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6 December 2012

Prof John Caldwell  
Chair  
Mid Staffordshire NHS Foundation Trust  
Stafford Hospital  
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**By email**

Dear John

It is now almost three months since Monitor appointed a consortium of experts to develop a long-term solution for the sustainable delivery of the services currently provided by Mid Staffordshire NHS Foundation Trust. The Contingency Planning Team (CPT) is not due to report until March next year, but I thought it would be helpful to give you and your Board an update of what we have learned from the project so far.

You will already be aware that the CPT is undertaking an extensive programme of engagement with interested parties across the local health economy, including staff, patient representatives and members of the public. In particular it is working closely with GPs in the two local Clinical Commissioning Groups (CCGs) for Stafford and Surrounds, and Cannock Chase to understand and define what services patients require in the area served by the Trust. The CPT is also taking soundings from other providers in the region, including the University Hospital of North Staffordshire, the Staffordshire and Stoke-on-Trent Partnership NHS Trust, and the trusts covering Walsall, Wolverhampton, Burton, and Shrewsbury and Telford.

The CPT is also beginning to explore options for configuring services in the health economy through a Clinical Advisory Group chaired by Prof Hugo Mascie-Taylor, medical director of the NHS Confederation, and an Operating and Finance Group chaired by Bob Alexander, finance director of the NHS Trust Development Authority (NTDA).

On the basis of the evidence it has collected and assessed during the course of this exercise, the CPT has informed me that it will shortly formally advise Monitor

that the Trust is not able to achieve either financial or clinical sustainability in the long-term in its current form. The CPT is in the process of putting together a report to explain how and why it has come to this conclusion, and this document will be published by Monitor early in the New Year.

The CPT's advice may not be welcome in some quarters, but it should not be unexpected. Your own Board concluded earlier this year that the Trust could not find a way to achieve long-term sustainable services without some changes to the existing service delivery model. It was in anticipation of such an outcome that you agreed to an independent evaluation of the Trust's predicament, when we agreed a way forward with our partners in the Department of Health, The NHS Commissioning Board, the NTDA and the Midlands and East Strategic Health Authority.

The Department in particular is well aware of the financial pressures on the Trust, since it provided £20 million to keep it going during the last financial year and anticipates a similar bill this year in order to make the Trust solvent. This level of additional funding cannot go on indefinitely and the CPT is likely to conclude that significant financial support - over and above that already agreed - would be needed over a five year period to enable the Trust to keep operating. Even then, in order to break even after five years, the Trust would need to deliver year on year savings at a significantly higher level than the cost improvements delivered to date.

The Trust's deficit is currently above 10% of turnover, and this highlights the structural challenge faced by small district general hospitals serving relatively small catchment areas. Staffordshire Public Health estimates that the catchment population for the Trust is less than 220,000, significantly below guidelines for the catchment of an acute general hospital providing a full range of elective and emergency services.

Whilst I am sure the CPT will acknowledge the significant improvements in clinical standards that you have delivered, what has become clear is the extent to which the Trust is struggling to attract and retain the clinical talent it needs in some areas in order to provide the high quality services that local people expect. I understand the CPT has evidence that currently almost one in five consultant posts at the Trust are not filled by a substantive member of staff. There is a national shortage of consultants in key specialities, for example, and professional requirements for consultant cover are increasing. Unfortunately, the Trust also suffers from the reputational impact of the problems that came to light a few years ago.

This judgement of the CPT about the long-term financial and clinical sustainability of the Trust will underpin the remainder of its work over the coming months to find an alternative and permanent solution. I therefore thought it would be helpful to put the advice on the record as soon as possible, and clear the way for the CPT to get to grips with the difficult decisions that will follow from it. This will determine how local services can be provided in a clinically and financially sustainable manner, and what organisational form this might take, including a recommendation as to whether the Trust should be put into special administration.

Our job at Monitor is to ensure that throughout this process, local hospital services continue to be available for the benefit of the whole community. The CPT will continue to support your local commissioners as they determine what services must under any circumstances be provided at existing locations. I gather that the local CCGs are already working on this, and in coming to a view, they will test the full range of other acute hospital services that are potentially available to local patients at other providers. However, no decision about whether it might be the best solution to move patients to these alternative providers has yet been made. The proposals from the CCGs will be considered as part of the next phase of the project. During this period the CPT will develop and evaluate options for the future delivery of the full range of services currently provided by the Trust, and recommend a preferred option for implementation in its final report in March 2013.

This is, of course, a difficult time not only for you and your Board, but for all of the staff employed by the Trust, and for the patients that use your services. As we said at the outset of this process, the Trust has made significant improvements in the clinical care provided for the people of Mid Staffordshire. I repeat that the Care Quality Commission has no safety or quality concerns with the services currently provided. You and your executive team can take pride in the high standard of healthcare the staff of the Trust offer to the public. The issue for Monitor was, and will remain, how that high quality care can continue to be provided on a sustainable basis for the long-term.

Yours sincerely

A handwritten signature in black ink, appearing to read 'David Bennett', with a stylized flourish extending from the end.

David Bennett  
**Chair and Chief Executive**