (TSA) as being solely focused on the financial failure of a single NHS Foundation Trust, but rather needing to look across the whole local health economy and also at a number of contributing factors. This is a good thing.

We have a number of comments that need to be taken into account when making the TSA appointment:

1. The NHS Commissioning Board (NHS CB) fully supports the appointment of a TSA to oversee the next stage of work at MSFT. We will work collaboratively and supportively with Monitor and the TSA to deliver a sustainable long-term solution.
2. The NHS CB notes the work undertaken to date within MSFT and the wider health economy and the report of the Contingency Planning Team ('CPT'). We commend the CPT for its effective engagement with the CCGs and the Area Team of the NHS. In particular, we note and support the finding of the CPT that MSFT is neither clinically nor financially viable.

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3. The CPT has identified a potential preferred option that satisfies the minimum requirements of the local Clinical Commission Group's ('CCGs') "protected services" list and its wider commissioning intentions. The implementation of this preferred option will clearly require changes in services to improve quality; improve outcomes for patients; and improve clinical sustainability. It will also need to include a substantial remodelling of the NHS Estate – this is an important point for the TSA to consider. However, we support this approach.
4. There is clear risk attached to any substantial service change, but because of the unique circumstances surrounding MSFT, not least the intense media scrutiny, in this instance all parties need to be very clear on roles, responsibilities and discharge of duties. We do genuinely believe that the appointment of a TSA will bring clarity, focus and significant momentum for change.
5. We believe that prior to the TSA commencing work, we (NHS CB and Monitor) commission a 'lessons learned' appraisal drawing from the TSA process in South London. This will allow the MSFT TSA to build on those things we know have aided the process in South London and equally avoid those things that have proved less helpful.
6. We are expecting that the costs associated with the appointment of a TSA will be met by Monitor.
7. In appointing a TSA we would ask Monitor note the following:
 - i. The Trust will be providing services for the immediate future that have been rightly deemed as not clinically sustainable. This includes A&E, emergency surgery, critical care and obstetrics. There need to be plans put in place to guarantee the clinical viability of these services and quality of patient care on the Stafford site during the transition before they move to alternative providers;
 - ii. The importance of appointing a senior clinical advisor to (a) help identify the optimum clinical pathway reconfigurations required; (b) work with the TSA team to create service models that are both clinically and financially sustainable; and (c) to provide on-going assurance to patients, the public and professional bodies regarding the maintenance of safety and clinical standards;
 - iii. The need for substantial and informed NHS Estates (Property Services) input to this process. The work of the CPT has focussed on a 'bottom up' description and conclusion of the most appropriate service provision. This is a limited view of the fuller impact of the probable required change. We believe it will be necessary to model further real-estate related scenarios so that maximum clinical functionality and best value for money is achieved in this undertaking;

- iv. Understandably, the CPT report has been developed using the existing system rules, guidelines and assumptions. In particular such rules that apply to PBR tariff. It will be necessary for the TSA to undertake a sensitivity analysis of current assumptions, particularly if we anticipate changes to the tariff system;
- v. The TSA should be advised to only carry out market testing on the capacity identified in the preferred option. It is essential that provision within the local health economy is right-sized, and we do not exacerbate past problems of oversupply or create a solution that allows failure to happen in neighbouring economies;
- vi. The TSA should be encouraged to think beyond the strict confines of MSFT and engage in genuine constructive consultation with CCGs, local government, NHS trusts and, of course, patient and public groups, in reaching any conclusion to their work.
- vii. The CCG(s) will not be in a position to consider any tariff uplift or any other long-term financial support. We do not believe there are any special issues or rural circumstance-related issues that apply in this case. This will need to be factored in to any TSA analysis at the earliest possible opportunity.
- viii. Monitor and the TSA need to consider the change management ramifications and service transformation requirements that shall be made of other providers that will have to absorb varying levels of demand that will migrate from MSFT. In particular the TSA should engage at an early stage with West Midland Ambulance NHS Foundation Trust to assess the impact of changed access points for 'Blue Light' services. Any demand and/or capacity based assumptions made of the broader health economy must consider the long term financial and clinical sustainability of receiving organisations

Overall, we think this a positive move and one where commissioners shall clearly play a leading role. We need to be transparent in all that we do; we need to find a sustainable solution that does not require on-going subsidies; and need to be honest in our conversations about the future of MSFT, and health service provision generally in the region, with stakeholders, the public, but above all patients. These principles should guide this work going forwards.

Yours sincerely



Ian Dalton CBE
Chief Operating Officer and Deputy Chief Executive



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8 March 2013

Dear David

Failure Regime – Mid Staffordshire NHS Foundation Trust

In response to your letter dated 6 March 2013, the Care Quality Commission confirms its support of Monitor in its decision to appoint a Trust Special Administrator (TSA) at Mid Staffordshire NHS Foundation Trust (MSFT). In order to support the ongoing safety and quality of care delivered at the Trust during this period the Commission, through its regional team, will be looking to work closely with Monitor and the appointed TSA in ensuring that required standards are maintained and as necessary support any regulatory activity that may be required during this period.

