

27 October 2015

Ms Jane Tomkinson
Chief Executive

Liverpool Heart and Chest Hospital NHS Foundation Trust
Trust Headquarters
Thomas Drive
Liverpool
Merseyside
L14 3PE

Dear Jane,

Thank you for your response to David Bennett's letter from 3 August. As acknowledged in David's letter we are facing an unprecedented financial challenge in the unaffordable aggregate sector deficit for 2015-16, and in this context we appreciate the time you have spent to reassess your plan for the year.

We have noted your comments about being unable to commit to an improved position. We would like you to continue to seek opportunities to further improve this position, and as a minimum to deliver your original plan.

Based on your month 5 return, you have reported a financial sustainability risk rating ('FSRR') of 2, which under Monitor's Risk Assessment Framework, is a trigger for us to consider whether or not to investigate your financial position and financial governance.

At month 5 the trust is reporting a £1m deficit against a planned deficit of £0.2m. We discussed the reasons for this during our call on 7 October and we understand the trust has implemented a number of actions to address the underperformance.

We expect the trust to do all it can to control expenditure; we would therefore like you to confirm to us in writing¹ by 6 November 2015 that you are applying all the controls announced by Monitor² (including the management consultancy cap and agency rules). We have decided not to open an investigation at this stage, however we will reassess the trust's position against plan in quarter 2 and whether you are applying the controls announced by Monitor and determine what, if any, regulatory action is appropriate.

If you have any queries relating to the above, please contact me by telephone on 0203 747 0474 or by email at Becky.Chantry@Monitor.gov.uk.

¹ Please also send a copy of your confirmation to agencyrules@monitor.gov.uk.

² <https://www.gov.uk/government/publications/helping-nhs-foundation-trusts-adopt-best-financial-practice>

Yours sincerely

A handwritten signature in black ink, appearing to read 'B. Chantry'. The signature is written in a cursive, flowing style.

Becky Chantry

Senior Regional Manager

cc: Mr Neil Large, Chairman

Mr David Jago, Director of Finance