

To:	Trust Board
From:	Director of Finance
Date:	7 th November 2017

Title:	Financial Special Measures
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Responsible Director: Director of Finance
Author: Director of Finance

Purpose of the Report:

This report is provided to notify the Trust Board of the impact of Financial Special Measures on United Lincolnshire NHS Trust, and the steps being taken to exit Financial Special Measures, and updates on improving the quality of our services.

The Report is provided to the Board for:

Decision	<input type="checkbox"/>	Discussion	<input type="checkbox"/>
Assurance	<input checked="" type="checkbox"/>	Information	<input type="checkbox"/>

Summary/Key Points:

United Lincolnshire NHS Trust was placed in Financial Special Measures on 1st September 2017 by NHSI.
 The issues have arisen by the cost of delivering and investing in services over three main sites and a large rural geography whilst struggling to deliver the national efficiency agenda. This has resulted in a significant structural deficit that the Trust is working with the Lincolnshire health economy to address.
 The Trust has made steady progress against the financial turnaround targets to date. The current delivery as at month 6, September 2017 is £3.7m against the year to date plan of £3.2m on the heading Financial Efficiency Plan.

Recommendations:

The Board are asked to note the position and the planned actions.

Strategic Risk Register	Performance KPIs year to date
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Resource Implications (e.g. Financial, HR)

Assurance Implications

Patient and Public Involvement (PPI) Implications
Equality Impact
Information exempt from Disclosure –
Requirement for further review?

1. Background

- 1.1 United Lincolnshire NHS Trust was placed in Financial Special Measures on 1st September 2017 by NHSI.
- 1.2 The current financial position is highlighted in the table below, covering Month 6 (up to September 2017).

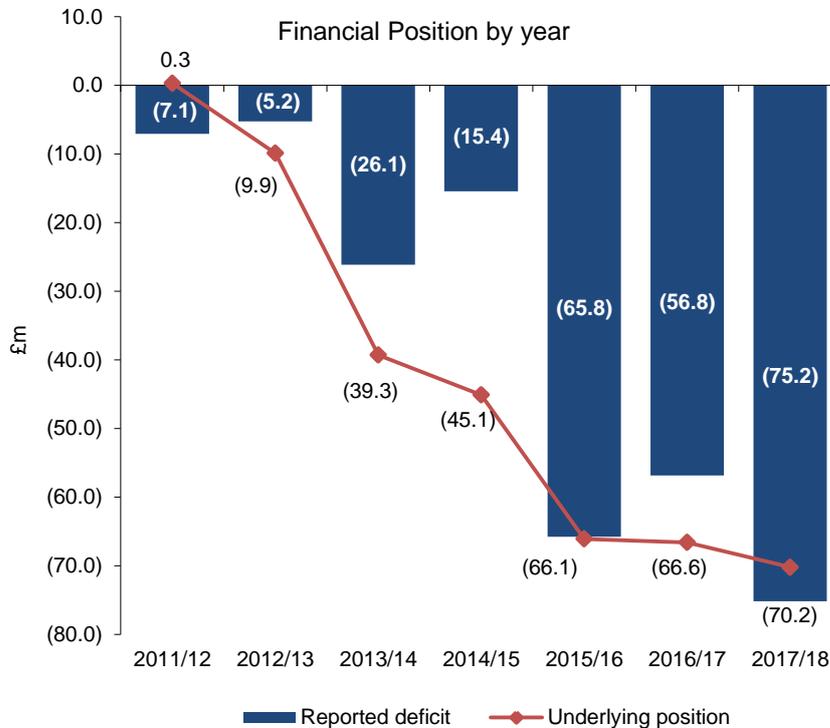
Financial Duty	Annual Plan / Target £m	Current Target	YTD Plan £m	YTD Actual £m	RAG
Delivering the Planned Deficit	-48.564	-48.564	-27.352	-42.955	R

- The Trust plan for 2017/18 is a control total deficit of £63m before sustainability and transformation fund (STF) income.
- The Month 6 position was an in-month deficit of £6.3m, which is £1.9m adverse to the planned in-month deficit of £4.4m.
- The Trust will not deliver its control deficit and a financial recovery plan submitted to NHSI identified a most likely deficit of £83m, with a stretch target of £75m.
- The £75m financial recovery plan assumes full delivery of £18.2m of efficiencies in year.
- The deterioration in the income and expenditure position directly impacts on cash and the level of borrowings needed in 2017/18. The Trust will require external cash support in line with the forecast outturn in 2017/18.

