

Mid Yorkshire Hospitals NHS Trust (the Trust)  
Pinderfields Hospital, Wakefield  
Aberford Road  
Wakefield  
WF1 4DG

**NHS Improvement**  
Room 2C10  
Quarry House  
Quarry Hill  
Leeds  
LS2 7PD

## UNDERTAKINGS

### NHS TRUST:

Mid Yorkshire Hospitals NHS Trust (the Trust)  
Pinderfields Hospital, Wakefield  
Aberford Road  
Wakefield  
WF1 4DG

## DECISION

On the basis of the grounds set out below and pursuant to the powers exercisable by NHS Improvement under or by virtue of the National Health Service Act 2006 and the TDA Directions, NHS Improvement has decided to accept undertakings from the Trust.

### DEFINITIONS:

In this document:

“the conditions of the Licence” means the conditions of the licence issued by Monitor under Chapter 3 of Part 3 of the Health and Social Care Act 2012 in respect of which NHS Improvement has deemed it appropriate for NHS trusts to comply with equivalent conditions, pursuant to paragraph 6(c) of the TDA Directions;

“NHS Improvement” means the National Health Service Trust Development Authority;

“TDA Directions” means the National Health Service Trust Development Authority Directions and Revocations and the Revocation of the Imperial College Healthcare National Health Service Trust Directions 2016.

### GROUNDINGS:

1. The Trust is an NHS trust all or most of whose hospitals, facilities and establishments are situated in England.

## 2. Issues and need for action

- 2.1 NHS Improvement has reasonable grounds to suspect that the Trust has provided and is providing health services for the purposes of the health service in England in breach of the following conditions of the Licence: FT4(5)(a), (d) (f) and (g).
- 2.2 In particular:
- 2.2.1 The Trust did not achieve its 2016/17 deficit control total of £(12.2)m (excluding STF), and was £7.5m behind plan at the end of the year.
  - 2.2.2 The Trust agreed a deficit control total of £2.3m for 2017/18. The Trust has a forecast deficit of £(23.7)m (excluding STF), £7.9m worse than the agreed control total representing a deterioration of £4m.
  - 2.2.3 The Trust has exhausted its cash reserves and requires distress financing with no end point as it is unable to demonstrate a return to financial balance.
  - 2.2.4 The Trust failed to identify and submit a financial plan for 2018/19 which would allow it to achieve the Trust's control total as assigned by NHS Improvement. The trust has failed to improve the underlying financial deficit in 17/18 and 18/19 and continues to deteriorate.
- 2.3 These failings by the Trust demonstrate a failure of financial governance and management including, in particular:
- 2.3.1 failure to establish and effectively implement systems and/or processes:
    - 2.3.1.1 to ensure compliance with the Licensee's duty to operate efficiently, economically and effectively;
    - 2.3.1.2 for effective financial decision making, management and control (including but not restricted to appropriate systems and/or processes to ensure the Licensee's ability to continue as a going concern);
    - 2.3.1.3 to identify and manage (including through forward plans), material risks to compliance with the Conditions of the Licence;
    - 2.3.1.4 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.

## 3. Need for Action

NHS Improvement believes that the action which the Trust has undertaken to take pursuant to these undertakings, is action required to secure that the failures to comply with the relevant requirements of the conditions of the Licence do not continue or recur.

## UNDERTAKINGS

NHS Improvement has agreed to accept and the Trust has agreed to give the following undertakings.

### 1. Financial Sustainability

- 1.1 The Trust will take all reasonable steps to deliver its services on a financially sustainable basis, including but not limited to the actions outlined below. As part of this, the Trust will take all reasonable steps to achieve an understanding of its drivers of deficit, improve its financial position and minimise its external funding requirement.
- 1.2 The Trust will, by a date to be agreed with NHS Improvement, provide a detailed Acute Hospital Reconfiguration ('AHR') post implementation review with reference to reconfiguration opportunities identified that remain for the Trust to improve its sustainability.
- 1.3 By a date to be agreed with NHS Improvement, the Trust will, working with relevant partners, develop and submit to NHS Improvement a Financial and Service Sustainability Plan (the Sustainability Plan) that returns the Trust to a sustainable Use of Resources rating of 2 within a period no later than 2020/21 while maintaining acceptable levels of clinical performance and clinical standards in line with the terms of its license. The Sustainability Plan will include the following:
  - 1.3.1 a realistic and robust sustainability plan with a clear understanding of service line reporting, service sustainability and the impact on each services operational and financial performance;
  - 1.3.2 key metrics and timescales to ensure robust monitoring and management of the recovery plan;
  - 1.3.3 a clear understanding of the capacity and capability required to deliver the sustainability plan, and a plan to ensure those requirements are met;
  - 1.3.4 a governance process for managing performance against the longer term sustainability plan;
  - 1.3.5 a clear alignment to a system plan for service sustainability;
  - 1.3.6 consideration of national and local funding and financial resource constraints.
- 1.4 The Trust will:
  - 1.4.1 provide to NHS Improvement, should it so request, assurance on the effectiveness of the Sustainability Plan or any part of it, in such form and at such time as may be specified in the request; and
  - 1.4.2 amend the Sustainability Plan to rectify any significant deficiencies identified in the assurance.

1.5 The Licensee will report to NHS Improvement on the implementation of the Financial Recovery Plan & Sustainability Plan on a monthly basis or at such other times as NHS Improvement may reasonably require.

## 2. Distressed Funding

2.1. Where interim support financing or planned term support financing is provided by the Secretary of State for Health and Social Care to the Trust under Schedule 5 to the National Health Service Act 2006, the Trust will comply with any terms and conditions which attach to the financing.

2.2. Where the Trust receives payments from the Sustainability and Transformation Fund, the Trust will comply with any terms or conditions which attach to the payments.

## 3. Spending Approvals

3.1. The Trust will comply with any spending approvals processes that are deemed necessary by NHS Improvement.

## 4. Reporting

4.1. The Trust will provide regular reports to NHS Improvement on its progress in meeting the undertakings set out above and will attend meetings, or, if NHS Improvement stipulates, conference calls, as required, to discuss its progress in meeting those undertakings. These meetings will take place once a month unless NHS Improvement otherwise stipulates, at a time and place to be specified by NHS Improvement and with attendees specified by NHS Improvement.

4.2. The Trust will provide NHS Improvement with the assurance relied on by its Board in relation to its progress in delivering these undertakings, upon request.

4.3. The Trust will comply with any additional reporting or information requests made by NHS Improvement.

Any failure to comply with the above undertakings may result in NHS Improvement taking further regulatory action. This could include giving formal directions to the trust under section 8 of the National Health Service Act 2006 and paragraph 6 of the TDA Directions.

**THE TRUST**

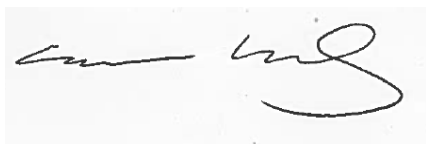


**Signed**

**(Chair or Chief Executive of Trust)**

**Dated: 26 April 2018**

**NHS IMPROVEMENT**



**Cathy Kennedy, Business Director**

**Signed**

**Member of the Regional Provider Support Group (North)**

**Dated: 3 May 2018**