

KCC HOSC Financial Special Measures UPDATE

27th January 2017

taking



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Financial Special Measures

- Financial Special Measures (FSM) was introduced in July by NHS England and NHS Improvement to help strengthen financial and operational performance. They are part of the “reset” of NHS finances designed to ensure the financial sustainability of the NHS.
- 5 NHS provider Trusts were identified to be part of the first cohort, with 8 CCGs also identified. We are one of the provider Trusts. A further 3 Trusts have also now been identified as being in Financial Special Measures.
- A Financial Improvement Director, Simon Worthington from Bolton NHS Foundation Trust, has been appointed by NHS Improvement and continues to work with us. He is supported by staff from NHS Improvement.
- The Trust has had two progress meeting with NHS Improvement, with a third scheduled to take place at the end of January. At the current time, the Trust remains in Financial Special Measures.

Progress with Financial Special Measures

- The Trust has signed up to the delivery of its control total in 2016/17, although this remains high risk. Prior to entering FSM, the Trust had not accepted its control total.
- The control total requires the Trust to have a deficit of £4.7m, before the application of Sustainability and Transformation Funding (STF). The Trust's original plan for the year was a deficit of £22.9m. The Trust is currently forecasting a deficit of £15.3m, before application of STF.
- This demonstrates the significant progress that has been made in improving the financial position since the start of the FSM process. There does remain, however, more work to do to achieve the control total and this is a key focus for the organisation.
- The Trust has also signed up to the delivery of its control totals in 2017/18 and 2018/19.

Areas of Focussed Action

- All actions that we undertake are Quality Impact Assessed to ensure that any expected impacts on quality are understood and robustly mitigated. This is a live process and is reviewed throughout the financial year.
- **Pay** – A particular focus on temporary staff reduction through continued recruitment and retention efforts, but also the most effective use of staffing. The Trust has reduced nursing agency by 33%, a £3.6m full year benefit.
- **Non-Pay** – Three approaches – ensure the most effective procurement, ensure that stock holding and stock management processes are optimised and challenge the necessity of all items of expenditure through rigorous control processes.
- **Balance sheet flexibility** – The Trust has reviewed all relevant accounting guidance, guidance from NHS Improvement and best practice from other organisations to ensure that it only takes appropriate assets and liabilities to the balance sheet.

Sustainability and Transformation Funding (STF)

- As MTW has now agreed its control total, it can access the STF funding. However as the Trust accepted its control total in Quarter 2, it cannot access Quarter 1's element of the STF.
- This means that of the funding identified for MTW - £12.5m - only £9.4m is available for the trust to earn.
- The funding is split 70% for the achievement of financial targets, and 30% for the achievement of its improvement trajectories to the delivery of constitutional targets. At the current time, the Trust has delivered its financial targets for Quarter 2 and Quarter 3, and some of its constitutional target performance.
- Currently MTW has earned £4.9m from the STF, which is incorporated in to its bottom line reported position.

Next Steps

- The Trust has a progress meeting with NHS Improvement at the end of January. The Trust is currently working on its position ahead of this meeting and will be doing all it can to reduce the forecast deficit further.
- The Trust has signed up to its control total for the financial years 17/18 and 18/19 and is implementing the actions to deliver this financial performance.
- The Trust has explored a range of benchmarks from various sources and all suggest that there remains a significant opportunity for the Trust to be more efficient.
- The Trust's ongoing approach to improving its financial position is to continue to identify opportunities to utilise its resources in the most effective way. The Trust has made significant progress to date, and expects to make more over the remainder of this financial year and into future years.