2 Long Term Financial Issues

- 2.1 The Trust has not achieved a breakeven position since 2011/12 and the graph below identifies that the underlying financial position has been deteriorating since that point. The significant changes in the underlying run rate occurred in 2013/14 and 2015/16.
- 2.2 In 2013/14 this was driven by increases in staff costs, £11.5m, agency costs, £5.4m and clinical non pay costs, £5.9m. In 2015/16 this was driven by increases in agency staff, £10.2m and Clinical Negligence Schemes for Trusts payments, £6.1m, clinical non-pay costs, £9.9m.
- 2.3 The issues have arisen by the cost of delivering and investing in services over three main sites and a large rural geography whilst struggling to deliver the national efficiency agenda. This has resulted in a significant structural deficit that the Trust is working with the Lincolnshire health economy to address.

2.4 The position in recent years has been exacerbated by the need to rely on higher than national average levels of agency staff in order to deliver the services in a safe environment due to a large number of clinical vacancies. This has placed a financial burden on the Trust as the agency bill is currently around £30m per year.



2.5 The table below describes the drivers of the deficit and how the underlying deficit can be broken down.

Reason	Cost
Duplication of services across multiple hospitals	£30m
Use of agency staff	£13m
Loss of elective (planned) work	£13m
ULHT inefficiencies	£14m
Total	£70m

3 Impact of Financial Special Measures

3.1 Financial Special Measures has various elements to it, many of which have already been put in place. These are detailed below.

- NHS Improvement appoints an executive director sponsor

- An improvement director is appointed by NHS Improvement for each financial special measures provider
- Board vacancies to be filled on the direction of NHS Improvement
- Regular progress reviews are held with NHSI
- Provider is required to publish on its website home page that it is in financial special measures, and the reasons for this
- Potential removal of provider's autonomy over key spending decisions
- NHSI control over applications for Department of Health financing
- A financial improvement notice issued for a time-limited period
- Rapid (by end of week 1) articulation of key issues
- Recovery plan (with milestones) - including accelerated proposals on service consolidation or closure, Lord Carter Review and organisational form and workforce review - with buy-in from key stakeholders
- Provider and NHS Improvement agree the recovery plan (by end of month 1)
- Appointment of turnaround /recovery support (full time), possibly including peer support

4 Exiting Special Measures

4.1 The exiting of financial special measures requires three elements to be completed, as follows:

- 1) Robust recovery plan setting out the key changes required to remedy the financial position
- 2) Plan to be approved by ULHT Board and NHSI within 1 month
- 3) Having a detailed delivery plan and evidence of significant wins within a further 2 months

4.2 NHSI may require evidence of delivery over a further 3 month window and if these elements are not met, NHSI may consider any, or a combination of the following:

- 1) extend special measures by 3-6 months,
- 2) make changes to the Board
- 3) initiate an org form change if issues are due to org capability or capacity
- 4) initiate a wider local health economy process,

5 External Support

5.1 As highlighted in 3.1 above, there are a number of support arrangements that are put in place to support the organisation and a number of these are in place already.

5.2 The Trust has already undertaken the following, in terms of obtaining support:

- appointing a Turnaround Director who will support the Board in progress to exiting financial special measures
- appointing an external partner to support the development and delivery of the recovery plan.
- Receiving support from the national NHSI team through a senior financial colleague within the Trust

6. Turnaround Plans

- 6.1 The Trust has produced a high level turnaround plan this is summarised in the table below.
- 6.2 The final plan was submitted to NHSI for sign off on 23rd October 2017.
Impact on services/engagement with staff and public
- 6.3 The key themes of the turnaround plan are to reduce the costs of delivering services through initiatives such as recruiting more substantive clinical staff to reduce agency costs and using current resources in a more productive way. The underlying aim is not to cut or reduce the level of service delivered to the patients but how to use our money more effectively to deliver a more efficient service without reducing the quality. The Trust is progressing it's plans with regard to quality special measures and the two recovery plans will dovetail together so that neither finance or quality are compromised.
- 6.4 The Trust has engaged with over 2,000 people including staff and the public for their ideas on how we can reduce waste and develop our services in the future. The Trust has received over 1,200 finance ideas which are all being considered and will be included in our plans for how the services will be shaped over the forthcoming years, as part of our 2021 vision.
- 6.5 The draft turnaround plan does not include any planned reduction to service provision at any of the Trust sites. However, the Trust is awaiting a formal response from NHSI, and achievement of financial sustainability may affect the future range and scope of services. All schemes are subject to a full quality impact assessment (QIA) signed by the Medical Director and Director of Nursing and to ensure patient quality is not reduced. The QIA has not been completed yet and may affect the final plan. This is to ensure that decisions made to get a grip on our finances don't affect the quality of the care we provide. In fact, the more money we save the more care we can deliver.

