



Improvement

DRAFT UNDERTAKINGS

NHS TRUST:

United Lincolnshire Hospitals NHS Trust (the Trust)
Trust Headquarters,
Lincoln County Hospital
Main Entrance,
Greetwell Road,
Lincoln,
LN2 5QY

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

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 while failing to comply with the following conditions of the Licence: FT4(5)(a) to (c), (f) and FT4(6)(a) to (f) and FT4(7).

2.2. In particular:

Quality Issues

- 2.2.1 An inspection of the Trust by the Chief Inspector of Hospitals during October and December 2016 resulted in the Trust being given an overall rating by the CQC of 'Inadequate' with the safe and well led domains also being rated inadequate.
- 2.2.2 The overall concerns focused on the Trust's Lincoln County and Pilgrim Sites. Lincoln County has two inadequate ratings in A&E and Outpatients and Diagnostics. The Pilgrim site receiving an inadequate rating for safe and well led domains overall and inadequate for Medical Care and Outpatients and Diagnostics Overall. Further details are contained the CQC's report dated 11th April 2017 ('the CQC Report').

Operational performance

- 2.2.3. The Trust breached the A&E 4 hour waiting time target for 12 consecutive quarters from Quarter 4 2013/14 and did not deliver its recovery trajectory in 2016/17.
- 2.2.4. The Trust has breached the Referral to Treatment standard (RTT) since June 2016 and did not deliver its recovery trajectory in 2016/17.
- 2.2.5 The Trust has breached the 62 Day Cancer standard since September 2014 and did not deliver its recovery trajectory in 2016/17.

Financial Performance

- 2.2.5. For 2016/17 the Trust has delivered a significant negative variance against its control total plan. The control total for 2016/17 was a deficit of (£64m), excluding STF. The Trust Full Out Turn (FOT) position for 2016/17 was a deficit of (£66.5m), excluding STF.
- 2.2.6. For 2017/18 the Trust's financial plan is to deliver the control total of a deficit of (£63m) excluding STF. However the Trust Board revised its FOT and have identified that the most likely outturn will be a deficit of (£75m) excluding STF.

2.3 These failings by the Trust demonstrate a failure of governance arrangements and financial management including, in particular:

- a) failure to establish and effectively implement systems or processes:
- i. to ensure compliance with the Trust's duty to operate efficiently, economically and effectively;
 - ii. for timely and effective scrutiny and oversight by the Board of the Trust's operations;
 - iii. to ensure compliance with healthcare standards binding on the Trust;
 - iv. to ensure that the Trust's services are safe and of sufficient quality.

- b) failure to establish and effectively implement or apply systems, standards and/or processes:
 - i. of corporate and financial management suitable for a provider of NHS services and which provide reasonable safeguards against the risk of being unable to carry on as a going concern; and
 - ii. for effective financial decision-making, management and control.

2.4 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.

Quality Improvement Plan Milestone Plan

- 1.1. The Trust will take all reasonable steps to address the concerns identified in, but not limited to, the CQC Report, including carrying out the actions set out in the CQC Report in accordance with timescales as determined by the CQC such that, upon re-inspection by the CQC within 12 months of the date of the CQC Report (or such other date as CQC may determine), the Trust will no longer be found to be 'inadequate' in any of the CQC domains.
- i.2. The Trust will take all reasonable steps to finalise its Quality Improvement Plan milestone plan and have it approved by the Trust Board on 4th July 2017 and submit the QIP milestone plan to NHS Improvement by 5th July 2017.
- 1.3. The Trust will consult with relevant stakeholders during the finalisation of the QIP milestone plan, including NHS Improvement, CQC, NHS England and the Trusts STP partners and will reflect their views appropriately in the QIP milestone plan. Consultation will take place via the single system oversight group, led by NHS Improvement, established to provide system support to the Trust in the development of its QIP milestone plan. The Trust will modify the QIP milestone plan if instructed by NHS Improvement.
- 1.4. The Trust will demonstrate that it is able to deliver the QIP milestone plan including demonstrating that it has sufficient capacity at both executive and other levels of management to enable delivery of the QIP milestone plan.

1.5. The Trust will keep the QIP milestone plan described above and its delivery under review. Where matters are identified which materially affect the Trust's ability to deliver the QIP milestone plan, whether identified by the Trust or another party, the Trust will notify NHS Improvement as soon as practicable and update and resubmit the QIP milestone plan within a timeframe to be agreed by NHS Improvement.

