United Lincolnshire Hospitals NHS Trust

To:	**Trust Board**
From:	Jan Sobieraj
Date:	3rd October 2017
Healthcare standard	

Title:	Financial Special Measures

Author/Responsible Director: Trust Secretary/ Chief Executive

Purpose of the Report: To inform the Board of actions required as a result of Trust entering financial special measures.

The Report is provided to the Board for:

Decision		Discussion	
Assurance		Information	X

Summary/Key Points:

The attached paper lists the actions the trust must undertake because it is in financial special measures. Draft undertakings will be provided by NHS Improvement shortly.

NHSI have advised that the list is not exhaustive and further actions may be required by NHS Improvement, including by the Financial Improvement Director acting on NHS Improvement's behalf.

Recommendations:

The Board is asked to acknowledge the actions required as a result of entering financial special measures.

Strategic Risk Register	**Performance KPIs year to date**
Resource Implications (eg Financial, HR)	
Assurance Implications	
Patient and Public Involvement (PPI) Implications	

Equality Impact
Information exempt from Disclosure
Requirement for further review?

1. Accelerated recovery

By 5pm 3 working days ahead of the first formal progress check on the 26th October 2017 the Trust must send to NHS Improvement

- an articulation of the key **financial issues and their causes**, including an analysis of the underlying causes of the trust's financial position
- A **robust high-level financial recovery plan**, service quality-assured and agreed by the trust's board that:
    - delivers rapid financial recovery;
    - sets out actions that delivers control total for 2017/18, recognising the current financial position of the trust;
    - demonstrates quarter on quarter improvement in I&E run rate; and

The financial recovery plan should include (but not be limited to):

- Fully worked up (green-rated for process) **CIPs**. The plan should set out the key **CIP building blocks** (under each of income, pay and non-pay) that make up the CIP target, and for each of these building blocks, detail:
- the key **activities the trust will undertake** – e.g:
    - income (e.g. increased activity, improved data capture and coding etc.)
    - pay (e.g. reducing agency and locum spend; consultant job planning; and on other workforce reviews and productivity savings)
    - non-pay (e.g. estates, procurement etc. – including Model Hospital opportunities)
- whether the CIPs are **recurrent or non-recurrent**. The large majority of schemes should be recurrent
- whether the CIPs are **income or cost-reduction**. The large majority of schemes should be cost-reduction. All income CIPs should be identified as being from specific commissioners
- the **monthly financial phasing**, to understand when savings will be delivered
- the **key milestones and KPIs** that underpin delivery, including monthly **workforce forecasts** (headcount/WTE)
- delivery risks and mitigations for them
- Plans for extra **CIPs as contingency,** giving the key building blocks and detailing if they are recurrent or non-recurrent and whether they relate to income, pay or non-pay
- Analysis and assurance over the **capability and capacity** of the trust to deliver the financial recovery plan
- Articulation of the **governance arrangements** in place to assure the trust's Board on the robustness of the financial recovery plan and to ensure the full delivery of it
- A review of any **planned investments** (capital and revenue)
- Actions the trust is taking to manage **cash** and minimise requirements for cash draw-downs from the Department of Health
- Details of **extra controls** and other measures the trust has put in place since being put into FSM to immediately strengthen financial control. The trust may wish to refer to NHS Improvement's Grip and Control checklist

The financial recovery plan should not, in the first month, focus on longer term or structural issues.

2. Resources

NHSI have appointed a Financial Improvement Director (FID) for the trust. The trust must co-operate and work with them. The FID will monitor, on behalf of NHS Improvement, progress on the actions set out above and provide challenge as appropriate, and may also determine other actions to be taken by the trust. NHS Improvement will meet the costs of the Financial Improvement Director, who will report to the NHS Improvement Executive Sponsor, and not to the trust.

The trust must make sufficient resource available, or secure appropriate additional support if necessary, to develop and deliver the financial recovery plan. This is expected to be self-funded from the savings the trust is expected to make. The financial recovery plan should include details of how the trust will resource development and delivery of the plan.

3. Oversight and Governance

The first formal progress with the NHS Improvement Executive Director Sponsor, will take place on 26th October 2017. At this meeting the trust should present a summary of its financial recovery plan before moving into a Q&A session.

Should NHSI determine that:

- the trust has delivered the requirements set out above to an appropriate standard;
- that NHS Improvement is assured on the robustness of the financial recovery plan; and
- that the formal progress check meeting is satisfactory,

Then the Trust would be in a position to formally submit a revised plan to NHS Improvement's central finance team for monitoring purposes. The subsequent formal progress check meetings would track performance against that plan.

Should NHSI determine that the trust has not delivered the actions set out and its enforcement undertakings, to an appropriate standard, the next steps will include consideration of potential further regulatory action.

Following the first formal progress check meeting, the trust will be required to attend subsequent regular formal progress check meetings with NHSI, at approximately monthly intervals. As a minimum, the trust Chair, CEO, Finance Director and Medical Director to attend all formal progress check meetings.

4. **FSM exit criteria**

The criteria NHS Improvement uses, at the appropriate time and in due course, to make any decision on exit from FSM are set out here: https://improvement.nhs.uk/uploads/documents/Exit_criteria_for_financial_special_measures.pdf