High Level Financial Turnaround Programme

Theme	Full Year Effect Plan £m
Directorates	2.5
Efficient management of resources	2.9
Theatre Efficiency	1.8
Agency	3.0
Clinical services Review	0.2
Procurement	0.8
Estates	0.7
Outpatients	1.7
Workforce	4.7
Total	18.3

Description of the Themes

Directorates – Maximising savings within the current services through ongoing efficiency work

Efficient Management of Resources – Management of non clinical discretionary expenditure

Theatre Efficiency – Working at improving the use of theatres so we can treat more patients within a set timeframe

Agency – Reducing the demand for agency staff by improving the recruitment of our own staff

Clinical Services Review – Developing and delivering plans for Trauma and Orthopaedics and General Surgery to streamline the current working practices of those services

Procurement – Delivering the same quality of products at a cheaper price

Estates – Making more effective use of the portfolio of properties

Outpatients – Improving the efficiency of the current outpatient services, reducing the unutilised outpatient appointments and making best use of current clinics.

Workforce – Undertaking reviews of workforce requirements across the Trust to ensure the models are fit for purpose and deliver the right outcomes for patients.

7. Progress made to date

- 7.1 The Trust has made steady progress against the financial turnaround targets to date. The current delivery as at month 6, September 2017 is £3.7m against the year to date plan of £3.2m on the heading Financial Efficiency Plan.
- 7.2 There has been no delivery to date on the other themes. The majority of the financial turnaround programme is phased into the second half of the financial year.
- 7.3 This increased requirement will be supported by the aforementioned Turnaround Director, External Partner, NHSI experts and the Trust's own newly established programme management office (known as the PMO) and governance structure set out in section 8.

8. Governance arrangements

- 8.1 Tracking delivery of overall financial recovery plan will be undertaken and monitored as follows:
- Progress against the Finance recovery plan to be presented to Executive Team twice a month
 - Finance is one of five key priorities for each Board meeting (the others being quality, fire compliance, A&E performance and Cancer performance)
 - Performance meetings with Clinical Directorates will include a focus on finances to raise concerns around slippage and ensuring delivery is on track
 - 2021 Finance strategy group already developed and approved an efficiency framework and to lead on developing a long term financial model
 - All Efficiency ideas to be documented and to go through a QIA sign off process before being adopted
 - Executive or Clinical lead sponsor for each efficiency scheme

- Capacity and capability to deliver to be addressed, in part by recruiting to 2021 PMO

8.2 Key Delivery Meetings

Financial Turnaround Group (FTG) reports to 2021 Programme Board and provides assurance to Finance, Service Improvement and Delivery Committee (FSID) and Trust Board

- Fortnightly meetings chaired by the Chief Executive
- Terms of Reference and Membership agreed
- PMO supports the meeting and records actions

Financial Turnaround Implementation Group report to Financial Turnaround Group

- Fortnightly meetings chaired by Director of Finance
- Terms of Reference and Membership under review – this is the group responsible for delivery using the Financial Efficiency Programme (FEP) framework and escalation to Financial Turnaround Group
- PMO supports the meetings and records action

PMO Support Overall

- Programme Delivery Manager to be allocated to manage the day-to-day running of the finance programme
- Co-ordinate delivery of the programme / projects, pro-actively monitoring its overall progress against plans, highlighting issues to the delivery group and co-ordinating corrective action
- Manage the programme control process, including monitoring dependencies, escalating to Financial Turnaround Group as agreed and maintain a risk register
- Support the implementation of a project tracking system and work within the agreed framework as this develops
- Compile and maintain a programme evidence library and provide highlight / escalation reports to FTG
- Provide Project Support Officer for meetings to maintain action logs
- Project Managers to be allocated as agreed by 2021 Programme Board

9. Update on improving quality and safety of ULHT services

9.1 Since the last update given to the committee in July, ULHT has continued to drive up the quality of its services. It's now 6 months since the Trust was placed into quality special measures. While this time has been challenging for the Trust, there is also much to be proud of.