1.6. The Trust will ensure that the delivery of the QIP milestone plan and other measures to improve quality and operational performance do not compromise its overall financial position. The Trust will keep the financial cost of its quality improvements under close review and will notify NHS Improvement as soon as practicable of any matters which are identified as potentially having a material impact on the Trust's overall financial position.

2. Operational Performance

2.1. The Trust will take all reasonable steps to recover operational performance to meet national standards, including but not limited to those set out in paragraphs 2.2 to 2.4, below.

2.2. The Trust will ensure that there is a robust operational performance plan (the "Performance Plan") in place to meet the requirements of paragraph 2.1 and will agree the Performance Plan with NHS Improvement by date to be determined by NHS Improvement.

2.3. The Performance Plan will, in particular:

- include the actions required to meet the requirements of paragraph 2.1, with appropriate timescales, key performance indicators and resourcing;
- describe the key risks to meeting the requirements of paragraph 2.1 and mitigating actions being taken;
- be based on realistic assumptions;
- reflect collaborative working with key system partners and other stakeholders;
- set out the key performance indicators which the Trust will use to measure progress;
- be consistent with the Trust's other key plans, including but not limited to those plans described elsewhere in these undertakings and the Sustainability and Transformation Plan; and
- support the Trust in delivering the control totals set by NHS Improvement.

2.4. The Trust will keep the Performance Plan and its delivery under review and provide appropriate assurance to its Board regarding progress towards meeting the requirements of paragraph 2.1, such assurance to be provided to NHS Improvement on request. Where matters are identified which materially affect the Trust's ability to meet the requirements of paragraph 2.1, whether identified by the Trust or another party, the Trust will notify NHS Improvement as soon as practicable and update and resubmit the performance plan within a timeframe to be agreed with NHS Improvement.

3. Finance and Recovery Plan

One-year Financial Recovery Plan

3.1. The Trust will rapidly identify and set out in writing and submit for agreement to NHS Improvement by 31 July 2017:

- a robust understanding of the underlying causes of the Trust's financial position including the identification of any services driving losses, that need to be addressed to ensure the Trust's financial recovery (the Diagnostic); and
- taking into account the Diagnostic, a detailed one-year short term financial recovery plan (ST FRP) to achieve or improve upon a deficit of £63m its 17/18 control total (excluding STP), given the exit position and run rate for 16/17.

3.2. The scope and detailed content of the ST FRP will be as agreed with NHS Improvement but will include:

- actions to address the key issues identified, including a high level milestone plan for delivery of the Trust's key schemes to deliver the ST FRP; and
- fully identify and risk assess CIP scheme and subsequently deliver monthly trajectory for 17/18 CIPs
- governance, assurance and programme management arrangements to support delivery of the 2017/18 CIPs (including the Trust's internal assurance approach); and
- details of extra controls and other measures the Trust has put in place to immediately strengthen financial control, which may relate, for example, to staff pay costs, procurement, cash, delegated financial limits and programme management offices; and
- details of how the Trust will deploy sufficient resources to ensure implementation of the ST FRP; and
- details of the Trust governance arrangements for approval and delivery of the ST FRP.

3.3. The Trust will ensure that the ST FRP is robust, quality-assured and agreed by the Trust's board.

3.4. When developing the ST FRP, the Trust will engage effectively with key stakeholders, including commissioners, and will reflect their views appropriately in the ST FRP.

3.5. The Trust will, if deemed necessary by NHS Improvement, commission external support and/or assurance to assist it in developing the ST FRP. The provider and scope of the support and/or assurance will be agreed with NHS Improvement.

3.6. The Trust will take all reasonable steps to secure that it is able to deliver the ST FRP once approved by NHS Improvement.

Three-year Financial Recovery Plan

3.7. The Trust will rapidly identify and set out in writing and submit for agreement to NHS Improvement by 31st October 2017:

- a detailed three-year medium term financial recovery plan (MT FRP) which sets out how and when the Trust will return to financial balance (excluding STP), given the exit position and run rate for 17/18.

