

6 June 2014

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The logo for Monitor, featuring the word "Monitor" in a sans-serif font with a blue arch over the "i".
Monitor

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Dear Paul,

Q4 2013/14 monitoring and 2014/15 annual plan review of NHS foundation trusts

I am writing to you in respect of our review of the two year operational plan phase of the 2014/15 annual plan review (APR) as well as the Q4 2013/14 monitoring cycle.

The purpose of Monitor's review of operational plans is to assess whether foundation trusts (FTs) are effectively planning for the future while maintaining and improving quality. This enables Monitor to make a more informed judgement about future risks to the Trust's compliance with its licence conditions.

Under the APR process all FTs are subject to high-level review of two-year operational plans. Following this, and alongside our Q4 monitoring, Monitor determines if a change in regulatory approach is required on a trust by trust basis. This may include specific planning focused actions¹ or Monitor could consider whether to take any regulatory action under the 2012 Act, taking into account as appropriate its published guidance on the licence and enforcement action including its Enforcement Guidance² and the Risk Assessment Framework³.

As set out in our letter dated 16 May 2014⁴, at an aggregate level, Monitor's review has highlighted significant concerns about the quality of the sector's planning, particularly that year two of the plans may, on aggregate, be overly optimistic. We ask that you bear this in mind when completing your strategic plan.

In addition, where Monitor has identified specific weakness in individual plans we may ask individual FTs to resubmit their plans as part of the strategic plan submission.

¹ Please see section 2.5 of Monitor's [Annual plan review 2014/15 guidance](#)

² www.monitor-nhsft.gov.uk/node/2622

³ www.monitor.gov.uk/raf

⁴ [APR update letter 16 May 2014](#)

Risk ratings

Monitor has now completed the review of your two-year operational plans⁵ and Q4 submissions.

Based on this work, the current and forecast risk ratings are:

	Q4 13/14 (actual)	Q1 14/15 (plan)	Q2 14/15 (plan)	Q3 14/15 (plan)	Q4 14/15 (plan)
Continuity of service risk rating	1	1	1	1	1

Governance risk rating	Red
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The governance rating represents Monitor's current view of governance at the Trust. The Trust therefore has a single rating.

These ratings will be published on Monitor's website in June. We would emphasise that the forecast continuity of service risk ratings are the FT's own risk ratings as submitted in the operational plan and as such are never adjusted by Monitor.

The Trust is subject to formal enforcement action in the form of discretionary requirements and enforcement undertakings. In accordance with Monitor's Enforcement Guidance, such actions have also been published on our website.

There are currently no further changes to our regulatory approach as a result of our review of the Trust's operational plan.

We have the following concerns from our review of the Trust's operational plan and Q4 submissions:

- **Financial sustainability:** There are concerns over the long term financial sustainability of the Trust due in part to its PFI commitments, which are a disproportionately large percentage of turnover. The Trust is due to submit a long term financial recovery plan to Monitor and has taken on a senior financial advisor to help with this.
- **Quality and service performance:** In addition to concerns highlighted by the Keogh Review, the Trust has a number of CQC concerns outstanding and has breached a number of targets at Q4 2013/14 including A&E, C. Difficile and RTT (admitted and non admitted). The Trust has declared a risk of breaching its C. Difficile target in 2014/15. The results of the CQC reinspection will provide evidence as to whether the Trust is improving its performance with respect to quality.
- **Governance:** PwC assessed the Trust as scoring 4.0 (PwC review delivered in January 14) against Monitor's quality governance framework. We note that the Trust

⁵ Please note that these findings are interim as we consider both the operational and strategic plans part of the same process. As previously communicated in our guidance, final APR findings will be provided to FTs in October 2014 following review of the five-year strategic plan submissions.

has subsequently reported it had achieved a self assessed quality governance score of 3.5 in March 14.

We have identified specific weaknesses in your FT's plan and require you to resubmit your operational plan for 2014/15 and 2015/16 when you resubmit your long term strategic plan to Monitor by 30 June 2014.

Next steps

A report on the FT sector aggregate performance from Q4 2013/14 will shortly be available on our website (in the News, events and publications section) which I hope you will find of interest.

For your information, we will shortly be issuing a press release setting out a summary of the key findings across the FT sector from the Q4 and APR monitoring cycle.

We will also publish on our website, under your entry in the Public Register of NHS foundation trusts, the commentary/summary document of the operational plan excluding any appendices in a similar format to previous years.

Please note that as previously communicated in April's FT bulletin⁶ we are not attaching an executive summary of our quarterly review as we have done previously.

If you have any queries relating to the above, please contact me by telephone on 0203 747 0554 or by email (Jennifer.Tait@Monitor.gov.uk).

Yours sincerely



Jennifer Tait
Senior Regional Manager

cc: Sean Lyons, Chair
Fran Steele, Executive Director of Finance

⁶ [FT Bulletin April 2014](#)