9.2 It takes time to turnaround the quality and safety of services at a Trust our size and to really sustain changes, but we have made big strides. Here's some of the progress we've made:

- Investing £2.5m a month to improve the fire safety of our hospitals which includes over 400 new fire doors.
- Supporting our vulnerable patients better through training staff and improving our policies and practice. There has been some useful partnership work established with LPFT around the care of patients with learning disabilities.
- Introduced a new temporary senior management team at Pilgrim to drive through changes and we now have two new permanent heads of nursing and two general managers in place to sustain these changes.
- Over half of our senior managers have successfully completed a two day leadership course on the qualities needed and the expectations of leaders at ULHT. The remaining are scheduled to complete the course by March 2018.
- Launched a new and improved voicing your concerns policy for staff highlighting five ways they can raise concerns.
- Our core learning and appraisal rates have improved significantly, with 80.1% of staff having had an appraisal as of September 2017. This compares with just 64.9% in March 2017. Our core learning rates have also improved significantly, with a compliance of 89.6% in September 2017. This compares with an overall compliance of just 49% in July 2014
- Ward accreditation launched in October. Wards will be regularly inspected by a team of independent senior nurses and assessed against a range of 13 quality standards. During an inspection of a ward, the senior nursing team will look at many areas of care including how falls and pressure ulcers are prevented on the ward, how the correct nutrition for patients is maintained, the experience of patients, the workforce in the area, infection prevention performance and the end of life care provided.
- The “Golden hour” introduced each day where heads of nursing and matrons set aside the time to do structured checks of the wards to see how we are providing care to patients, to ensure that each area of the hospital is providing the same high quality standard of care. The areas looked at include uniforms, ward environment , patient care plans, safeguarding plus many others that could affect patient care and where any improvements need to be made.
- All new health support care workers joining the Trust are now automatically enrolled to sit the Care Certificate, which ensures they are all learning the same skills, knowledge and behaviours to provide compassionate, safe and high quality care, as well as opening up the opportunity to go on to study to become a registered nurse in future.

9.3 Over the next few months, our priorities include maintaining progress delivered so far and on improving infection prevention and medical recruitment. Our infection prevention team has been re-structured and work has taken place around processes, policies and guidance. This includes the recent launch of our new uniform policy and dress code, to ensure that staff contribute to protecting our patients from the risk of infection. Work is now underway on refreshing our information and guidance for patients around infection prevention. Future work is planned around safe use of sharps and a campaign on hand hygiene.

9.4 Work has begun on establishing a medical bank, to reduce our reliance on agency doctors. We have also been to a number of recruitment fairs to encourage medical staff to join ULHT, and more work is being done on the Lincolnshire attraction strategy to really push that work forward.

10 Long-term strategy for ULHT

- 10.1 ULHT has a bright future. We have a vision to provide excellence in rural healthcare. As part of our long-term 2021 strategy, we have one vision, three ambitions, five programmes of work and five values. Improving quality and safety and improving our finances are both priorities within our 2021 strategy (our bit of the STP). Recently we ended our county-wide engagement of the public and staff on our strategy.
- 10.2 We've involved our staff, patients and public in the development of the strategy, though surveys, meetings and on social media.
- 10.3 In total, we've had feedback from more than 2,000 people, which will contribute to the future direction of our Trust and services.
- 10.4 The majority of the public and our staff have told us they agreed ULHT needs to change and were behind our ambition to be an excellent trust. There was support for changing hospital services and consolidation onto fewer sites and staff supported the principle of doing more for less but wanted ULHT to invest in its staff.
- 10.5 Other themes coming out of our engagement were around where we can make improvements and savings, including around reducing waste, staffing, restructuring services and changing our processes. All people's ideas are being reviewed and considered in development of our draft strategy and also in the implementation of any changes.
- 10.6 Our draft strategy will be launched in November.

11. Conclusion

- 11.1 This report is provided to notify the Trust Board of the impact of Financial Special Measures on United Lincolnshire NHS Trust, and the steps being taken to exit Financial Special Measures, and updates on improving the quality of our services.