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|-----------------------------|---|----------------|
| <b>Meeting title:</b>       | Trust Board – Public  | <b>Paper R</b> |
| <b>Date of the meeting:</b> | 6 <sup>th</sup> October 2022  |                |
| <b>Title:</b>               | Roadmap to Sustainable Financial Improvement September 2022 Overview Report     |                |
| <b>Report presented by:</b> | Moirra Durbridge, Director of Quality Transformation and Efficiency Improvement |                |
| <b>Report written by:</b>   | Transformation Programme Manager  |                |

|  |                         |  |           |   |        |   |
|--|-------------------------|--|-----------|---|--------|---|
| <b>Action – this paper is for:</b>                     | Decision / Approval     |  | Assurance | x | Update | x |
| <b>Where this report has been discussed previously</b> | RSP Exit Steering Group |  |           |   |        |   |

**To your knowledge, does the report provide assurance or mitigate any significant risks? If yes, please detail which**

The purpose of this report is to provide assurance against the actions necessary to meet the criteria required to exit the Recovery Support Programme (RSP)

**Impact assessment**

None

**Purpose of the Report**

In August 2020, UHL was placed into Financial Special Measures (now called the Recovery Support Programme) by the regulator, NHS Improvement. With support from the Financial Improvement Director, UHL created a Roadmap to Sustainable Financial Improvement. This Roadmap sets out the actions necessary to meet the criteria required to exit RSP. Progress against the Roadmap is overseen by the RSP Exit Steering Group which is chaired by the Chief Financial Officer. The September report on progress against the Roadmap is attached.

**Recommendation**

Trust Board Members are asked to receive this report for assurance.

**Summary**

The Chief Financial Officer and the Director of Quality Transformation and Efficiency Improvement are invited to highlight the key points from this report.

**Main report detail**

See subsequent pages



# Roadmap to Sustainable Financial Improvement: September 2022 Overview Report

## Index

- A. Recent progress
- B. Key risks
- C. Roadmap actions

One team shared values



## A. Recent Progress

- 2020/21 accounts have been adopted by Board and submitted to NHSEI. The accounts had an adverse opinion relating specifically to non payroll expenditure, assets under construction and evidence of assets. An impact assessment is underway on the to understand how prevalent these issues are in the draft 2021/22 accounts as these were produced whilst the previous audit was underway. This will be discussed with NHSEI at the end of September.
- The Trust has a further RSP meeting with regional and national NHSEI colleagues on 29<sup>th</sup> September. A date has also been set for a national 'Board to Board' session of 11<sup>th</sup> November, where updates will be made on progress towards to the exit criteria.
- Trust has reported a favourable variance to plan at the end of month 5, although principally related to the timing of spend. Forecast risk ranges have been developed and are focussed on the actions needed to mitigate up to £46m of risk. The Trust is working closely with system colleagues on collating a risk range for the system to enable clear mitigations to be identified and delivered where possible.
- Work continues on the Medium Term Financial Plan. The Trust is working with system colleagues on aligning assumptions and identifying potential opportunities for cost reduction / avoidance over the planning window, in anticipation of an expected autumn deadline for national planning for 3 years.

## B. Key risks: September 2022

| Ref | Risk   | RAG May 2022 | RAG June 2022 | RAG July 2022 | RAG August 2022 | RAG September 2022 | Mitigation   | Owner  | Delivery date                                    |
|-----|--|--------------|---------------|---------------|-----------------|--------------------|--|--|--|
| 2a  | <b>2020/21 Accounts</b><br>CFO/Audit Committee unable to recommend the 2020/21 Accounts to the Board for adoption. Adoption of 2020/21 Accounts not delivered to planned timeline - 1/9/22   | A            | A             | A             | A               | G                  | N/A  | (SRO) Lorraine Hooper<br>(AO) Simon Linthwaite | Accounts adopted at 9.9.22 Trust Board           |
| 2b  | <b>2021/22 Accounts</b><br>CFO/Audit Committee unable to recommend the 2021/22 Accounts to the Board for adoption. Adoption of 2022/22 Accounts not delivered to planned timeline - 31/12/22   |              |               |               |                 | A                  | <ul style="list-style-type: none"> <li>Audit working papers being finalised ahead of audit to commence w/c 3 or 10th October, following transfer of audit files from GT to KPMG.</li> <li>Impact assessment of misstatement of the accounts arising from the same financial controls being in place in 21/22 as 20/21 being undertaken to determine potential impact on audit opinion – 30/09/22.</li> </ul> | (SRO) Lorraine Hooper<br>(AO) Simon Linthwaite | Adoption of the Accounts by Trust Board 31.12.22 |
| 3   | <b>Medium Term Financial Plan</b><br>The MTFP is a complex and significant programme of work for UHL. There is a risk there is a risk insufficient progress is made in its development or the scope, resourcing or timeframes are not agreed by all relevant stakeholders. | A            | A             | A             | A               | A                  | Next steps: <ul style="list-style-type: none"> <li>Review of NHSE feedback and update of high level MTFP - October 2022</li> <li>Development of three year System financial plan - date tbc</li> <li>Update of MTFP to align with approved Trust strategies - spring 2023</li> </ul>   | (SRO) Lorraine Hooper<br>(AO) Jonathan Shuter  | April 2023                                       |
| 5   | <b>2022/23 financial plan</b><br>Revised (breakeven) UHL / system financial plan submitted 20 <sup>th</sup> June 2022. This plan includes financial risk for the Trust that is not yet fully mitigated.  |              | R             | R             | R               | R                  | Risk share arrangement agreed with system partners. In addition the Trust is working with NHSE to ensure risks and progress against mitigating these are clearly understood, including where support is needed.  | (SRO) Lorraine Hooper<br>(AO) Jonathan Shuter  | March 2023                                       |

# C. Roadmap actions (1 of 4)

| Ref | Exit criteria                                      | Topic      | Action   | SRO             | Action owner    | STATUS     | END DATE                           | Notes   |
|-----|--|------------|--|-----------------|-----------------|------------|------------------------------------|---|
| 1   | 1. Delivery against agreed financial recovery plan | 22/23 plan | 22/23 plan agreed with system and NHSE/I   | Lorraine Hooper | Jonathan Shuter | Complete   | 28/04/2022                         | EVIDENCE SENT TO REGION   |
| 2   | 1. Delivery against agreed financial recovery plan | 22/23 plan | UHL delivers against the 22/23 financial plan  | Lorraine Hooper | Jonathan Shuter | On track   | 30/04/2023                         |   |
| 3   | 1. Delivery against agreed financial recovery plan | 22/23 plan | Review by NHSE/I of 22/23 plan including focussed work on risk areas such as CIPs                          | Lorraine Hooper | Jonathan Shuter | Complete   | 20/05/2022                         | *Intensive Support Team working with Region on joint review of the 2022/23 CIP programme - review held 12.5.22.<br>*Ongoing delivery against action 3 will be embedded in action 2.<br>*SP/MD to meet 20.9.22 to agree actions / FU to Region review of CIP programme |
| 4   | 1. Delivery against agreed financial recovery plan | 22/23 plan | UHL develops and improves its understanding of its productivity. (following national analysis from NHSE/I) | Moira Durbridge | Ben Shaw        | Complete   | <del>30/05/2022</del><br>31/8/2022 | EVIDENCE SENT TO REGION   |
| 5   | 1. Delivery against agreed financial recovery plan | MTFP       | Approach and timeline for MTFP agreed with NHSE/I and UHL Board  | Lorraine Hooper | Jonathan Shuter | Complete   | 31/04/2022                         | EVIDENCE SENT TO REGION   |
| 6   | 1. Delivery against agreed financial recovery plan | MTFP       | Develop the MTFP by the agreed timeline  | Lorraine Hooper | Jonathan Shuter | Superseded | 30/05/2022                         |   |
| 6a  | 1. Delivery against agreed financial recovery plan | MTFP       | Revised draft of MTFP inc system numbers   | Lorraine Hooper | Jonathan Shuter | On track   | <del>31/08/2022</del><br>3/11/2022 | *Update to 3.11.22 TB<br>*Timeline for socialisation of MTFP tbc  |
| 6b  | 1. Delivery against agreed financial recovery plan | MTFP       | Develop 3 year system plan   | Lorraine Hooper | Jonathan Shuter | TBC        | tbc                                | *National timeline to be confirmed  |
| 6c  | 1. Delivery against agreed financial recovery plan | MTFP       | Align MTFP & 3 year system plan with trust strategies  | Lorraine Hooper | Jonathan Shuter | On track   | 30/04/2023                         |   |

## C. Roadmap actions (2 of 4)

| Ref | Exit criteria                               | Topic          | Action   | SRO             | Action owner     | STATUS   | END DATE  | Notes   |
|-----|---|----------------|--|-----------------|------------------|----------|---|---|
| 7   | 2. Robust financial controls and governance | Accounts       | 19/20 financial accounts signed off by UHL board   | Lorraine Hooper | Mark Brice       | Complete | 31/03/2022  | EVIDENCE SENT TO REGION   |
| 8   | 2. Robust financial controls and governance | Accounts       | 20/21 financial accounts signed off by UHL board   | Lorraine Hooper | Simon Linthwaite | Complete | <del>20/05/2022</del><br><del>1/9/2022</del><br>9/9/2022    | EVIDENCE SENT TO REGION<br>*Evidence submitted with the exception of the minutes of the 31.8.22 Audit Committee meetings and the 9.9.22 TB meeting  |
| 9   | 2. Robust financial controls and governance | Accounts       | Programme of work underway and agreed with UHL Board and NHSE/I to sign off 21/22 financial accounts by agreed deadline  | Lorraine Hooper | Simon Linthwaite | On track | 01/12/2022  | *2021/22 draft accounts (TACS and PFRs Technical schedules) submitted to NHSI on 27/4/2022.<br>*Exact timing of the audit of 2021/22 is still to be determined and is driven in part by the completion of the 2020/21 accounts process; expected to conclude towards the end of this calendar year (December 2022). |
| 10  | 2. Robust financial controls and governance | Accounts       | Programme of work in place to drive forward continued improvements in financial accounts including implementing recommendations from AFR and reporting continued progress to audit committee | Lorraine Hooper | Simon Linthwaite | On track | <del>31/08/2022</del><br><del>30/9/2022</del><br>3/11/2022  | *Linked to Action 8 above<br>*Action relates to the AFR for 2020/21; (AFR for 2019/20 received by Audit Committee 25/3/2022).<br>*Consolidated improvement plan for 2019-20 & 2020-21 Accounts to be presented at October 2022 Audit Committee  |
| 11  | 2. Robust financial controls and governance | Internal Audit | Owners and actions in place for all current internal audit recommendations. Regular paper to audit committee demonstrating progress in delivering recommendations                            | Lorraine Hooper | Jonathan Shuter  | On track | <del>09/05/2022</del><br><del>31/8/2022</del><br>31/10/2022 | *Extension to end of Oct 2022 agreed at 31.8.22 Audit Committee.  |

