

Public Trust Board paper N

Meeting title:	Trust Board					
Date of the meeting:	7 July 2022					
Title:	Roadmap to Sustainable Financial Improvement June 2022 Overview Report					
Report presented by:	Moira Durbridge, Director of Quality Transformation and Efficiency Improvement					
Report written by:	Transformation Programme Manager					
Action – this paper is for:	Decision / Approval		Assurance	x	Update	x
Where this report has been discussed previously	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 June report on progress against the Roadmap is attached.

Recommendation

The Trust Board 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: June 2022 Overview Report

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

One team shared values



A. Recent Progress

- The revised 22/23 financial plan has been submitted to NHSEI, which describes how a breakeven plan could be delivered. This contains adjusted risk over £40m adjusting for likelihood of materialising. Monthly updates to FIC will be provided regarding the risk
- Work has begun on developing the Medium Term Financial Plan which will articulate the potential 5 year financial challenge. A first draft updating on progress will be presented to FIC in June. Significant next steps include working with NHSEI and system colleagues to ensure assumptions are understood and align in anticipation of 3 year system planning expected over summer.
- 2020/21 accounts continue to be audited. The Trust provided all requested evidence to the external auditors ahead of their return to the UHL audit at the beginning of June. Regular updates are in place between the Audit Committee Chair, CFO and external audit to ensure progress at pace and quick response to issues.
- A governance 'stocktake' was taken to June Board highlighting areas that have improved and the further areas of development underway including the Board Assurance Framework and the Standing Financial Instructions and Scheme of Delegation
- Feedback from the NHSEI CIP review is included at Appendix A
- Following the RSP oversight meeting with NHSEI, feedback is included at Appendix B

B. Key risks: May 2022

	Risk	RAG Jan 2022	RAG Feb 2022	RAG Mar 2022	RAG Apr 2022	RAG May 2022	RAG June 2022	Mitigation	Owner	Delivery date
2	2020/21 Accounts. The 2020/21 financial accounts have not yet been signed.	R	A	A	A	A	A	The Trust continues to work closely with key stakeholders, in particular NHSE/I National and Regional finance leads and external audit. The relevant elements of UHL's finance team continue to prioritise these accounts. GT anticipate completing the audit in July 2022 and accounts will be presented to trust Board at the end of July	(SRO) Lorraine Hooper / (AO) Simon Linthwaite	July 2022
3	Medium Term Financial Plan. The MTFP is a complex and significant programme of work for UHL. There is a risk there is 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	A	MTFP in development, beginning with detailed understanding of underlying recurrent position and modelled assumptions for future years. Draft model and financial challenge to be presented to FIC in 30.6.22.	(SRO) Lorraine Hooper / (AO) Jonathan Shuter	June 2022 for model
4	System-wide Recovery Planning There are significant financial and operational challenges across the system. While system working has developed significantly there remains a risk this could impact	A	A	A	A	A		The UHL plan has been developed alongside the system financial plan for 2022/23, incorporating the same assumptions and with clear understanding of risk. System planning group is in place to oversee and support the plan development and the transformation schemes required. External support from PWC has been secured to support in the development of a system PMO to drive development of the system efficiencies. System working and relationships are also being developed more widely including on the emergency pathway.	(SRO) Lorraine Hooper / (AO) Jonathan Shuter	
5	2022/23 financial plan Revised (breakeven) UHL / system financial plan submitted 20 th June 2022. This plan includes financial risk for the Trust that is not yet fully mitigated						R	The 2022/23 financial plan has been revised and submitted to NHSEI with an ambitious route to breakeven identified. Within this plan there is over £40m of expected risk when adjusted for likelihood of materialising. The principle risk are delivering improved system emergency performance enabling reduced cost at UHL, delivering on elective recovery to planned activity levels, delivering our CIP programme and ensuring we isolate and manage where we can inflation pressures. Risk share arrangements are being developed with system partners. In addition the Trust in working with NHSEI to ensure risks and progress against mitigating these are clearly understood, including where support is needed.	(SRO) Lorraine Hooper / (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	Off track	28/04/2022	*Final plan submitted to NHSE/I 28/4/2022. *NHSE/I feedback 20/5/2022 *All systems and organisations required to submit final aligned activity, workforce and finance plans by close of play Monday 20th June 2022
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	*Reports from April 2022 onwards, earlier reports captured under Phase 1 of the Roadmap.
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 scheduled for 12/5/2022. *Ongoing delivery against action 3 will be embedded in action 2.
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	Off track	30/05/2022	*Work underway across the Trust on themes including theatre productivity, length of stay improvement and outpatient utilisation – supported by the GIRFT programme and Transformation Team. *Costing Team are developing a methodology for tracking the Trust’s monthly productivity performance down to speciality level. This will be added to the Trust’s QlikSense performance monitoring tool (IQS) for review and action on a regular basis (e.g. CMGs). Costing Team to distribute the Productivity Performance Tracker to CMGs by email in the interim. *Ongoing delivery of action 4 embedded in action 2.
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	
6	1. Delivery against agreed financial recovery plan	MTFP	Develop the MTFP by the agreed timeline	Lorraine Hooper	Jonathan Shuter	Off track	30/05/2022	*MTFP in development, beginning with detailed understanding of underlying recurrent position and modelled assumptions for future years. *Draft model and financial challenge to be presented to FIC in June (30.6.22).
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	
8	2. Robust financial controls and governance	Accounts	20/21 financial accounts signed off by UHL board	Lorraine Hooper	Simon Linthwaite	Off track	20/05/2022	* All parties are working towards/aiming to conclude the overall process with a recommendation of the 2020/21 accounts to the UHL Trust Board by the end of July 2022.

