

TRUST BOARD

Date of Meeting: 08/11/2011	Agenda Item No: 6.4	Enclosure: 4
Intended Outcome:		
For noting ✓	For information	For decision
Title of Report: Turnaround Update		
Aims: To update the Trust Board on the Trusts internal turnaround and its engagement and contribution to the economy wide turnaround programme.		
<p>Executive Summary: Recent changes and enhancements have been made to the programme for the development and delivery of the necessary CIP f £15.2m in 2011/12. These changes are focused on improving delivery and achievement of CIP through enhancements to clinical engagement, a swifter turnaround of proposals and increasingly stringent performance management. These changes have been supplemented with staffing changes within the PMO which is now led by an experienced turnaround manager with a recent track record of significant delivery in this field.</p> <p>Through these changes the Trust will continue to focus on its absolute requirement to achieve its CIP target of £15.2m and improve it's in year and underlying financial position continuing to balance this delivery with the delivery of the highest quality clinical services.</p>		
Specific implications and links to the Trust's Strategic Aims:		
Ensure we provide high quality, safe and effective care for all our patients including meeting essential standards of safety and quality as set out by the CQC		✓
Develop a viable integrated clinical strategy for secondary care services which is sustainable and affordable		✓
Develop a new healthcare facility in West Cumbria that is fit for the 21st century		
Achieve sustainable financial balance through the delivery of the Trust's internal Cost Improvement Programme, securing a viable contract income from our GP commissioners and contributing to the system wide cost reductions		✓
To develop and implement a successful merger or acquisition plan that enables the Trust to become part of an existing NHS Foundation Trust		✓
Recommendations: The Trust Board are asked to note		
<ul style="list-style-type: none"> • Revisions to the PMO resources • Revisions to the processes, structures and performance management regime supporting delivery • The requirement to develop, implement and deliver further schemes in the remainder of the financial year to achieve the requisite target of £15.2m • That non achievement of the target will place significant pressure on the Trusts ability to achieve its financial duties. 		
Prepared by: Alistair Mulvey, Director of Finance / Deputy Chief Executive	Presented by: Alistair Mulvey, Director of Finance / Deputy Chief Executive	

TRUST TURNAROUND UPDATE

1. OVERVIEW

The Trust has faced significant financial pressures over many financial years and its underlying cost base has been supported on a non recurrent basis as funding has been available. The Trust has needed to address its underlying financial problems and is doing this against the backdrop of the general economic downturn which is adding further financial pressures to the Trusts position. The Trust continues to spend more than it receives in income on a monthly basis although the rate of this deterioration is slowing and is forecasting a month on month balance in December 2011.

Whilst significant planning has gone into the cost improvement process, delivery and achievement remains slower than required to achieve the necessary financial targets. As a consequence a greater focus is being maintained on delivery and performance management of that delivery.

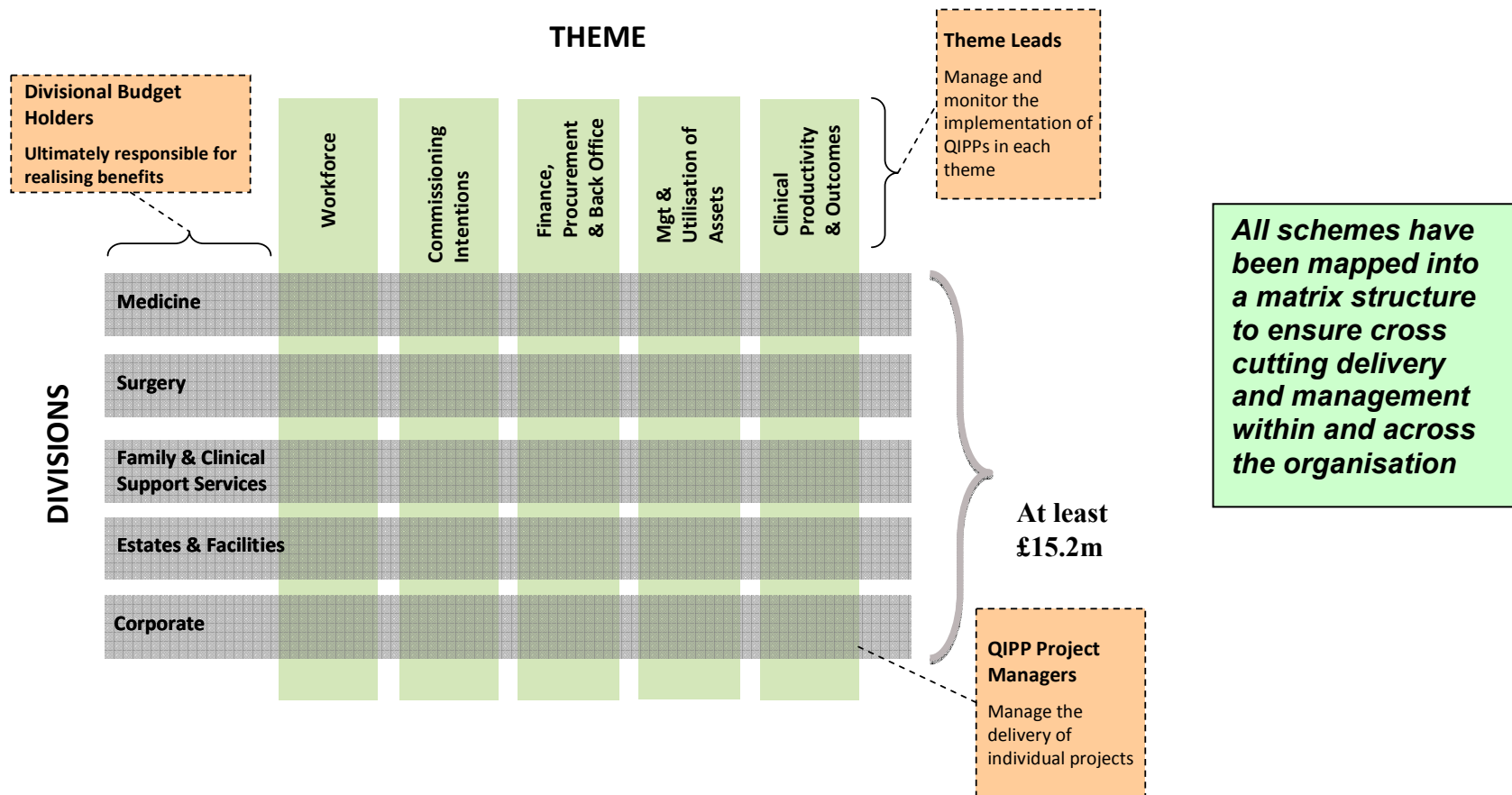
To support greater focus on delivery there have been several important changes within the turnaround process specifically

