Richmond House
79 Whitehall
London SW1A 2NS

Gateway Ref: 15198
30 November 2010

Dear Nick,

Progressing to NHS Foundation Trust (FT) status

As you know, the Coalition Government has set out its intention to support all NHS Trusts to become Foundation Trusts within three years. The White Paper, "Liberating the NHS" made this clear as follows:

> Para 4.23: "Within three years, we will support all NHS trusts to become foundation Trusts. It will not be an option for organisations to decide to remain as an NHS Trust rather than become or be part of a foundation trust..."

I am writing to bring to attention that, as an NHS Trust, this has implications for your organisation, NHS Direct.

For your organisation there will be a range of issues that will need to be clarified ahead of any firm plans being made to become an FT. These issues will include the commissioning and funding of your services in the new system and also how the market for providers of equivalent services will evolve.

The Secretary of State, Andrew Lansley has written to your Chair also on this issue and in my capacity as National Managing Director for Provider Development, I am writing to you in parallel.

<u>Early action required of your Board</u>

In this context, I would be grateful if your Board could consider the implications of this direction of travel and begin discussions with the relevant stakeholders to determine the most appropriate form for your organisation. You should also agree and discuss these proposals with the

DH policy sponsor team. Relating to whatever decisions are taken we would want to see the plans that underpin your objectives.

Summary

David Nicholson's September 2010 letter to Chief Executives provides an important reminder of the need to continue to deliver high quality care and improving health outcomes for patients, at the same time as taking steps towards transition to the new system. This letter is available at the following link:

> http://www.dh.gov.uk/en/Publicationsandstatistics/Lettersandcirculars/Dearcolleagueletters/DH_119311

I am committed to working with you on this issue and, if deemed appropriate, support your progression to FT status.

As a first point of call for discussions on this issue, can I ask that you contact Matthew Kershaw, DH Director of Provider Development.

Yours sincerely

Ian Dalton
Managing Director of Provider Development