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Chairman Neil Large
Chief Executive Jane Tomkinson

5th November 2015

Becky Chantry
Senior Regional Manager
Monitor
Wellington House
133-155 Waterloo Road
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Dear Becky

Thank you for your letter of 27th October 2015. I can confirm that the Trust continues to actively pursue all opportunities to reduce expenditure and improve our financial position and this will mitigate the extrapolation of the Month 6 position which will be discussed at our Q2 teleconference.

With regard to application of the controls announced by Monitor in relation to the management consultancy cap and agency rules (and whilst acknowledging that the Trust is not currently in breach of its licence, we recognise the good practice), our response is as follows:

Consultancy Cap

I can confirm that for the current financial year, the Trust has not commissioned any management consultancy work valued in excess of £50k. The Trust is currently working with NHS partners under the Healthy Liverpool Programme to explore future strategic options for the services provided by the Trust. This work will require consultancy support but we anticipate securing funding for this work from Liverpool CCG. I will be happy to update you on progress at our Q2 call and discuss with you whether or not a business case will be required.

Agency Rules

The Trust has submitted a revised trajectory of improvement following our phone call on 7th October 2015. This demonstrates sustainable reductions in nursing agency spend and we continue to work to the forecast position of 6% of nursing budget by March 2016. On the call we discussed a revision to the cap (3%) but were advised that this would be unlikely in view of fit with the criteria for extenuating circumstances. For reference, I attach a copy of the letter we sent to Monitor following this call, setting out the actions we have put in place to reduce the use of agency nursing. We have also this week further tightened our sign off procedure for authorisation of all agency spend.

In respect of utilising approved framework agreements, the Trust continues to comply with this as far as is possible but there have been occasions where use of other agency providers has been unavoidable in respect of the specialist skills we require to safely manage our critical care unit.

We note the consultation on proposed price cap rules and are in the process of assessing our position. We will submit a response to this consultation in accordance with the set timeframe.

If you require any further information, ahead of our Q2 discussion, please do not hesitate to contact me.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Jane Tomkinson', with a stylized, flowing script.

Jane Tomkinson
Chief Executive

cc: Neil Large, Chairman
David Jago, Chief Finance Officer