

<b>To:</b>	Trust Board (Public)
<b>From:</b>	Karen Brown, Director of Finance
<b>Date:</b>	26 January 2018

<b>Title:</b>	FRP
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**Responsible Director/Author:**

Karen Brown	Director of Finance
Jon Young	Assistant Director of Finance
Colin Hills	Assistant Director of Finance
Maria Wilde	Programme Manager

**Purpose of the Report:**

The Purpose of this report is to provide Trust Board with an update in respect of 2017/18 Financial Recovery Plan, the progress in relation to 2018/19 plans and a request to Trust Board sign off the revised 2017/18 Control Total of £77m deficit.

**The Report is provided to the Board for:**

Information	√	Assurance	√
Discussion		Decision	√

**Summary/Key Points:**

- 2017/18 progress to develop plans to deliver £16.0m with £8.7m savings confirmed at month 9.
- The initial work to produce a 2018/19 plan to deliver c£30.0m and a control total of £56.0m is underway.
- To note the change to the 2017/18 control total from £75.0m to £77.0m as per the agreement with NHS Improvement.

**Recommendations:**

- Note the 2017/18 delivery of £8.7m savings at month 9 and the £7.3 of approved plans to deliver an overall saving in 2017/18 of £16.0m.
- Note that the 2018/19 outline plan is being developed to deliver c£30.0m to achieve a control total of £56.0m.
- To approve the change to the 2017/18 control total from £75.0m to £77.0m as per the agreement with NHS Improvement.

**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 PURPOSE

The purpose of this report is to provide the Trust Board with an update on progress made in relation to the development and delivery of financial turnaround 2017/18, the development of 2018/19 plans and the notification of the revised 2017/18 Control Total following discussion with NHS Improvement in December 2017.

## 2 BACKGROUND

The deteriorating financial position for 2017/18 from the approved planned deficit position and the inadequacy of the efficiency plans resulted in the Trust being placed into financial special measures. A Financial Turnaround Director was appointed, an external partner KPMG engaged, along with further support and scrutiny from NHS Improvement colleagues.

In order to address this position, as part of financial turnaround, the Trust developed a high-level financial recovery plan totalling £18.2 million with key themes for delivery, including identified executive leads, which was approved by the Trust Board and submitted to NHS Improvement at the end of July 2017. This provided a revised forecast outturn position of £75m.

The validation of the initial £18.2m has resulted in a revised Financial Efficiency Programme of £16.0m which has been through a full Quality Impact Assessment process. The revised Financial Efficiency Programme of £16.0m was presented to NHS Improvement on 14 December 2017 and approved. The consequence of this agreement was an increased control total of £77.0m.

## 3 PROGRESS AGAINST FINANCIAL RECOVERY PLAN AT MONTH 8

### Key Themes of the FRP

Of the £16m, as at month 9 the Trust reported £8.7m of delivered schemes that is inclusive of recurrent and non-recurrent Financial Efficiency Plans. Split by Theme as per Table 1.

The Trust reported to NHS Improvement that the additional £7.3m of documented plans had been approved at the Quality Impact Assessment panel, with Executive sign off and RAG rated Green.

**Table 1**

Theme	Delivered £m	Green £m	Total £m	RAG
Corporate Overview of Procurement and Estates	4.3	3.1	7.4	Green
Productive	-	0.6	0.6	Yellow
Workforce	1.0	2.6	3.6	Yellow
Clinical	-	0.2	0.2	Green
Directorate	3.4	0.8	4.2	Green
<b>TOTAL</b>	<b>8.7</b>	<b>7.3</b>	<b>16.0</b>	<b>Overall</b>

## 4 GOVERNANCE

Significant progress has been made in establishing the governance structure to develop and deliver Financial Efficiency Programme schemes. All of the Overview Boards are now in place for Workforce, Corporate Overview of Procurement and

Estates, Clinical Service Reviews and Productive Hospital. The Financial Turnaround Director attends all Overview Boards which are chaired by the Executives.

In addition, Steering Groups have been established for Workforce, Corporate Overview of Procurement and Estates, Clinical Services and Productive Hospital to drive forward delivery of specific schemes and escalate potential risks to the Overview Board.

The existing governance structure will continue and be used to develop the 2018/19 Financial Efficiency plans.

## **5 DEVELOPMENT OF 2018/19 FEP PLANS**

The Trust has a Control Total of c£56.0m for 2018/19. Based on the current anticipated financial position, the likely Financial Efficiency Programme requirement for 2018/19 will be c£30m to achieve the control total.

Given the quantum of the target the Trust will be required to undertake significant clinical and operational transformation.

The Trust needs to identify all the schemes with full Quality Impact Assessment and documentation complete and into implementation prior to the start of the new financial year.

A high level plan, including an overview timeline, has been established to develop and deliver the c£30.0m requirement for 2018/19. This programme of work is inclusive of support by an external partner and the outcome of the CHKS work.

## **6 FORECAST OUTTURN – REVISION OF TRUST CONTROL TOTAL 2017/18**

### **Meeting with Stephen Hay – NHSI Director of Regulation 19 December 2017**

The latest monthly meeting with Senior NHS Improvement Executives took place on 19 December 2017. At this meeting the Trust presentation updated on progress towards delivery of the Financial Efficiency Programme and projected outturn.

After discussion, agreement was reached to revise the forecast outturn from £75.0m to £77.0m.

### **Amendments to Trust Control Total: NHSI Protocol - Board Assurance Statement**

Before adjusting the control total NHSI require assurance that the Board has been appropriately briefed and all the correct governance procedures have been adhered to. To facilitate a change in the forecast to £77.0m, as part of the month 9 submission to NHS Improvement, the change has been documented and signed off by the Chief Executive, Trust Chair, Finance Director, and Audit Chair.

## **7 RECOMMENDATION**

Trust Board is asked to note the requirement to deliver an in year efficiency requirement of a minimum of £16m and continue to pursue further opportunities in year whilst planning for 2018/19.

Trust Board is asked to approve the change to the Control Total from £75m to £77m as agreed with NHS Improvement colleagues in December.

