

2 October 2015

Dame Fiona Caldicott
Chair
Oxford University Hospitals NHS Trust
The John Radcliffe Hospital
Headley Way
Headington
Oxford
OX3 9DU

Sent by e-mail

Dear Dame Fiona

Oxford University Hospital NHS Trust (“the Trust”): Application for NHS foundation trust status

We wrote to you yesterday under separate cover in relation to the Trust’s authorisation as an NHS foundation trust. This letter deals with certain matters which emerged during the scrutiny of your application.

Financial sustainability

The Monitor Board decided that the Trust meets the criteria for authorisation as set out in section 5.1 of “Applying for NHS foundation trust status: A guide for applicants” (“the Guide”) which states, amongst other things, that applicants must demonstrate that they can, with a high likelihood, generate a sustainable net income surplus by year 3 of the projected period unless exceptional circumstances exist, and maintain a reasonable cash position.

In arriving at its decision to authorise the Trust, Monitor’s Board recognised the current financial pressures across the sector and noted the financial challenges that the Trust faces in the short term. It also took into consideration the actions that the Trust is putting in place to deliver the forecast year end position and the evidence provided to support the future deliverability of medium term CIPs in the Trust’s paper

“Delivery of Planned Cost Improvement Programme from 2017/18 onwards”. It is imperative that the Trust continues to achieve CIPs as currently forecast in order to generate a surplus in line with its plan in FY17. The Trust also recognises that it needs to progress plans for future transformational schemes, supported by appropriate analysis of deliverability.

You will be aware of the current financial controls in place for NHS Foundation Trusts, for example, on agency spend, management consultancy and VSM pay, and we would strongly urge you to adopt these as part of your plan to mitigate the Trust’s current trading position.

Access and outcomes

Monitor’s Board found that the Trust meets the criteria for authorisation as set out in section 5.3.2.3 of the guide ‘How is the applicant performing against the quality performance threshold’.

The Trust is currently scoring ‘2.0’ under the quality performance threshold at Q1 2015/16 due to breaches of the A&E and 62 day cancer (urgent GP referral for suspected cancer) targets. The Trust has failed to achieve both targets since Q1 2014/15. Under the Risk Assessment Framework (RAF) this would trigger a governance concern.

The Trust has two action plans - the “Cancer Care Improvement Plan” and the “Urgent Care Improvement Plan” (“the Plans”), which show a trajectory to sustained compliance with the 62 day cancer and four hour performance targets by Q2 2015/16. The Trust’s Plans identify actions that are fully within its internal control and those that will require the support of its local health economy (LHE) partners. Each action is aligned to an estimate of the reduction in breaches in which it will result and the resulting trajectory is apportioned between those actions that the Trust can deliver internally and those that are reliant on support from LHE partners.

In arriving at its decision to authorise the Trust, Monitor’s Board took the Plans and the recent improvement in performance into consideration and it is therefore important that the Trust continues to strengthen these plans in response to emerging issues and, where appropriate, external feedback. We expect the Trust to embed the changes made and delivers the actions in the Plan which are the Trust’s responsibility, within the timescales indicated.

Reporting to Monitor

We understand you are already implementing actions in relation to the areas set out above. We expect your Board to provide formal assurance to Monitor on each of these matters. These actions are additional to compliance with all of the conditions of the Trust’s licence and to the reporting requirements set out in the Risk assessment framework (update August 2015).

Current year trading

The Trust must take urgent action to strengthen further its mitigating actions to address the current trading position. The exact format of the assurance in this area will be agreed with the relationship team.

CIPS

The Trust must provide us with assurance on the delivery of current year CIP programmes and on the development of new transformational cost improvement programmes to secure a financially sustainable position over the long term. This information should be in the form of your existing internal governance reporting wherever possible, rather than creating new or additional information. In all instances the information you send to us must be consistent with the Trust's internally reported position. This information should be provided to Monitor on a monthly basis as part of its monthly financial monitoring submission, in accordance with the timetable for these monthly submissions. The exact format of the submission will be agreed with the relationship team.

Access and outcomes

To enable us to evaluate the sustainability of improvement in operational performance we expect your Board to provide monthly formal assurance to your Monitor Provider Regulation relationship team on progress of the Plans.

This information should be in the form of your existing internal governance reporting on delivery of the Plans, rather than creating new or additional information. We would expect this information to be submitted on a monthly basis until it is agreed with your relationship team that it is no longer required. Again, the information you send to us must be consistent with the Trust's internally reported position. Your relationship team will follow up with the Trust on this reporting.

In order to provide us with the assurance that you are delivering the Plans, the information submitted to us should cover the following areas:

1. The actions the Trust has undertaken to implement and monitor the Plans in line with documented timescales;
2. Any revisions made to the Plans including new actions and revised timescales;
3. Progress made by LHE partners in implementing the actions in the Plans for which they are responsible for; and
4. Any feedback given from independent assessments of the Plans (eg ECIST) and steps taken to address any feedback.

Notwithstanding these important issues, we should like to congratulate you and your team on the hard work and your successful application. We wish you well for the future.

Yours sincerely

A handwritten signature in black ink, appearing to read 'David Bennett', with a long horizontal stroke extending to the right.

David Bennett
Chief Executive

Cc: Miranda Carter, Executive Director of Provider Appraisal
Paul Streat, Regional Director South, Provider Regulation
Bob Alexander – Chief Executive, NHS Trust Development Authority