- Replacement resource into the turnaround team including individuals experienced in the turnaround process
- Further detailed work on specific schemes at clinical division level to ensure full ownership and engagement
- Enhancements to the process for generation of additional schemes specifically ensuring clinical support and consideration of safety and clinical risk issues in the agreement process
- Further enhancements to the systems for tracking savings delivery
- A more rigorous performance management system

Critical in ensuring delivery of the necessary schemes and financial results is the performance management of the overall programme, the following diagrams highlight the established performance management framework and governance arrangements driving the turnaround delivery.

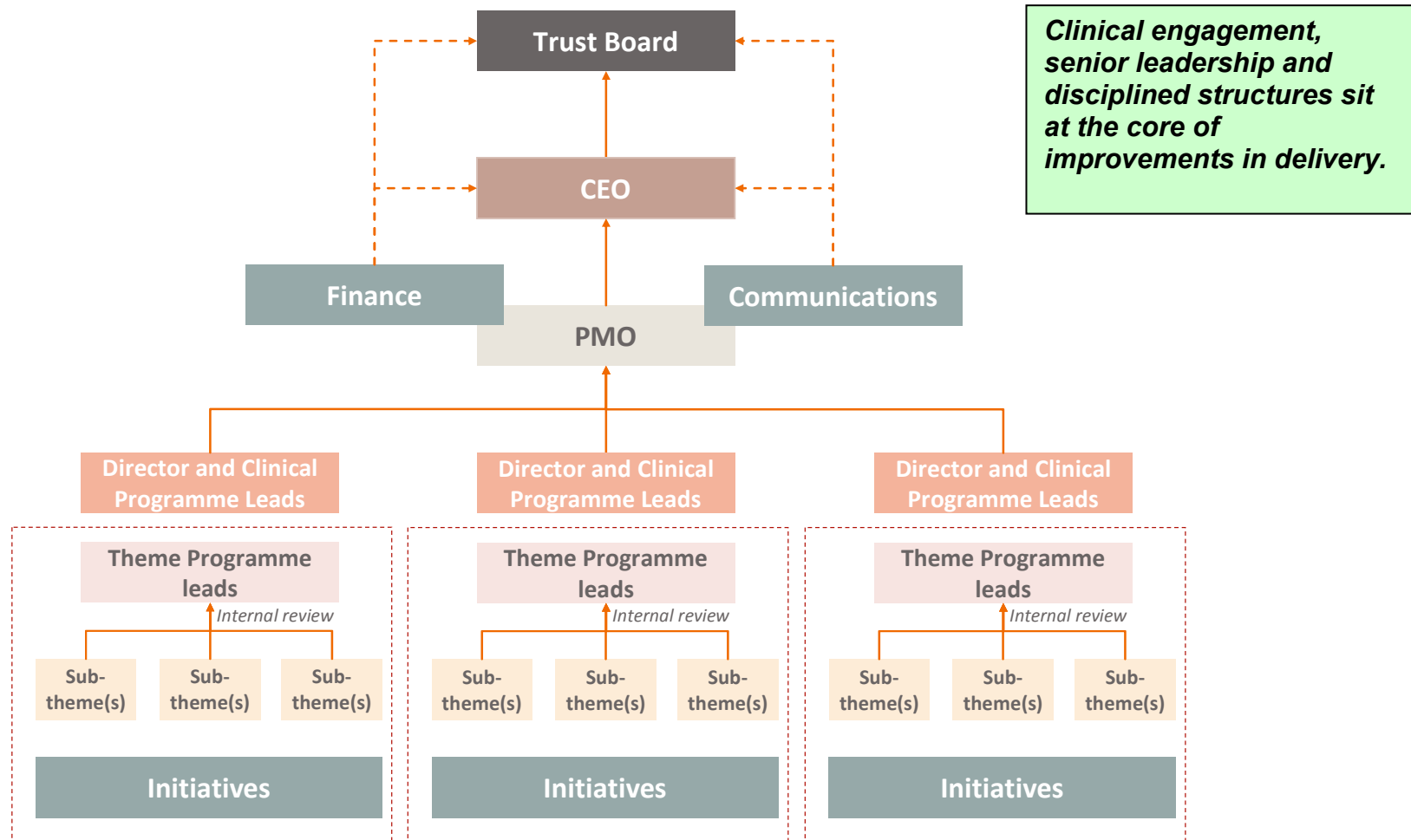
Programme Governance: a matrix approach to benefit realisation