3.8. The scope and detailed content of the MT FRP will be as agreed with NHS Improvement but will include:

- actions to address the key issues identified, including a high level milestone plan for delivery of the Trust's key schemes to deliver the MT FRP; and
- the monthly phasing of, and governance, assurance and programme management arrangements to support delivery of the CIPs (including the Trust's internal assurance approach); and
- a fully populated Long Term Financial Model with a credible trajectory to a surplus position; and
- sets out at individual service level the trajectory for returning loss making services identified in the diagnostic to a break even position or to an agreed alternative delivery solution; and
- details of extra controls and other measures the Trust has put in place to immediately strengthen financial control, which may relate, for example, to staff pay costs, procurement, cash, delegated financial limits and programme management offices; and
- details of how the Trust will deploy sufficient resources to ensure implementation of the financial recovery plan; and
- details of the Trust governance arrangements for approval and delivery of the MT FRP.

3.9. The Trust will ensure that the MT FRP is robust, quality-assured and agreed by the Trust's board.

3.10. When developing the MT FRP, the Trust will engage effectively with key stakeholders, including commissioners, and will reflect their views appropriately in the MT FRP.

3.11. The Trust will, if deemed necessary by NHS Improvement, commission external support and/or assurance to assist it in developing the MT FRP. The provider and scope of the support and/or assurance will be agreed with NHS Improvement.

3.12. The Trust will take all reasonable steps to secure that it is able to deliver the MT FRP once approved by NHS Improvement

FRP delivery

3.13. The Trust will demonstrate to NHS Improvement a period of successful implementation of both the ST FRP and the MT FRP (together the FRPs) and assurance of continued focus, capability and capacity to sustainably maintain financial recovery and deliver the FRPs.

3.14. The Trust will if deemed necessary by NHS Improvement, appoint a Turnaround Director to support it in the delivery of the FRPs.

4. Workforce and Governance

4.1. The Trust will develop a comprehensive workforce plan to address key workforce risks. The workforce plan should be supported by detailed underlying work programmes with key metrics and milestones to measure impact of actions and submit to NHS Improvement by the 30th September 2017.

4.2. The workforce plan should include specific improvement plan related to reduction of agency spend with a credible and ambitious trajectory to reduce spend in line with the agency ceiling in a reasonable timeframe to be agreed with NHS Improvement.

4.3. The Trust to actively participate in a well led review carried out by NHS Improvement during Quarter 3 of 2017/18.

5. Improvement Director

5.1. The Trust will co-operate and work with any Improvement Director(s) who may be appointed by NHS Improvement to oversee and provide independent assurance to NHS Improvement on the Trust's delivery of the QIP milestone plan and improvement of quality of care the Trust provides.

6. Buddy Trust and other partner organisations

6.1. The Trust will co-operate and work with any partner organisations (this may include one or more 'Buddy Trusts') who may be appointed by NHS Improvement to:

- support and provide expertise to the Trust; and
- assist the Trust with the delivery of the QIP milestone plan and the improvement of the quality of care the Trust provides.

6.2. The Trust will work with any such partner organisation on such terms as may be specified by NHS Improvement.

7. Programme Management

7.1. The Trust will implement sufficient programme management and governance arrangements to enable delivery of these undertakings.

7.2. Such programme management and governance arrangements must enable the board to:

- obtain clear oversight over the process in delivering these undertakings;
- obtain an understanding of the risks to the successful achievement of the undertakings and ensure appropriate mitigation; and
- hold individuals to account for the delivery of the undertakings.

8. Access

8.1. The Trust will provide to NHS Improvement direct access to its advisors, programme leads and the Trust's board members as needed in relation to the matters covered by these undertakings. Access will be co-ordinated through the Executive Assistant to the Chief Executive at the Trust.

9. Meetings and reports

9.1. The Trust will attend meetings or, if NHS Improvement stipulates, conference calls, at such times and places, and with such attendees, as may be required by NHS Improvement.

9.2. The Trust will provide such reports in relation to the matters covered by these undertakings as NHS Improvement may require.

9.3. Meetings and reports referred to above will be requested and co-ordinated through the Executive Assistant to the Chief Executive at the Trust.

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



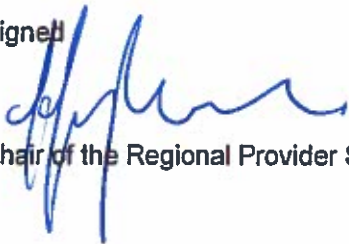
(Chair or Chief Executive of Trust)

CHIEF EXECUTIVE

Dated 4 AUGUST 2017

NHS IMPROVEMENT

Signed



Chair of the Regional Provider Support Group (Midlands and East)

Dated