I anticipate that once the appointment of a TSA has been confirmed, the Care Quality Commission would welcome a meeting to discuss both our role in ensuring that MSFT maintains quality standards during this period, and how we will work together to ensure that our roles join up effectively now and in the future. We will contact your staff to take this forward.

Yours sincerely

A handwritten signature in black ink that reads 'David Behan'.

David Behan
Chief Executive

Mid Staffordshire 
NHS Foundation Trust

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Dr D Bennett
Chairman
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4 Matthew Parker Street
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11 March 2013

Dear David,

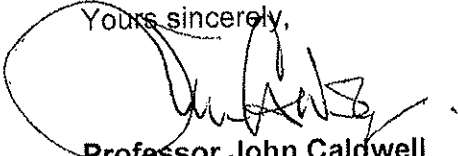
I write in reply to your letter of 6 March in which you invite the Mid-Staffordshire NHS Foundation Trust to present its views on Monitor's proposal that a Trust Special Administrator be appointed to MSFT.

We acknowledge the Contingency Planning Team's report published on March 5 and will respond separately to this, as there are a number of areas which concern us, both in terms of the conclusions drawn and their suggested implementation plan.

We have previously accepted the conclusions of the CPT's Sustainability Review, published in December, and now accept their key finding that, of the options presented, the way forward for MSFT is the appointment of a TSA, who must be properly empowered to deal with issues across the health economy. Given the history of MSFT and the health economy of Staffordshire, we accept that the Trust Board could never be the sole driver of the necessary change. Further, we agree with their conclusion that the local health economy has been and remains weak, lacking NHS organisations with the vision and capacity to address its problems, specifically that local commissioners are not able to deliver the transformation that Staffordshire requires. We also support the need for urgency around the present task: the present uncertainty and the associated organisational instability have already lasted far too long, for patients and staff alike. We recognise that the appointment of a TSA could expedite this process. However, we do reiterate our concern, previously expressed in our letter to you of February 6 2013, about the significant risk which such an appointment would place upon the ability of the Trust to continue the progress made in improving and sustaining both operational delivery, in the quality and effectiveness of clinical care to our patients, and the Trust's governance arrangements. The Trust are concerned to see effective arrangements in place to ensure that this risk would be appropriately mitigated.

The current Trust Board and Council of Governors have moved the Trust forward from the severe problems of 2005-2009 to the current position of full compliance with all requirements of the Care Quality Commission, "operational stability" as assessed by the CPT and financial control within agreed budgets. On behalf of the patients, staff and populations we serve in Cannock and Stafford, we want to see the evolution of a new truly sustainable framework for local health services in Staffordshire and look forward to an outcome which will give our community stable services of the highest quality for many years to come.

Yours sincerely,



Professor John Caldwell
Chairman

Because we care 



NHS North Staffordshire
NHS Stoke on Trent
South Staffordshire PCT

Ref GU/TJS

Staffordshire Cluster of PCTs
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8 March 2013

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Mr David Bennett
Chair and Chief Executive
Monitor
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Dear David

Failure Regime Mid Staffordshire Foundation Trust

Thank you for your letter dated 6 March 2013.

As there is now only three weeks to go until the abolition of Primary Care Trusts, this letter is co-signed by the Accountable Officer of both the Cannock Chase CCG and the Stafford and Surrounds CCG, you may therefore accept this as representative of the views of local commissioners both present and future.

Cannock Chase CCG and Stafford and Surrounds CCG are the main commissioners of Mid Staffordshire NHS Foundation Trust (representing 90% of their health care income.)

Local commissioners support the appointment of a Trust Special Administrator to MSFT and commit to working collaboratively with the TSA to deliver a long term, clinically sustainable and financially viable solution for the local population.

Local commissioners commend Monitor's Contingency Planning Team for the supportive and close working relationship that they have had with both the CCGs.

Local commissioners note and accept the CPT report, in particular that Mid Staffordshire NHS Foundation Trust is neither clinically nor financially viable.

The CPT has identified a potential preferred option that satisfies the minimum requirements of the local CCGs "Protected Services" list and its wider commissioning intentions.

The local CCGs have made no plans to make tariff plus payments or any long term financial subsidy available to Mid Staffordshire NHS Foundation Trust. This is because there are no special circumstances that would require us to do so and sufficient capacity is available elsewhere at PBR tariff.

Cluster Chief Executive: **Graham Urwin**

Cluster Chair: **Alex Fox MBE**





NHS North Staffordshire
NHS Stoke on Trent
South Staffordshire PCT

- 2 -

Local commissioners note that the preferred option as set out by the CPT will require patient services to be delivered through a continuous clinical pathway across more than one location. It would be in the best interests of continuity of service and therefore clinical quality and outcomes that those services provided at both Stafford and Cannock hospitals are principally managed by one or more of the neighbouring specialist hospitals.

Yours sincerely

Graham Urwin
Chief Executive
Staffordshire Cluster of PCTs

Andrew Donald
Accountable Officer Designate
Cannock Chase and Stafford and Surrounds CCGs