

Operational Plan Document for 2014-16

**Liverpool Heart & Chest NHS Foundation Trust NHS Foundation
Trust**

Operational Plan Guidance – Annual Plan Review 2014-15

The cover sheet and following pages constitute operational plan submission which forms part of Monitor's 2014/15 Annual Plan Review

The operational plan commentary must cover the two year period for 2014/15 and 2015/16. Guidance and detailed requirements on the completion of this section of the template are outlined in section 4 of the APR guidance.

Annual plan review 2014/15 guidance is available [here](#).

Timescales for the two-stage APR process are set out below. These timescales are aligned to those of NHS England and the NHS Trust Development Authority which will enable strategic and operational plans to be aligned within each unit of planning before they are submitted.

Monitor expects that a good two year operational plan commentary should cover (but not necessarily be limited to) the following areas, in separate sections:

1. Executive summary
2. Operational plan
 - a. The short term challenge
 - b. Quality plans
 - c. Operational requirements and capacity
 - d. Productivity, efficiency and CIPs
 - e. Financial plan
3. Appendices (including commercial or other confidential matters)

As a guide, we expect plans to be a maximum of thirty pages in length. Please note that this guidance is not prescriptive and foundation trusts should make their own judgement about the content of each section.

The expected delivery timetable is as follows:

Expected that contracts signed by this date	28 February 2014
Submission of operational plans to Monitor	4 April 2014
Monitor review of operational plans	April- May 2014
Operational plan feedback date	May 2014
Submission of strategic plans to Monitor (Years one and two of the five year financial plan will be fixed per the final plan submitted on 4 April 2014)	30 June 2014
Monitor review of strategic plans	July-September 2014
Strategic plan feedback date	October 2014

1.1 Operational Plan for y/e 31 March 2015 and 2016

This document completed by (and Monitor queries to be directed to):

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Date	4 th April 2014

The attached Operational Plan is intended to reflect the Trust's business plan over the next two years. Information included herein should accurately reflect the strategic and operational plans agreed by the Trust Board.

In signing below, the Trust is confirming that:

- The Operational Plan is an accurate reflection of the current shared vision of the Trust Board having had regard to the views of the Council of Governors and is underpinned by the strategic plan;
- The Operational Plan has been subject to at least the same level of Trust Board scrutiny as any of the Trust's other internal business and strategy plans;
- The Operational Plan is consistent with the Trust's internal operational plans and provides a comprehensive overview of all key factors relevant to the delivery of these plans; and
- All plans discussed and any numbers quoted in the Operational Plan directly relate to the Trust's financial template submission.

Approved on behalf of the Board of Directors by:

Name (Chair)	Neil Large
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Signature



Approved on behalf of the Board of Directors by:

Name (Chief Executive)	Jane Tomkinson
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Signature



Approved on behalf of the Board of Directors by:

Name (Finance Director)	David Jago
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Signature



1.2 Executive Summary

Liverpool Heart and Chest Hospital NHS FT (LHCH) is the hub for cardiovascular and chest care in Cheshire, Merseyside, North Wales and the Isle of Man. Our model of care is underpinned by safety, clinical quality and value for money and the patient is truly at the heart of everything we do. We provide a number of specialised heart and chest services offered in only a few centres in the UK using the latest techniques and equipment and delivered by world class clinicians, this combination achieves outstanding clinical outcomes. Our approach to care recognises our patients as part of a group of relatives, friends and carers and we embrace these into our ethos of care which has resulted in our unique patient and family centred care method. The Trust has a very high market share for cardiac work and most cardiology intervention; additionally it is the regional centre for lung cancer surgery and cystic fibrosis. Other services either have a strong tertiary or a community element.

Our vision continues to be the "premier cardiothoracic integrated healthcare organisation" and this remains the focus of our ambition throughout the life of this plan. The five strategic goals underpinning this vision centre around;

- Quality: Delivering the highest quality, safest and best experience for patients and their families by providing reliable care.*
- Service and Innovation: To develop our service portfolio for patients by expanding our current models of service and by developing innovative models of care underpinned by enhanced business systems.*
- Value: To maintain financial viability, enhance service delivery and develop new models of care to improve the health of our patients and safely reduce costs through our programme of transactional and transformational change.*
- Workforce: To be the best NHS Employer by 2019 with a demonstrable track record of motivating our high performing workforce.*
- Stakeholders: To develop productive relationships and alliances with key stakeholders as effective and responsive partners in order to enhance the Trust's profile and reputation and thus secure LHCH clinical sustainability.*

LHCH currently has a strong position in the healthcare market, the changing health economy (both local and regional) and the potential impact of increased competition poses a number of threats and could expose weaknesses. The opportunities available to LHCH should not be underestimated and the financial stability the organisation holds along with our reputation for strong performance and high quality clinical services are a significant advantage.