## C. Roadmap actions (3 of 4)

| Ref | Exit criteria                               | Topic            | Action  | SRO             | Action owner    | STATUS   | END DATE   | Notes   |
|-----|---|------------------|---|-----------------|-----------------|----------|--|---|
| 12  | 2. Robust financial controls and governance | Grip and Control | Final grip and control paper agreed by AC which demonstrates successful completion of the checklist and also an agreed programme to manage grip and control going forward, including monitoring of KPIs           | Lorraine Hooper | Jonathan Shuter | Complete | 09/05/2022   | <b>EVIDENCE SENT TO REGION</b><br>*Getting the Basics Right Audit report to be added as evidence - draft expected 7.11.22 |
| 13  | 2. Robust financial controls and governance | Governance       | UHL's performance accountability framework is up to date, agreed by relevant committee and communicated to all staff (including training where appropriate)   | Becky Cassidy   | Becky Cassidy   | On track | <del>31/05/2022</del><br>1/10/2022                         | *To be presented at Exec Board, Audit Committee then 3.11.22 Trust Board  |
| 14  | 2. Robust financial controls and governance | Governance       | SFIs are reviewed, agreed by relevant committee and communicated to all staff (including training where appropriate)  | Lorraine Hooper | Becky Cassidy   | On track | <del>09/05/2022</del><br><del>30/9/2022</del><br>3/11/2022 | *To be presented at October 2022 Audit Committee and 3.11.22 Trust Board.   |
| 15  | 2. Robust financial controls and governance | Governance       | UHL prepare board update on governance describing improvements in place so far since entering RSP and forward plan for further improvements. Share paper with NHSE/I as part of evidence to support exit from RSP | Becky Cassidy   | Becky Cassidy   | Complete | 09/06/2022   | <b>EVIDENCE SENT TO REGION</b>  |
| 16  | 2. Robust financial controls and governance | Governance       | Refresh and improved Board Assurance Framework in place at UHL  | Becky Cassidy   | Richard Manton  | Complete | 31/05/2022   | <b>EVIDENCE SENT TO REGION</b><br>*Evidence submitted with the exception of the minutes of the 1.9.22 TB meeting          |

## C. Roadmap actions (4 of 4)

| Ref | Exit criteria  | Topic                                   | Action   | SRO             | Action owner    | STATUS    | END DATE                            | Notes  |
|-----|--|---|--|-----------------|-----------------|-----------|-------------------------------------|--|
| 17  | 3. The trust and system have a shared understanding of risks to the financial plan   | Process to manage financial risk        | Clear process agreed and documented (where appropriate) to manage financial risk in year <b>within UHL</b> , including investment decisions  | Lorraine Hooper | Jonathan Shuter | Off track | 31/07/2022                          | <p>*The 2022/23 plan includes financial risk for the Trust that is not yet fully mitigated. Clear quantification of this risk, oversight through FIC and development of the risk share agreement in the system is needed to drive financial delivery. This work has already begun.</p> <p>*BC/SP/TM to meet to agree timeline and content</p> <p>*Performance Accountability Framework to capture oversight of financial risk inc role of committees (Risk and FIC specifically to finance), oversight of BAF at committees and Board (including escalation process) and PRMs which pick up financial risk elements.</p> |
| 18  | 3. The trust and system have a shared understanding of risks to the financial plan   | Process to manage financial risk        | Clear process agreed and documented (where appropriate) to manage financial risk in year <b>within the LLR System</b> , including investment decisions   | Lorraine Hooper | Jonathan Shuter | Complete  | 01/08/2022                          | EVIDENCE SENT TO REGION  |
| 19  | 4. Trust and wider system have declared oversight and support mechanisms to ensure continued improvement   | Post exit support                       | UHL, system and NHSE/I agree post exit support package   | TBC             | TBC             | On track  | 30/09/2022                          |  |
| 20  | 5. Assurance that the plan places no significant risk to maintaining quality, and robust internal processes are in place to identify any worsening | Quality impact of financial improvement | UHL prepare trust board paper evidencing assurance over quality outcomes and mortality has improved. 2 external independent assessments of QIA. Triangulation at exec team. Linked to activity | Moira Durbridge | Helen Harrison  | On track  | <del>31/03/2023</del><br>31/12/2022 | *Review of cumulative risk and themes in progress  |