

## *Monitor announces actions we must take*

After a lengthy investigation Monitor is today announcing the action it is expecting the trust to take to address its financial position and performance against its Clostridium difficile target.

In October, the external regulator of NHS foundation trusts began an investigation that looked at our:

- Failure to achieve the referral to treatment with the 18-week target for admitted patients
- Rate of Clostridium difficile infection
- Mortality rates
- Never events

Earlier this year, this was widened to include the trust's financial deficit for 2013/2014.

For a number of months we have worked closely with Monitor to help the regulator understand the situation that led to the position we found ourselves in – and we have worked hard to address the key areas of concern.

Today Monitor will announce that it will take no further action on:

- Referral to treatment - as we have been compliant with this target since April 2014
- Never events - as it accepts we have a much lower rate than the national average
- Mortality - as it accepts that we are not an outlier compared to others in North East.

However Monitor remains concerned about our financial position and rate of Clostridium difficile infections and believes that we may be in breach of our licence to operate if we are not able to improve both areas. The trust is now required to take a number of steps including:

- Develop and implement an action plan to help us comply with our 2014/2015 target of no more than 49 cases of Clostridium difficile
- Obtain assurance from an external advisor that we have fully implemented the Clostridium difficile action plan and report on progress monthly to Monitor.
- Develop and implement a financial recovery action plan that returns us to a sustainable position within three years
- Appoint a transformation director to support the delivery of the financial recovery plan and report progress monthly to Monitor
- Commission a board governance and leadership review from an external advisor to help identify any governance failings that may have led to our failure to achieve key financial and quality targets



- Develop and implement a board governance and leadership action plan to implement all recommendations from the review and obtain assurance from an external advisor that we have fully implemented the plan, reporting on progress monthly to Monitor

If we do not comply with any of the actions then Monitor reserves the right to remove or suspend one or more of our directors or governors and appoint interim directors or governors.

Prior to Monitor's decision we had already:

- Developed and begun to implement a Clostridium difficile action plan
- Begun working on a detailed financial recovery plan, supported by McKinsey
- Agreed to appoint a transformation director to help drive through the changes needed to make the organisation even more efficient while at the same time safeguarding, and where possible, improving the quality of our services

What is clear from Monitor's announcement today is that it – like us – is concerned about our underlying financial position, which has always been challenging. We have few reserves to cushion the organisation against difficult times, and since becoming a foundation trust in 2009 we have struggled year-on-year to generate an annual financial surplus even though we have largely managed to deliver our yearly cost improvement programmes.

However, like an increasing number of NHS organisations across the country, our financial position is worsening due to many factors including an increased demand for services from a growing elderly population with complex needs, reductions in the prices paid for certain procedures, inflation, and reducing income.

Earlier this year we predicted that if we did not take action we could face a deficit of £29m this year, and a gap of up to £50m in 2015/2016. With such a poor financial position we could need up to £80m of support from the Department of Health just to pay our bills over the coming two years.

This position is unacceptable because if we are not on a firm financial footing we will be unable to continue to invest in the development of local services.

We have worked hard to build up the quality of our services and that quality is not only appreciated by our patients but also by other external regulators such as the CQC, which recently visited all our premises and praised the high quality of our services and the staff who provide them.

We do not want the quality of our services to suffer.

We do not want waiting lists to rise.

We do not want to stop investing in new and innovative services.

We do not want to stop buying new equipment and improving our environments.

However that will be an inevitable consequence of us not getting to grips with our financial position.

*Trust special briefing is produced by the public relations department, 01642 854343*

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Our choice is simple – take the action we need to do to achieve a sustainable financial position and hit our quality and performance targets or see Monitor put in a different team to make sure it happens

And that team would not necessarily have the same commitment to the culture of quality that everyone who has worked at South Tees over the last 20 years has worked so hard to develop.

That's why we all have to embrace the transformation changes we must make to our services as part of 'Continuing the Journey'. We currently have six workstreams looking at transformational change and on 8 July our Board of Directors will approve the implementation plan for taking those changes forward.

We have big ambitions for this organisation to not only be safe and sustainable, but also to remain a high quality, high performing trust. To maintain that position will mean actively supporting a number of waves of transformational change in the coming months that will eventually impact on **all** areas of the trust, both front line and support services.

We will have to make some difficult decisions over the coming months, but if we are to protect the quality of the services we deliver then we will have to make those decisions and drive through the changes needed. Otherwise someone else will.

Make no mistake this is one of the most difficult positions the trust has faced in its history, but our staff have proved time and time again that when things are tough they pull together and get the job done. We will all need to demonstrate that spirit in the months to come if we are to safeguard the organisation and its services for the future.

**Chief executive – Professor Tricia Hart**