The potential threat of losing services through new contracts, tender processes and new providers in the market, all seeking to offer best value and high quality, sets LHCH a number of challenges. It requires a need to look at service provision in a different ways; developing partnerships, leading clinical pathways which seamlessly span organisational boundaries and initiating new ways of working that benefit all key stakeholders but most importantly our patients.

To meet its strategic aims LHCH has reviewed and assessed its market position; and the strengths, weaknesses, opportunities and threats (SWOT) in conjunction with an analysis of the political, economic, social, technological, legal and environmental (PESTLE) factors it faces; or has as an available advantage with.

The outputs from a number of strategic Board and senior team sessions have been used as a platform to inform the construct of this operational plan. LHCH recognises the need to respond to the tightening economic outlook over the life of this plan with tariff deflation of 2.6% combined with relatively new commissioning structures facing their own financial challenges. Our response is to continue with our relentless drive for quality and added value within the health economy as typified by our innovative integrated Knowsley cardiovascular and chronic obstructive pulmonary disease model of care. We will continue in our lobbying of tariff setters to influence our income streams going forward so that they are more aligned to the models of care delivered at LHCH as is the case in our nationally recognised Aortic service. The strongest continued competitive threat to LHCH and to our clinical and financial sustainability remains

with the drive for more local services; this has resulted in the plan to develop a second cardiology interventional centre in Warrington and the repatriation of coronary intervention and devices work to North Wales.

The introduction of the single operating model and associated CRG specified services has made entry into the Trust's markets more difficult, but not impossible. The Trust has developed a long term plan that we continue to execute with success, this plan continues to focus on;

- Where it is possible to form strong clinical and organisational relationships we will do so; there is clear evidence that partnerships enhance the role of the Trust, improve patient care and outcomes at partner Trusts and reduce the motivation to offer competitive services. Examples of this are in Chester and Southport and Ormskirk.*
- Where it is not possible to form effective partnerships, then the Trust will compete directly on the basis of patient outcomes, quality and effectiveness.*

Opportunities for LHCH present themselves through our quality culture framework alongside the recognised excellence in care demonstrated by our clinical outcomes with robust clinical engagement in delivering our strategic vision and aspirations for the services and patients we treat at LHCH.

The Trust works co-operatively and fully within the new commissioning structures and with commissioners. We have a senior representative on CRGs covering cardiac surgery, thoracic surgery, complex interventional cardiology and cystic fibrosis. We fully engage and support the cardiac network. We chair the cardiology QIPP programme for Merseyside. Our approach of openness and engagement has yielded effective influence with commissioners and knowledge of the priorities they face.

LHCH was again successful in 2013/14 - its fourth full year as a NHS Foundation Trust. This was as a direct result of our dedicated staff, financial stability and investment programme, working in conjunction with joint commitment from the Board of Directors and Council of Governors to provide high quality services to the people LHCH serves. The Trust has continued to deliver the quality standards within both Monitor's Risk Assessment Framework and contracts with local commissioners, and holds unqualified registration with the Care Quality Commission.

2013/14 was another strong year financially for the Trust, and having previously exploited our financial freedoms as a Foundation Trust to invest surpluses to improve and develop our estate and IT infrastructure, we are now utilising capital as an enabler to facilitate change which is key to the delivery of our quality, productivity and efficiency agenda. We recognise that our staff are our most valuable asset and have continued to develop our Staff Experience Vision to ensure that they are involved in shaping the Trust's future, bringing forward their ideas for service improvement and innovation to deliver better clinical services at less cost through improved efficiency. We continue to enjoy a maturing relationship with our Governors who actively represent staff, partner organisations, members and the local community. Governors remain an integral part of the Trust's assurance processes participating in appraisal, audit, planning and capital projects.

Throughout the latter part of 2013 and in early 2014, the Trust, working with its staff and governors, has undertaken a full strategic review, which together with our 2014/15 contract agreement with commissioners, has informed this plan.

In line with Monitor's Code of Governance and recommendation that key elements of organisations' governance, including the Board and committee structures, be regularly reviewed to ensure they remain fit for purpose LHCH has commissioned KPMG to design a Board and management committee structure enabling LHCH to effectively and efficiently manage its risks, meet statutory and regulatory requirements from which our patients, public and other key stakeholders can have confidence in the ability of LHCH to provide high quality, sustainable care. We believe this plan provides a clear statement on how we intend to advise our vision to be the country's premier integrated cardiothoracic healthcare organisation which will continue to improve, innovate and delight our patients. We intend to embrace the challenges of the economic outlook and increasing requirements for care to be a thriving centre of excellence.

1.3 Operational Plan

The Short Term Challenge

The Trust is the hub for cardiovascular care in Cheshire, Merseyside, North Wales and the Isle of Man.