C. Roadmap actions (2 of 4)

Ref	Exit criteria	Topic	Action	SRO	Action owner	STATUS	END DATE	Notes
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. *Exact timing of the audit of the 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	31/08/2022	*Linked to Action 8 above *Action relates to the AFR for 2020/21; (AFR for 2019/20 received by Audit Committee 25/3/2022).
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	Off track	09/05/2022	*Overdue actions from Internal Audit reports and an assessment of the compliance position [which should be a minimum of 75%] to be presented at each Risk Committee after 5.7.22. *Owners of overdue actions asked to provide an update by 17.6.22. *Update to be provided to Audit Committee in July.
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	
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	31/05/2022	*To be presented at Exec Board, Audit Committee then Trust Board.

C. Roadmap actions (3 of 4)

Ref	Exit criteria	Topic	Action	SRO	Action owner	STATUS	END DATE	Notes
14	2. Robust financial controls and governance	Governance	SFIs are reviewed, agreed be relevant committee and communicated to all staff (including training where appropriate)	Lorraine Hooper	Becky Cassidy	Off track	09/05/2022	*To be presented at July 2022 Audit Committee and August 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 improvemenets. Share paper with NHSE/I as part of evidence to support exit from RSP	Becky Cassidy	Becky Cassidy	Complete	09/06/2022	
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	*Session covering the BAF with NEDS w/c 25/3/22. *Trust Board development session covering the revised BAF 25/5/22. *Paper seting out approach and timeline for refreshed BAF to 9.6.22 TB.
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 within UHL , including investment decisions	Lorraine Hooper	Jonathan Shuter	On track	31/07/2022	*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.

C. Roadmap actions (4 of 4)

Ref	Exit criteria	Topic	Action	SRO	Action owner	STATUS	END DATE	Notes
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 within the LLR System , including investment decisions	Lorraine Hooper	Jonathan Shuter	On track	01/08/2022	<p>*Alongside the plan, system CFOs have agreed the need for a risk share to be in place that means financial risks as they emerge will be shared amongst partners. Further work is needed on the detail of this; including how the varying sizes of partners is reflected as well as how shared transformation scheme risks are aligned with those that can influence the outcome.</p> <p>*The submission of the 2022/23 plan forms on the 20th June will be complemented by a letter from the ICS to NHSEI detailing the risks within the plan and the support needed to deliver the plan. For UHL this will include:-</p> <ul style="list-style-type: none"> • Targeted Investment Fund (TIF) monies made available, including seed monies, for elective hub; • Virtual ward monies to be made available to support emergency flow; • Review of ERF monies and how these support change and improve productivity; • Revenue and capital digital monies to be made available at pace to support development of the EPR, support the capital programme and begin to build long term digital sustainability; • Clear agreement on the risks held outside the plan and how to report these should that emerge; • Advice and support in relation to inflation; • Potential support with transformation programmes as these are developed further to enable change at pace;
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	5.0 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	31/03/2023	<p>*Q4 QIA review and year end lessons learned report received at 10/5/2022 EQB.</p> <p>*Director of Transformation to update on outcome from discussion at June Quality Committee.</p>