Taking a 'matrix approach' to coordinating the initiatives allows the focus of implementation to be on operational themes, while ongoing benefits tracking is reconciled to budgets.....



Governance structure - overview

An appropriate governance structure incorporating the PMO is crucial for the effective delivery of any project.....



Roles and responsibilities have been further clarified and enhanced

Governance structure – roles and responsibilities

The respective roles and responsibilities of the different functions are outlined below.....

Role	Responsibilities
Trust Board	<ul style="list-style-type: none"> ● Ensuring prominence of CIP delivery aligned to other objectives ● Overall oversight and messaging
CEO	<ul style="list-style-type: none"> ● Overall accountability for successful implementation of programme. ● Specific responsibility for control of Trust discretionary expenditure, delegations, detailed messaging etc. ● Ensure interdependencies between workstreams are effectively managed and resourced.
PMO	<ul style="list-style-type: none"> ● Centrally co-ordinate planning and implementation of the programme. ● Establish robust governance, communications and reporting arrangements. ● Hard wire QIPP into I&E and benefits realisation framework. ● Proactively manage the interdependence between workstreams.
Director Theme Leads	<ul style="list-style-type: none"> ● Jointly accountable for the successful implementation of the workstream. ● Ensure appropriate resources are deployed. ● Provide overall leadership, guidance and directions to the project implementation teams. ● Reporting on workstream to the PMO.
Sub-Theme's) Clinical & Project Lead	<ul style="list-style-type: none"> ● Implementation of workstream projects. ● Reporting on project to Executive and clinical leads.

TURNAROUND MEETING & PERFORMANCE MANAGEMENT STRUCTURE

Monthly

Corporate Recovery Board

2-Weekly

Gateway Meeting (Finances)

Weekly

PMO & Directors
Director Review and Challenge (DRAC)
5 x Theme Meetings
Sub Theme Meetings

The established meeting structure ensures frequent and close scrutiny focused on delivery and achievement as well as development of further initiatives

Through the above enhancements to engagement, ownership and performance management the Trust is focused on achieving the required CIP delivery.

Whilst actual delivery to date has been slower than anticipated the greater depth within schemes supports more resilient delivery in the coming months. Scheme subdivided by clinical and corporate divisions and the forecast delivery is reflected within the table below.

	2011/12	2012/13	Total Divisional Target
	£000	£000	£000
Clinical Support & Family Services	727	371	3,252
Medicine	2,283	2,499	3,430
Surgery	948	1,131	3,377
Total Clinical Divisions	3,959	4,002	10,059
Total Estates and Corporate Divisions	2,367	4,832	5,193
Grand Total Existing Schemes-Planned in Detail	6,326	8,833	15,252
Specific Scheme ideas entered onto Divisional Trackers being developed	612	3,388	
Additional Key Areas being Worked on - Themes			
Theatres	500	2,000	
Nursing Review	250	3,800	
Workforce	300	6,000	
Ward closures	250	1,000	
Grand Total Existing & Additional Schemes 2011/12	8,238	25,021	

Schemes, in pipeline development, are being enhanced in terms of delivery detail to address the shortfall of £7m between the required delivery and the current forecast delivery.

2. CONCLUSION AND RECOMMENDATIONS

Delivery of the required target of £15.2m remains a significant challenge and key risk to the organisation in achieving its statutory financial duties. CIP delivery has been slow and there have been revisions to the process and levels of clinical engagement to support enhanced delivery over the coming months. In addition to enhanced engagement a stronger performance management process is in place to ensure that delivery is closely monitored and that where schemes are off track swift action is taken to understand and resolve any issues at the most senior clinical and managerial levels. The Trust Board are asked to note

- Revisions to the PMO resources
- Revisions to the processes, structures and performance management regime supporting delivery

- The requirement to develop, implement and deliver further schemes in the remainder of the financial year to achieve the requisite target of £15.2m
- That non achievement of the target will place significant pressure on the Trusts ability to achieve its financial duties.

Alistair Mulvey

DIRECTOR OF FINANCE/DEPUTY CHIEF EXECUTIVE