Both Liverpool CCG , Cheshire , Warrington and Wirral Area team in partnership with LHCH are clear on our respective responsibilities to ensure alignment and delivery of our service and financial plans that are characterised by;



The Merseyside health economy continues to face future significant funding threat. Its per capita funds are significantly higher than the English average. Liverpool CCG estimates its distance from target allocation to be circa 7.8% or some £51.0m, whilst across Merseyside the distance from target based on national allocation formula is some 6.8% or close to £111.0m. This gap is likely to close as forecast by Liverpool CCG through known and indicative allocations as set out below;

	2014/15	2015/16	2016/17	2017/18	2018/19
CCG Growth	2.14%	1.70%	1.0%*	1.0%*	1.0%*

**Indicative*

The challenges to the Local health Economy can be defined as;

- *Poor outcomes*
- *Ageing society*
- *Increase in Long Term Conditions*
- *Increase in public expectations*
- *Increasing costs*
- *Limited productivity gains*

With regards to rates of years of life lost across coronary heart disease (CHD), stroke and pneumonia Liverpool is significantly higher than England. For CHD average number of lives lost per hundred thousand stands at 40 , with Liverpool closer to 54. For cardiovascular diseases the years life lost rate in Liverpool is the fourth highest amongst the core cities. The year 2012 saw 190 premature deaths in

Liverpool from CHD, 58 of which were people under 60.

Overlapping these specific health economy challenges are the challenges from a national context including but not necessarily restricted to;

- Tightening of resources
- Impact of 7 day working
- Urgent care reform
- Social care cuts
- Impact of Care Reform Act
- On-going tariff deflator impact

The recent publication of the Mayoral Health commission report “All change the platform to a healthier Liverpool” led by Professor Sir Ian Gilmour has identified a number of priorities to be delivered by a range of health, social, voluntary and third sector bodies with LHCH playing a key role in the delivery of specialist services to the health economy.

Within specialised services and commissioning of said services by Cheshire, Warrington and Wirral (CWW) area team the scale of the financial challenge can be put into context by a forecast outturn for 2013/14 of a deficit of circa £43.0m (2.4%) on a commissioning budget of £1.8bn with an underlying deficit going into 14/15 of some £39.0m.

As a provider of tertiary specialised service LHCH is acutely aware of the scale of challenge facing NHS England and the challenge set out in the “Call to Action”. The response from CWW area team in respect of this challenge is set out in their five year strategy for specialised services.

	2014/15	2015/16	2016/17	2017/18	2018/19
Area Team Growth	2.65%	2.27%	1.0%*	1.0%*	1.0%*

*Indicative

Within this context of an efficiency challenge for the CWW area team of at least 9% for 2014/15-2015/16 the area team are committed to achieving the vision as set out in the national planning guidance “Everyone Counts: Planning for patients 2014/15 to 2018/19”, and recognise that there is a requirement for transformational change in existing service models to deliver more sustainable, effective and efficient care with six key characteristics;

- A completely new approach to ensuring that citizens are fully included in all aspects of service design and change and that patients are fully empowered in their own care
- Wider primary care, provided at scale
- A modern model of integrated care Access to the highest quality urgent and emergency care
- A step-change in the productivity of elective care
- Specialised services concentrated in centres of excellence

It is recognised in the national strategy for specialised services that there is a need for significantly fewer centres of excellence for most aspects of specialised care in conjunction with a need to reduce variation in quality, outcomes and local prices in specialised services. LHCH in its response to the service specification agenda and noted full compliance and absence of any derogation requirements is ideally placed to support CWW area team in its challenge to deliver high quality care, with excellent outcomes for those patients suffering from cardiovascular disease across Cheshire, Merseyside and the North West. As a result of the compliance process, a number of commissioner led service reviews will be undertaken

(which may be national, regional or more local). These reviews are required to establish compliant and sustainable service models. Some may result in procurements where a transparent process to achieve local consensus and compliant proposals cannot be reached. CWW area team will work closely with Monitor to ensure that the approach adopted is fully in line with national guidance on competition and collaboration.

NHS England has identified that certain services noted as cornerstone services will display the following characteristics;

- *Specialised infrastructure and high fixed capital costs*
- *Ability to deal with both emergency and elective cases*
- *Expert staff dedicated to providing specific service only*
- *High levels of patient throughput and;*
- *Critical path and dependency for other services*

From this LHCH believes it is well positioned to help support NHS England in its vision for specialised care over the next five years.

