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31 July 2012

Ms Patricia Wright
Chief Executive
The Queen Elizabeth Hospital
Gayton Road
King's Lynn
PE30 4ET

Dear Patricia,

2012/13 Annual Plan Review

I am writing to you in relation to the 2012/13 Annual Plan Review (APR). The purpose of Monitor's review is to assess whether NHS foundation trusts are effectively planning for the future while maintaining and improving quality. This enables Monitor to make a more informed judgement about future risks to compliance with a Trust's terms of Authorisation.

Under the APR process all NHS foundation trusts are subject to a two day high-level review of the annual plans submitted to Monitor at the start of June. Following this scrutiny Monitor determines, on a trust by trust basis, the appropriate regulatory approach for the year. The regulatory approach may involve one or more of the following:

- Continued quarterly monitoring;
- Enhanced monitoring;
- Formal visit by Monitor;
- Further internal work by Monitor; and
- Suggested further work for the Trust to commission.

In addition where concerns have been identified Monitor may, during the period from late July to early October, instigate a more detailed review that focuses on aspects of risk identified during the first stage.

For your information I enclose a summary of our analysis of your Trust's Annual Plan. This summary reflects the work done by Monitor during June and early July and as a consequence subsequent discussions which may have taken place are not reflected. It is important to note that Monitor's review process assesses but does not endorse Trusts' plans.

Risk Ratings

We have now completed the two day review on your 2012/13 Annual Plan, and your Trust has the following annual risk ratings for 2012/13 as submitted in your return to Monitor:

Financial Risk Rating	3
Governance Rating	RED

These ratings will be published on Monitor's website in early August. We would emphasise that these risk ratings are the Foundation Trust's own risk ratings and as such are never adjusted by Monitor. We will also publish on our website, under your entry in the Public Register of NHS foundation trusts, the components of the strategic plan that your Trust submitted that were highlighted as for publication including a summary of financial plans in a similar format to that published last year, new 2012/13 Schedule 2 (Mandatory Goods and Services), Schedule 3 (Mandatory Education and Training) and Schedule 5 (Limit on Borrowing). Please note that your Prudential Borrowing Limit is currently being calculated and approved and will be published on the Monitor website at the end of August.

Monitor will continue to assess the risks to the Trust's compliance with its terms of Authorisation through the returns provided by you as part of the normal quarterly monitoring process which commences with the review of quarter one in August 2012. We will publish an update to the risk ratings at this time.

Outcome of Annual Plan Review

Queen Elizabeth Hospital Kings Lynn NHS Foundation Trust remains in significant breach of its Authorisation. The Trust will continue to be required to attend regular meetings with Monitor and to be subject to additional reporting requirements. As a result, the Trust was not considered for an in-depth review. However, it is important that the Trust Board continues to monitor the risks to compliance with its terms of Authorisation and takes appropriate mitigating action where necessary. Recognising the significant level of Cost Improvement programmes (CIPs) that need to be delivered across the Health Sector, all Trust Boards should assure themselves that where CIPs are being implemented their impact is being assessed on a on-going basis such that the quality of services is being maintained and improved and that the Trust can continue to deliver safe services sustainably.

Trusts planning to breach their PPI caps and other indicators

Please note that Monitor does not take action in respect of planned breaches. As a result Trusts planning to breach caps or other indicators or deliver sub-standard FRR and GRR ratings over the plan period should not assume that Monitor will not escalate these matters if and when they occur.

Quality of Planning

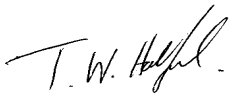
Our review of Trusts' plans has identified that in many cases while Trusts plan prudently for year 1 of their APR submission planning for years 2 and 3 appears less rigorous with Trusts simply rolling forward the same plan. This is not best practice and we believe Trusts should be considering plans equally across all three years despite more detail being required for the first year. Going forward this approach to APR submissions may be considered a governance risk.

Next steps

As in previous years, Monitor intends to publish a summary of findings from the Annual Plans that have been submitted which will include aggregated information from all NHS foundation trusts and the emerging themes from our review. We intend to publish the information contained in this document during August 2012.

If you have any queries in relation to any of the above, please contact me by telephone on 020 7340 2501 or by email (Tim.Halford@monitor-nhsft.gov.uk) at the earliest opportunity.

Yours sincerely



Tim Halford
Senior Compliance Manager

cc: Ms Kate Gordon, Chair
Dr Geoff Hunnam, Medical Director
Mr David Stonehouse, Director of Finance & Business Development