

## Item 8: Maidstone & Tunbridge Wells NHS Trust: Financial Special Measures

By: Peter Sass, Head of Democratic Services

To: Health Overview and Scrutiny Committee, 2 September 2016

Subject: Maidstone & Tunbridge Wells NHS Trust: Financial Special Measures

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Summary: This report invites the Health Overview and Scrutiny Committee to consider the information provided by Maidstone & Tunbridge Wells NHS Trust.

It provides additional background information which may prove useful to Members.

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### 1. Introduction

- (a) In July 2016 NHS Improvement introduced a new system of financial special measures for NHS trusts and foundation trusts. NHS England also introduced a regime of special measures for commissioners which encompassed financial issues alongside other aspects of their performance. Both types of special measures will now be used where there is a failure to meet the financial discipline expected of the NHS (NHS Improvement 2016).
- (b) Providers will be considered for financial special measures under the following circumstances (NHS Improvement 2016):
1. The provider has not agreed a control total and is planning a deficit for 2016/17;
  2. The provider has agreed a control total but has a significant negative variance against the control total plan and is forecasting a significant deficit for 2016/17; or
  3. The provider has an exceptional financial governance failure (e.g. significant fraud or irregularity).
- (c) The first cohort of providers to enter financial special measures are those that have not yet agreed a control total and are planning the most significant deficits for 2016/17 or have agreed the control total but have a significant variance from the control total and are forecasting the most significant deficits for 2016/17. The first five providers to go into financial special measures are (NHS Improvement 2016):
- Barts Health NHS Trust;
  - Croydon Health Services NHS Trust;
  - Maidstone and Tunbridge Wells NHS Trust;
  - Norfolk and Norwich University Hospitals NHS Foundation Trust;
  - North Bristol NHS Trust.

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- (d) There are a further 13 provider organisations who have not agreed their control totals and are planning for deficits (NHS Improvement 2016).
- (e) The agreed 'financial control totals' with NHS providers in Kent and Medway are detailed in Table 1 below. The financial control totals represent the minimum level of financial performance, against which their boards, governing bodies and chief executives must deliver in 2016/17, and for which they will be held directly accountable by NHS Improvement (NHS Improvement 2016).

**Table 1 - Financial control totals for NHS providers in Kent and Medway**

Trust Name	Control total (CT) accepted?	Planned surplus/ (deficit) inc. STF where CT accepted (£k)	STF allocated and included in plan (£k)	STF allocated, but not accepted (£k)
Dartford and Gravesham NHS Trust	Yes	6,121	9,000	
East Kent Hospitals University NHS Foundation Trust	Yes	612	16,100	
Kent and Medway NHS and Social Care Partnership	Yes	(4090)	1,100	
Kent Community Health NHS Foundation Trust	Yes	2,710	1,810	
Maidstone and Tunbridge Wells NHS Trust	No	(22,927)		12,500
Medway NHS Foundation Trust	Yes	(43,686)	8,400	
South East Coast Ambulance Service NHS Foundation Trust	No	859		0

- (f) To support providers to reach financial balance, a Sustainability and Transformation Fund (STF) of £1.8 billion is being made available in 2016/17. The STF will be linked to the achievement of financial controls, with 30% of its value dependent on providers also meeting trust-specific agreed performance trajectories for A&E, Referral To Treatment (RTT) and 62 day cancer waiting standards (NHS Improvement 2016).
- (g) Where providers go into financial special measures, NHS Improvement has arranged a rapid and intensive on-site process to identify the key issues and agree a recovery plan. NHS Improvement will also establish whether other steps, including further regulatory action – such as removal of autonomy over key spending decisions or changes in leadership (executives, including the Accounting Officer and clinical

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and managerial leadership and/or non-executives) – are required (NHS Improvement 2016).

- (h) To exit special measures a provider must generally have, as a minimum, a robust recovery plan setting out the key changes required to remedy the provider's financial problems, approved by its board and by NHS Improvement, a detailed delivery plan and evidence of significant wins within two additional months of agreeing the initial recovery plan. In addition, NHS Improvement may, at its discretion, require evidence of demonstrable progress in implementing more fundamental change (during a further potential probationary period of up to three months) (NHS Improvement 2016).
- (i) Where a provider is both in financial special measures and special measures for quality there will be a joined up approach to deliver both quality and financial recovery, working with CQC as appropriate. Providers in financial special measures will be expected to maintain, and where possible, improve standards of quality during and after their financial recovery (NHS Improvement 2016).

### **2. Recommendation**

RECOMMENDED that the report on the Maidstone & Tunbridge Wells NHS Trust: Financial Special Measures be noted and an update be presented to the Committee in six months.

### **Background Documents**

NHS Improvement (2016) '*Strengthening financial performance & accountability in 2016/17 (21/07/2016)*',  
[https://improvement.nhs.uk/uploads/documents/Strengthening\\_financial\\_performance\\_and\\_accountability\\_in\\_2016-17\\_-\\_Final\\_2.pdf](https://improvement.nhs.uk/uploads/documents/Strengthening_financial_performance_and_accountability_in_2016-17_-_Final_2.pdf)

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