LHCH understands as part of this review process over the course of the next 18 months that this will include a review of specialist cardiac services presenting opportunities to service provision at LHCH. As a result, there is considerable concern that the current level of hospital capacity is unsustainable. The Trust is playing its full part in shaping strategic reconfiguration discussions that are happening. It can evidence the quality of its clinical output, the world class patient experience it delivers and its financial viability. The Trust's services are, for the most part, not duplicated in other nearby hospitals and its economies of scale and operation (the largest single site cardiothoracic service in the UK) bring with it very large penalties to service efficiency and safety if breaking up or relocation are considered. LHCH Board of Directors believes that it has developed an operating model that is fit for the future.

Quality Plans

National and Local Commissioning Priorities

LHCH have still to confirm and reach agreement with our commissioners in respect of CQUIN targets for 2014/15. Detailed below is a high level summary of the expected quality improvement plans:

There are three national schemes that LHCH will be agreeing with commissioners in relation to;

- *Friends and family test*
- *Dementia and delirium*
- *Safety thermometer*

Locally agreed schemes;

- *Communication: - with timely discharge information to GP covering both inpatients and outpatients. LHCH has made significant progress with this in 2013/14 and will build upon this work during 2014/15.*
- *Advancing Quality: - Appropriate care score, AMI, heart failure and CABG. The Trust is still to finalise the detail around this quality improvement area.*
- *Effective Discharge Planning: - includes patients having an expected date of discharge, the safe administration of medicines, compliance with discharge checklist, to develop a plan for 7 day working and to evidence patient and carer involvement in discharge plans. All of these specified improvements are in line with our own ambitions to improve the discharge process for patients and families.*

Possible specialised commissioning CQUIN awaiting confirmation and agreement;

- *Use of a specialised dashboard for outcomes.*

- *Cardiac surgery inpatient waits within 7 days of being medically fit following mandated 5 day wait post clopidogrel medication. The Trust has been making steady progress with this in 2013 and will build on this work in 2014/15.*

LHCH quality goals:-

Improving the quality, safety and experience of care for patients and families remains a key strategic objective for LHCH. Therefore, it is fundamental that LHCH has a well-defined quality strategy.

LHCH has fully considered the key learning messages from the Francis recommendations (2013), the Keogh Reviews (2013) and the Berwick review (2013) to inform our clinical priorities outlined within the quality improvement strategy for 2014 – 2019. Additionally, the key components of the Compassion in Practice care strategy (2012) namely the 6 Cs – Compassion, Care, Commitment, Courage, Communication and Competence are embedded within the key priorities. LHCH will enable and support our staff to deliver high quality, compassionate care, and to achieve excellent health and wellbeing outcomes for our patients and their families.

The Board of Directors at LHCH has recently agreed its key strategic objectives for the Trust. Our ambition in relation to quality and safety is:-

“To deliver the highest quality, safest and best experience for patients and their families by providing reliable care.”

The overall outcomes LHCH expect to see are:

Safety and Quality:-

- *To deliver harm free care in relation to falls, infections, pressure ulcers, VTE and medicines*
- *To achieve a 20% reduction in mortality*
- *To implement enhanced mortality review processes*
- *To enhance clinical outcomes by service line*

Patient and Family Experience:-

- *To achieve improvements in the net promoter score for the friends and family test.*
- *To be within the top 10% for overall care as per National Patient Survey.*

LHCH is recognised for the delivery of excellent patient and family experience supported by our results in the national survey and our internal measuring in line with the six steps of our patients and family experience vision.

Listening to patients and truly hearing the patient voice is a key recommendation in both the Francis and Berwick reports. Within the Trust we use various methods of data/experience data, both qualitative and quantitative are collected and measured against the six steps of the Patient and Family Experience Vision, as it is believed that relying solely on quantitative data would lose the richness of the experiences that our patients and their families have. The ways in which the Trust listens to patients and families are:

Shadowing:-*Shadowing involves a committed empathic observer to follow and observe a patient and or a family member throughout a selected care experience, to observe and gain insight on the patients and families experience. The gathering of information through observation, discussion and analysis is used by care staff to understand, and thus perfect, the patient and family experience. For 2014/15 Directorates have identified staff who are to undertake patient and family shadowing, as well as all new starters and third year student nurses and medical staff. To date 165 members of staff have undertaken a shadow, our ambition is to build on this over the course of this plan.*

Patient and Family experience engagement events:- The Trust will facilitate eight engagement events which will be designed to capture feedback on patient and family experience of the hospital either as an outpatient or an experience during a stay in hospital. The aim of engaging with our patients and families is to enable us to truly understand their experience and to highlight any improvements required. This will then provide an opportunity to embed improvements where applicable. The events have been supported by representation from the Executive team, Non-Executives, Governors and clinical staff.

Friends and Family Test:- To improve upon coverage from 30% across the clinical areas this is excluding day case patients and outpatients. Our ambition for 2014/15 is to increase our response rate to 35% and to include day case patients and outpatient and community services.

Transparency project:- LHCH is one of 19 trusts whom are being open and honest with the care that we are providing by displaying harms in relation to falls, pressure ulcers, VTE and catheter associated urinary tract infections. We are currently delivering 97% harm free care with ambition to build upon this successful platform.

Care Partner programme:- This involves staff asking family's members/carers if they would like to be involved in the care of their relative and which aspects of care they would like to take part in. This is a fundamental part of our family experience vision and is one of the ways in which we are articulating to patients our ambitions for them and their families to be partners in care with us. We currently have four wards that are taking part in the care partner programme. During this plan all wards will be implementing the care partner programme. The care partner will be identified on the EPR system to facilitate audit of this in practice.

Dementia:- LHCH is committed to delivering better outcomes for patients with dementia. Managing the care of people with dementia is a significant part of the work of our staff. In order to ensure that these patients and their care partners receive good quality care we will :

- Recognise which patients may be affected by dementia by ensuring that we assess all relevant patients on admission.
- Ensure that staff are appropriately trained to manage those patients who are affected. We have already trained over 60 staff, and have plans to roll this out further during 2014/15.
- Have mechanisms in place to support staff caring for patients with dementia, for example using the "This is me document" and "care partner" document to ensure that staff have access to key information with regard to the individual, and further developing this with the new patient and family electronic portal.
- To improve contacts with the wider community via health watch to enable safe discharge by providing easy access to care, support and advice.
- Provide good quality information for patients and carers diagnosed with dementia.
- Delivery of the CQUIN dementia standards to drive quality improvement and innovation through screening, assessment and referral.

Culture within the Trust:- In order to encourage staff to raise concerns LHCH has signed up to the Nursing Times 'Speak Out Safely' campaign which aims to outline the importance for staff to raise concerns about patient care and safety and providing them with safe ways of doing so. The purpose of the campaign is to reach out to staff to encourage them to raise any concerns they have regarding patient care and safety. The Trust will formally launch this campaign in April 2014.

To enable staff to report concerns we have set some key objectives to improve incident reporting further which include:

- Increase web based reporting. The organisation has increased its electronic information systems to enable real time reporting.
- A system for telephone reporting is to be communicated with underpinning structures

- Use of e-mail to capture real time reporting directly into the risk management department

Patient safety champions:-LHCH invested in the Patient Safety Champions Programme run by AQUA in 2013. Currently there are 13 Patient Safety Champions who have attended the requisite training. The champions are mainly from the nursing and medical disciplines throughout the Trust and will be key personnel in helping to progress the safety initiatives identified by our Patient Safety Group.

Mortality Review Group:-This group is a formal sub-group of the Clinical Quality Committee with remit to review deaths, major harm events and cardiac arrests. It is chaired by a Consultant Cardiac Surgeon and is attended by consultants from cardiac surgery, thoracic surgery, cardiology and respiratory medicine. From April 2014 this process will be strengthened by ensuring a multi-disciplinary approach is used when reviewing care pathways for patients to ensure that all learning is captured. In addition, the feedback and sharing of the learning will be strengthened, by ensuring that the information is shared at the audit committees within surgery and medicine and that the learning is shared through directorate governance and a report through to the quality assurance committee of the Board of Directors.

LHCH Quality Account Priorities:-

National, Regional, Local and Trusts priorities have all been considered by LHCH when determining Quality Account priorities for the coming year. There is a requirement to choose at least one of the priorities put forward by stakeholders and governors groups. We held engagement events in February 2014 with our stakeholders, governors, and health watch to ascertain their priorities for improving quality for patients and families.

Following these events LHCH has agreed that the following priorities will be taken forward;

•**Priority One:** To ensure that patients with Dementia are identified and assessed whilst under our care and are referred to their GP for investigation at discharge chosen via the stakeholder group. LHCH will ensure that in-patients (excluding day case patients) over the age of 75 are appropriately assessed for the potential of having dementia within 72 hours of admission. The GP of those assessed as potentially having dementia will be informed to ensure that, when appropriate, specialist care can be accessed. Our aim is to ensure that 95% of patients are appropriately assessed and that 90% of those requiring an onward referral receive it.

•**Priority Two:** Reduce pressure ulcer development (a CQUIN Target Safety Thermometer). Our ambition is that patients in our care will receive harm free care. To ensure that this happens we will work with clinical teams to ensure that they have access to the best support, training and resources to facilitate a sustained reduction in the development of pressure ulcers of Grade 2 and above. LHCH will aim to reduce the number of patients who have had a pressure ulcer as a consequence of the care we provide by 50%.

•**Priority Three:** Reduce the number of patient falls an LHCH determined quality priority. Through our Safe from Harm vision we will deliver our ambition to ensure that our patients receive harm free care. To ensure that this happens we will work with clinical teams to ensure that they have access to the best support, training and resources to facilitate a sustained reduction in the number of patient falls at LHCH.

•**Priority Four:** Improve the timeliness of our communications to General Practitioners at the point of discharge a priority chosen by the Council of Governors. This was a quality account target in 2013/14. Significant progress was made in developing the systems required but our belief that this is still a priority area where further progress can be made. General Practitioners perform a really important role in continuing the care of patients following an in-patient episode. It is important for them to receive information about a patient's treatment as soon after discharge as possible. This ensures that all management and preventative measures associated with the patients care are implemented in a timely way, minimising the patient's chances of becoming unwell and even perhaps needing to be readmitted to hospital. Our aim is to ensure 95% of in-patients have a discharge summary that meets the minimum data

set electronically transmitted to GP within 24 hours of discharge.

Care Quality Commission (CQC)

In October 2013 the Trust was subject to a two day unannounced inspection by the CQC. The inspection covered five outcomes listed below.

- *Outcome 2 – Consent to care and treatment*
- *Outcome 4 – Care and welfare of people who use the service*
- *Outcome 8 – Cleanliness and infection control*
- *Outcome 9 – Management of Medicines*
- *Outcome 17 – Complaints*

The outcome of the inspection was that the organisation had met the standard in four out of the five outcomes. In relation to outcome nine – managing medications the Trust was requested to make some improvements. At the time of the inspection, the Trust had recently implemented an Electronic Patient Record system which incorporated a Medicines Management Module. The inspection team felt that additional work was required to embed the system and thus meet the standard required in Outcome 9 – Management of Medicines.

An action plan for a 3 month improvement cycle was developed and implemented and in February 2014 Outcome 9 was re-inspected during a second unannounced inspection by the CQC and the Trust is now fully compliant against this outcome.

On Friday 14th February 2014 the CQC carried out an unannounced responsive inspection due to whistleblowing concerns that had been raised with them in relation to staffing in the critical care unit. The inspection was carried out over a period of four days incorporating reviewing staffing numbers, interviews with staff and understanding the patient experience within the unit. With regards to outcome 13 (staffing) CQC has issued a moderate concern and for outcomes 14 and 16 (supporting staff and quality of service provision) CQC have raised minor concerns.

Following this inspection the Director of Nursing has led a programme of improvement to understand the staff experience concerns within the critical care unit. This has involved meeting with all staff groups supported by the Chief Executive to feedback the concerns raised to the CQC by the staff and to set out with the staff how we will work with them to address their concerns. A robust action plan containing key deliverables and milestones has been issued to the CQC and a follow up visit will occur during 2014.

Key quality risks and LHCH mitigation plans

Key quality risks identified by LHCH are;

- *The target set for the incidence of C Difficile has been set at 1 for 2014/15 which was based on performance between April and November 2013(2 cases with 2012/13 standing at 8 cases) and reduced by 1. Clearly LHCH will work to achieve continuous improvements however feel that achievement of this target will be challenging.*
- *Diminished staff engagement and satisfaction given challenge to our pay bill. However, LHCH has continued to see improvements in our staff engagement score and in recommending LHCH as a place to work and receive treatment.*
- *A new bacteria, carbapenemase-producing Enterobacteriaceae (CPE), which has become resistant to conventional antibiotics has been identified in hospitals in the North West. The containment of this bacteria has become a national concern, LHCH, as a tertiary centre, is particularly vulnerable due to transfer from surrounding hospitals. In a similar fashion, the Trust will require the screening of patients prior to transfer, and will aim to isolate any patient whose clinical status is such that a delay for screening would compromise patient care. In addition, regular screening of critical care patients will also be undertaken.*

LHCH Board assurance service quality and safeguarding of patient safety

LHCH Board of Directors has agreed the corporate objectives for the Trust through deep staff engagement with key leaders enabling it to set the direction for 2014 – 2019. Quality metrics have been agreed that will be performance managed and are clearly articulated within the quality strategy to ensure that the Board can measure and be assured with demonstrable outcomes.

Robust mechanisms exist for the communication of quality goals throughout the Trust and governance arrangements ensure that the Board of Directors regularly tracks performance relative to quality goals. The Trust has processes in place for the effective identification and management of risks, including potential risks to quality. LHCH has used the guidance set out by Monitor when setting its strategic goals and has assessed each goal for any risks to delivery. Cost Improvement Programme (CIP) schemes are all risk assessed against their impact on quality and safety and all executives have corporate responsibility for this.