**Sent via E-mail**

6 June 2022

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Dear Moira,

Thank you for inviting myself and my colleague Victor Kaufman-Bartfield, Finance Lead to visit your teams at the Leicester Royal Infirmary on Thursday 12th May 2022. The day was both insightful and useful, and clearly a lot of work had gone into preparing an interesting itinerary for us. Thought and planning had gone into developing an integrated system for reporting and analysing the efficiency programme at a trust, CMG and individual scheme level. There are several areas where we hope our feedback will be helpful to you in enhancing both the governance systems and processes and the delivery of efficiencies in this, and future, financial year.

At the time of writing the Trust has identified the need for a £35m efficiency requirement although it is possible this will change as the Trust looks to develop a balanced financial plan. Of these £5m were unidentified, £16m of cash schemes and £14m of productivity schemes. In your most recent reports, you have taken on board one of our recommendations and have highlighted the “top ten” schemes by size. This highlighted that the top ten schemes were forecast to generate £8.3m of savings with £7.6m of these being productivity schemes. Whilst non-recurrent funding is available in financial year 2022/23 it is unlikely that the planned levels of activity will be financially sustainable in future years. It would therefore seem prudent to establish at the PID stage of these schemes the ability of the Trust to take costs out because of these schemes and the point and amount at which this can be done. Such savings can then be built in the Trust’s medium-term financial plan.

Your team helpfully took us through the process of setting up and maintaining an efficiency scheme on the tracker. Links and formulae gave a clear audit trail from the scheme level data to the trust level summary. We noted the following concerns:

- The total identified schemes on the efficiencies tracker (£19.9m), differed materially from the £30m schemes badged as identified in the submitted financial plans. The gap indicated further unidentified schemes, that had been set as a target for CMGs to deliver, though, as this was a live document, were not badged against any particular area. It would be expected that these targets would form part of the aggregate unidentified CIP balance. At each month end we would recommend fixing the position in the tracker such that the tracker can be fully reconciled to recurrent budgets, negative budgets and financial reporting such that the risk of mis-reporting is minimised and full credit is given for the delivery of schemes (during our review there was some confusion if corporate savings in 2021/22 had been fully recognised). Such a reconciliation



should be reviewed by senior financial staff. It is important that the balances reported in the monthly PFR, match internal and board reporting, to ensure NHS national consolidated reporting is reflective of individual organisational reporting.

- Approximately 300 schemes were listed on the tracker, excluding the unidentified gaps. This is a high number of schemes, with many being of low value. The trust may wish to apply a de-minimis scheme value or group together similar schemes, so that the volume of schemes, and associated reporting, does not become unmanageable. This will allow time and resource to be focused on high yielding / high risk schemes.
- From discussion it was clear that PIDs were not available for all listed schemes. Please could an updated scheme listing be provided to us with PIDs to support the top 15 schemes. Where a PID is not yet prepared, please indicate the expected timescale for completion.
- Whilst this might be a question of terminology rather than process but there might be a benefit, once a scheme has been identified and is in development and approval, for a draft PID might be developed to better support the initial process and to assist in reviewing the timeliness of completion and forecasting when financial benefits could be expected.
- Time prevented us from going further into the detail of specific schemes. We would welcome the opportunity offered to review the divisional review meetings to better understand specific schemes and to be able to review and assess reporting and delivery on a regular basis.

We really appreciate the time you and your teams took to present to us. We were very encouraged by the commitment and dedication that was evident from all colleagues that we met as well as an acknowledgement of the breadth of the task ahead of us.

Yours sincerely



John Bailey
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NHS England and NHS Improvement - Midlands

cc: Lorraine Hooper, Chief Financial Officer - University Hospitals of Leicester NHS Trust
Nicola Hollins, Acting Regional Director of Finance – NHS England and NHS Improvement - Midlands