

The acceptance versus rejection judgement

28. A key factor in the decision to accept or reject the control total was the deliverability of STP savings. As noted above, the trust was clear at the time of the decision that there were no plans in place to deliver the savings required. Whilst we would not necessarily expect schemes to be highly developed at this point, we would expect at least a clear roadmap setting out how the trust envisaged the plans would be further developed (especially given their materiality). This should have included the trust's assessment of whether there was sufficient governance, accountability, capacity and capability within the STP to progress the workstreams at the pace required. We have seen no evidence of such an assessment from the FIC paper, minutes or from interviews. The Board should have asked for this.
29. It is not clear how the Board felt assured that the significant STP-based savings required were deliverable, given that there were no plans in place, significant bed closures would be required and, to quote the FIC paper, there was 'no evidence to suggest that this level of saving has been achieved in one year anywhere in the country'. The primary mitigating factor to the STP risks cited in interviews is that there was will and commitment from the STP to progress the work required. While a vital component of success, this was not sufficient assurance that such significant savings would be delivered within 2017/18.
30. A number of Board members spoke of the importance of being seen to support the STP by signing up to the modelled savings. Our view is that the trust could be fully supportive of the STP without incorporating its modelled savings into its own plans, and that this is not an adequate reason for signing up to the control total with such a level of risk. Indeed, the two other acute trusts within the STP did not include such savings in their financial plans.
31. Internal CIP deliverability was also a risk, with £20m of 'business as usual' (BAU) schemes in the plan. Schemes to deliver this were not well developed at the time of the control total decision, but this is not unusual for this point in the year and the overall target appeared reasonable given historical levels of delivery. We can therefore understand why Board members were reasonably assured that such a level of BAU savings was deliverable, although the risk was heightened by the trust's difficulty in delivering CIPs recurrently in 2016/17.
32. There were other material risks in the proposed financial plan, including a significant shortfall from the trust's expectation of commissioners' initial contract offers, and a perceived disconnect between commissioner QIPP proposals and STP assumptions on these schemes. Overall, this presents a picture of very significant financial risk, much of which was without mitigation.
33. It is clear from the FIC paper and our discussions with Board members that there were advantages to accepting the control total, which were well understood. Primarily these were: the opportunity to earn STF; the exemption from