A quality-focused culture is promoted throughout the Trust. We do this in a number of ways;

- Patient and family engagement sessions held four times a year to understand the patient and family experience. This is then supported by service line patient and family engagement events to understand the care and experience of patient groups in various pathways.*
- Quality is a key section of the Board agenda helping to ensure it is integral to discussion and debate.*
- A newly created quality report to provide focus on quality objectives and CQUIN with areas for improvement highlighted with risks clearly articulated and agreed mitigating action.*
- All Board members carry out walk rounds within the Trust and recently a buddy system for all non-executives has been configured with an executive director. Governors carry out Trust walk rounds and this information is shared with the LHCH Chair.*

Monitors' quality governance framework has been utilised to articulate to the Board of Directors the recommendations from the Francis, Berwick and Keogh reviews and outlines the quality improvements that have been agreed for LHCH in response to the recommendations. It outlines how the Board of Directors receives assurance on quality and safety and on the agreed actions. This is currently received by the Board of Directors quarterly.

Quality is embedded within a range of documents that support our overall strategy, including the Quality Account and LHCH Clinical Quality Strategy.

IT Enabled Healthcare

As a consequence of the recently implemented Electronic Patient Record, the Trust currently enjoys the joint best rated IT infrastructure in the country with which to deliver high quality care as reflected in the Clinical Digital Maturity Index. Across the next two years, the Trust will be optimising functionality of the system as a key enabler of the quality and safety plans described above. There will be particular focus on clinical decision support, order set construction and intelligent electronic documentation.

Research & Innovation

Our Trust has a strong research and innovation culture. Examples of the impact of this includes:

- LHCH can offer treatments which are truly innovative as part of clinical trials; research brings new therapies which otherwise would not be available to our patients.*
- Research is the source of evidence for improvements and innovation. Implementing our own research findings improves the quality of care for our patients.*
- Research highlights best practice and identifies areas for improvement. The “enquiring mind” that comes*

with research provides the right sort of environment and culture to challenge current models of care and seek improved solutions.

- *Interacting with other researchers (internal and external) as part of the research process provides opportunities to learn from others and bring high quality care to our Trust.*

- *Staff training; our staff get up-skilled as they get involved in research & innovation, resulting in a more competent workforce.*

The Trust plans to increase its academic workforce and improve its research & innovation productivity as part of this operational plan.

Quality and the LHCH Team

Our ambition is to be the best NHS employer offering a remarkable place for all to work and deliver excellent, compassionate and safe care, every day. We are clear that by refreshing our staff experience vision 2014 and firmly placing innovation and talent at the heart of our new people strategy we will be well placed to demonstrate our commitment for attracting, nurturing and engaging the most talented people from diverse backgrounds with people that have a desire to work with us at LHCH to ensure that we truly are a premier integrated cardiothoracic healthcare organisation.

We recognise the important intrinsic link between delivering a quality workforce experience, and our patient outcomes, alongside our patient and their family experience. We will continue to ensure that our talented and innovative workforce will have access to tangible opportunities to facilitate their contribution and influence our organisational development and change internally, regionally and nationally. We will be recognised as a pioneer for innovation and change and observe the profile and reputation of our hospital increase, along with the pride of our staff.

We are especially conscious that the commitment and attitude of our workforce is fundamental to ensuring that we do not become complacent, noting our historical levels of organisational performance and accolade. We are therefore committed to creating an employment experience that supports and promotes success, one in which staff and teams are encouraged to achieve and excel, for them to become leaders in their chosen fields, promoting a climate that encourages staff to achieve the very highest levels of corporate governance and to create a place of work where our staff can demonstrate resilience and agility in responding to change enabling them each to deliver the best patient outcomes and experience, every day.

We will continually invest in education, training and development to provide our staff to with safe opportunities to draw the support from the widest range of colleagues to develop their talent to ensure that we deliver premier experience and that we are recognised as an employer and healthcare provider of choice.

We will make a conscious and planned move to reward and recognise excellence with the primary aim to motivate and engage our staff. To create an increased opportunity for all staff to be actively involved in making the improvements required to improve patient safety, enhance patient and family centred care and to recommend LHCH as a place of treatment and work to their friends and family.

People Strategy: A focus on talent and innovation for 2014/16

LHCH will attract, select and engage the most talented people to ensure we deliver premier integrated cardiothoracic healthcare by placing the patient and their family at the centre of their experience. Our workforce will at all times demonstrate our agreed values and behaviours to ensure that we deliver excellent, compassionate and safe care every day.

Our staff will have the confidence and capabilities to work together as individuals or teams whilst respecting diversity, capitalising on opportunities to innovate; all for the benefit of others. LHCH will identify all of our leaders (leaders at every level) with 100% of the workforce evaluated and identified on the LHCH Talent Map.

Our performance appraisal system and process will be redesigned to include appraisal of quality and compliance.

LHCH will build on our approach to collaborate and learn from leading players in healthcare and beyond, and then adapt and enhance our learning to accelerate the implementation of our ambitions.

