

ENFORCEMENT UNDERTAKINGS

LICENSEE:

North Tees and Hartlepool NHS Foundation Trust

University Hospital of North Tees

Hardwick Road

Stockton

TS19 8PE

DECISION

On the basis of the grounds set out below, and having regard to its Enforcement Guidance, NHS Improvement has decided to accept from the Licensee the enforcement undertakings specified below pursuant to its powers under section 106 of the Health and Social Care Act 2012 ("the Act"). In this document, "NHS Improvement" means Monitor.

GROUND

1. Licence

The Licensee is the holder of a licence granted under section 87 of the Act.

BREACHES

2. Financial governance

2.1. NHS Improvement has reasonable grounds to suspect that the Licensee has provided and is providing healthcare services for the purposes of the NHS in breach of the following conditions of its licence: FT4(5)(a),(d),(f),(g), and CoS3(1)(b).

2.2. In particular:

2.2.1. The Licensee recorded a £5.8m deficit in 2016/17, a £28.8m deficit in 2017/18, and has planned for a £24.15m deficit in 2018/19. A requirement for distress financing from Quarter 1 of 2018/19 has been identified. The Licensee does not have a robust recovery plan to arrest the deterioration in underlying financial position.

UNDERTAKINGS

NHS Improvement has agreed to accept and the Licensee has agreed to give the following undertakings, pursuant to section 106 of the Act:

1. Strategy

- 1.1. In a timescale to be agreed with NHS Improvement, the Licensee will undertake a systematic review of its services (service reviews) to determine whether they are sustainable in their current form, and if not, determine next steps (including disinvestment or transformation). The review must take into account relevant developments of the local STP currently being led by the substantive Chief Executive of the Licensee.
- 1.2. In light of the above assessment, the Licensee will, in a timescale to be agreed with NHS Improvement, review its current operating model and assess whether the structure, capacity and capability are sufficient within the organisation to action and implement what it required.
- 1.3. By 31 July 2018, the Licensee will develop a clear policy on investment appraisal, ensuring that any potential future tenders or retenders are scrutinised for strategic fit and economic viability.

2. Finance

- 2.1. By 31 July 2018, the Licensee will prepare and submit to NHS Improvement an improvement plan, to include a short term financial recovery plan with the aim of improving the Income & Expenditure and cash run rate in 2018/19. The recovery plan must be assured for quality impact by the Licensee's Board. The plan will need to be realistic but sufficiently stretching, taking into account necessary grip and control actions.
- 2.2. By the end of Quarter Two 2018/19, aligned to the overarching STP strategy, the Licensee will develop and submit to NHS Improvement a medium to long term financial recovery plan, taking into account the outcome of the service reviews, demonstrating how it can return to financial sustainability, and the period over which this will be achieved.
- 2.3. The Licensee will keep the short term and medium to long term recovery plans and their delivery under review. Where matters are identified which materially affect the Licensee's ability to meet the requirements of the plans, whether identified by the Licensee or another party, the Licensee will notify NHS Improvement as soon as practicable and update and resubmit the plans within a timeframe to be agreed with NHS Improvement. This will also be reviewed at each Quarterly Review meeting with NHS Improvement.

Any failure to comply with the above undertakings will render the Licensee liable to further formal action by NHS Improvement. This could include the imposition of discretionary requirements under section 105 of the Act in respect of the breach in respect of which the undertakings were given and/or revocation of the licence pursuant to section 89 of the Act.

Where NHS Improvement is satisfied that the Licensee has given inaccurate, misleading or incomplete information in relation to the undertakings: (i) NHS Improvement may treat the Licensee as having failed to comply with the undertakings; and (ii) if NHS Improvement decides so to treat the Licensee, NHS Improvement must by notice revoke any compliance certificate given to the Licensee in respect of compliance with the relevant undertakings.

LICENSEE

J Gillan *Chief Executive (Interim)*

Signed (Chair or Chief Executive of Licensee)

Dated: 18 JULY 2018

NHS IMPROVEMENT

Signed

Chair of the Regional Provider Support Group (North)

Dated: