

## APPENDIX A

### VARIATION TO ENFORCEMENT UNDERTAKINGS

#### LICENSEE:

Lancashire Teaching Hospitals NHS Foundation Trust ("the Licensee")  
Royal Preston Hospital  
Sharoe Green Lane  
Fulwood  
Preston  
PR2 9HT

#### BACKGROUND:

NHS England accepted replacement enforcement undertakings from the Licensee on 23 July 2024, in response to the Licensee's financial position at that time and quality issues. A review of the Licensee's progress in addressing the Financial elements of the Undertakings has been completed, resulting in a revision to the existing undertakings that reflects the Licensee's current position.

#### VARIATION:

The Licensee and NHS England have agreed the following variations to the terms of the Enforcement Undertakings accepted from the Licensee by NHS England on 23 July 2024:

**New licence conditions are inserted into the 'Breaches' table as follows:**

NHS2(5)(g)	<p>The Licensee shall establish and effectively implement systems and/or processes:</p> <p>(g) to generate and monitor delivery of business plans (including any changes to such plans) and to receive internal and where appropriate external assurance on such plans and their delivery.</p>
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**New sub-paragraphs are inserted in the 'Grounds' section as follows:**

*"3.2.4 the Licensee's financial position is significantly adrift from plan. At Month 8 2024/25 the Licensee reported a year-to-date (YTD) deficit of £42.1m (excluding receipt of deficit support funding (DSF)).*

*3.2.5 the Licensee has a significant increasing underlying deficit of concern for 2024/25. The 2024/25 plan is for £21.9m. However, the projected forecast outturn is a deficit of £ 65.9m (excluding DSF).*

*3.2.6 PWC as articulated through the initial Improvement and Assurance Group (IAG) meetings and management review, have advised NHS England there is limited assurance in relation to the Licensee's ability to mitigate its deficit position based, in part, on issues of financial governance and oversight.*

*3.2.7 the scale of the Licensee's financial deficit and the variance in relation to annual financial planning indicates serious concerns regarding effective decision-making and control and that further action is required by the Licensee to address its financial position.*

*3.2.8 Key issues relating to governance include; challenges regarding triangulation of data; insufficient oversight and controls relating to workforce and resource management; capability and capacity (including grip and control) being weaker than it should be; and, a failure to make decisions and properly challenge decisions that are made. Furthermore, the process by which the Financial Year 2024/25 Plan was agreed by the Board highlighted significant concerns regarding the robustness of the plan"*

**In paragraph 1 'Financial Planning' of the 'Undertakings' section, the following text is deleted:**

*1.1 The Licensee will deliver the Licensee's 2024/25 Financial Plan unless otherwise agreed.*

*1.2 The Plan should be consistent with the medium-term system plan currently in production, which sets out a trajectory for the Integrated Care System to achieve underlying financial balance by 2026/27.*

*1.3 The Licensee will keep the Financial Plans and their delivery under review. Where matters are identified which materially affect the Licensee's ability to meet the requirements of paragraph (1.1), whether identified by the Licensee or another party, the Licensee will notify NHS England as soon as practicable and update and resubmit the Financial Plan within a timeframe to be agreed with NHS England.*

**In paragraph 1 'Financial Planning' of the 'Undertakings' section, the following text is inserted:**

*1.1 Within a timeframe set by NHS England, the Licensee will agree a 2025/26 Financial Plan with NHS England.*

*1.2 The Licensee will deliver a quarter-on-quarter run rate improvement from Quarter 4 2024/25 and throughout 2025/26, to enable the Licensee to deliver the financial plan as agreed with NHS England.*

*1.3 The Licensee will comply with all documented actions required by the System Financial Turnaround Director through the Improvement and Assurance Group (IAG)."*

**After paragraph 1 'Financial Planning' of the 'Undertakings' section, the following new undertakings are inserted as paragraphs 1A and 1 B:**

**"1A. Leadership and Governance**

1.1 The Licensee IAG will co-operate and engage as required with the "Governance and Leadership Review" initiated by NHS England and led by an NHS England appointed Improvement Director.

1.2 The Licensee will inform NHS England prior to recruitment to executive board level posts and will (a) share the relevant person specifications with NHS England in draft for NHS England's comment. (b) provide a timetable for the appointment, and (c) ensure that there is NHS England representation on the interview panel.

**1B. Recovery Support Programme**

1.1 The Licensee will evidence all reasonable steps have been taken to meet the Recovery Support Programme (RSP) Exit Criteria as set out and agreed by the IAG, in accordance with the timescales agreed by the IAG.

1.2 The Licensee will carry out a review of progress against the RSP Exit Criteria and report to the IAG, in accordance with the timescales agreed by the IAG.

1.3 In line with the IAG Terms of Reference and the requirements of the NHS Oversight Framework segmentation, the Licensee will cooperate fully with NHS England, health sector stakeholders and any external agencies or individuals appointed to work with or support the Licensee to address the concerns which these undertakings seek to address."

**In paragraph 2 'Distressed Funding' of the Undertakings section, insert:**

"2.3 The Licensee will comply with any spending approvals processes that are deemed necessary by NHS England"

**In paragraph 3.5 'Quality of Care' of the Undertakings section, the following text is deleted:**

*"System Improvement Board (SIB)"*

**and replaced with:**

*"Improvement and Assurance Group (IAG)"*

**In paragraph 4 'Reporting' of the 'Undertakings' section, the following text is deleted:**

**4. Reporting**

- 4.1 *The Licensee will provide regular reports to NHS England on its progress in meeting the undertakings set out above.*
- 4.2 *The Licensee will attend SIB meetings, or, if NHS England stipulates, conference calls, at such times, and with such attendees, as may be required by NHS England, to discuss its progress in meeting the undertakings. The SIB meetings will take place once a month unless NHS England otherwise stipulates, at a time and place to be specified by NHS England and with attendees specified by NHS England.*
- 4.3 *Upon request, the Licensee will provide NHS England with the evidence, reports or other information relied on by its Board in relation to assessing its progress in delivering these undertakings.*
- 4.4 *The Licensee will comply with any additional reporting or information requests made by NHS England.*

**In paragraph 4 'Reporting' of the 'Undertakings' section, the following text is inserted:**

**4. Reporting**

- 4.1 *The Licensee will provide regular reports to NHS England through the IAG on its progress in meeting the undertakings set out above.*
- 4.2 *The Licensee will attend monthly IAG meetings, or, if NHS England stipulates, conference calls, as required, to discuss its progress in meeting those undertakings. IAG meetings will be led by the System Financial Turnaround Director, with attendees specified by NHS England.*

4.3 Upon request, the Licensee will provide NHS England with the evidence, reports or other information relied on by its Board in relation to assessing its progress in delivering these undertakings.

4.4 The Licensee will comply with any additional reporting or information requests made by NHS England.

**These variations are agreed pursuant to paragraph 11 of Schedule 11 to the Health and Social Care Act 2012 (variation of terms).**

**All other terms of the original Enforcement Undertakings accepted from the Licensee by NHS England on 23 July 2024 remain unchanged.**

**Signed on behalf of the Licensee**

**Name:** Professor Mike Thomas

**Position:** Chair - LTH

**Signature:**



**Date:** 27<sup>th</sup> February 2025

**Signed on behalf of NHS England**

**Name:** Louise Shepherd

**Position:** NW Regional Director

**Signature:**



**Date:** 04 March 2025