Our Education strategy and realigned educational structure future proofs LHCH with ambitious targets to become the leading Cardiothoracic education provider in the country with a number of themes including;

- Building upon our educational success supporting our bands 1-4 staff at the inaugural Cavendish review event in January 2014 and again to present at the roll out event in Manchester in May 2014.*
- Introduced an innovative 'Market Place' Corporate Induction programme.*
- Adopted an Inter-professional approach to student education including a dedicated teaching programme targeted at F2 doctors and senior nurses and AHP's.*
- Partnerships with LHP, Edge Hill, John Moore's Universities and Mersey Deanery. The Edge Hill Partnership allows us to agree a five year plan towards developing cardiothoracic specific educational pathways. This is the first partnership of its type in the North of England. This means that all our staff can benefit from state of the art educational opportunities. We intend to open up these opportunities to NHS colleagues across the region.*
- Roll out of our preceptorship to include all newly qualified AHPs in addition to nurses.*
- LHCH is in partnership with Edge Hill University to develop an accredited cardiothoracic degree pathway accessible to all the inter-professional team.*
- Developed bespoke SICU CPD programme for nursing staff employed in the SICU unit*
- Invest and develop our HCA teams whereby LHCH has made an 'Apprenticeship promise' to support all band 1-4 staff to achieve at least a level two qualification*

LHCH response to Keogh, Berwick, Francis, Cavendish and Clywd/Hart

Within LHCH the quality governance framework has been the vehicle in which we have identified the key learning from Francis, Keogh and Berwick and progress against these actions has been monitored via the Clinical Quality Committee and reported through to the Board of Directors. LHCH Board of Directors will from April 2014 monitor independently from our governance framework the actions outlined from the recommendations from the three reviews.

Complaints review

Following a gap analysis review of the Clywd/Hart and Patient Association report in October 2013, LHCH has highlighted a number of improvement actions which it will take forward and implement throughout this plan including;

- Complainants will continue to be advised to contact the local Health Watch for independent support during the complaints process and signpost them to this service. Complainants will continue to be encouraged to bring an advocate to complaints meetings and/or family members.*
- We will provide listening and learning cards for all of our patients as part of the admission process and patients and families will be informed on admission to discuss any worries or concerns with members of staff as they occur.*
- The introduction of the facility to record meetings in order for complainants to be provided with an audio or digital copy of the meeting immediately following.*

Transparency of Information

In May 2012, the strategy "The Power of Information" (Department of Health) set out a clear vision for the

more effective use of information technology across the NHS. More recently the Francis report recommended the urgent need for the widespread use of digital systems to facilitate information sharing both between health professionals and with patients. It has also widely been acknowledged that all hospital trusts should publish staffing levels on every ward on a daily basis.

Healthcare providers are under increasing scrutiny regarding staffing levels, patient safety, patient and family experience and their ability to consistently deliver compassionate care. In April 2014 the Trust will deliver a project to display this information in an open and transparent way. The anticipated benefit is to ensure that patients and their families will be confident that all our wards consistently deliver the highest standards of care, underpinned by enhanced staff competency and awareness of patient safety and quality improvement. By displaying achievements of the ward areas we will demonstrate to staff, patients, carers and visitors the work the teams are doing to provide excellent standards of care and meeting the standards we expect on our wards and that our patients and families expect to receive.

Safe Staffing

The Francis recommendations support the use of nationally recognised tools for establishing appropriate staffing levels. Ensuring safe staffing is a key objective for LHCH with workforce reviews undertaken biannually using the Professional Judgement and AUKUH (Association of United Kingdom University Hospitals).

Guidance is awaited in relation to nurse staffing to be published by NICE as recommended by Berwick to ensure LHCH optimises the standard of care delivered to each patient. Nurse sensitive indicators are reviewed monthly and triangulated against skill-mix, the friends and family test and staff feedback. The Trust uses a governance framework named the ESQS which is a monitoring tool to assess standards across all wards and departments against the essential standards of quality and safety standards set by the CQC and this has recently been reviewed in line with CQC new strategy.

Recommendations from Francis and the RCN state that supervisory status of Ward Managers is essential to the delivery of high quality care and it is important to note that LHCH have invested to make this a reality. Care boards are being introduced to every ward area which will include the patients name, consultant and nurse name.

How LHCH involve trainees and junior doctors and listen to their feedback is vital in driving quality and was a recommendation from the Francis report. LHCH has introduced ward meetings involving junior doctors delivering a range of reaped several important benefits.

Operational Requirements and capacity

Activity Plan 14/15 & 15/16:-The Trusts activity plans(including private patients) for the next two years are as follows:

	Forecast Activity 2013/2014	Activity Plan 2014/2015	Activity Plan 2015/2016
In-Patient	13,295	13,234	13,090
Out-Patient	64,482	65,835	66,015

To support the delivery of this activity plan the Trust is reviewing the key resources. This includes reviewing our bed model and outpatient accommodation, The Trust currently has 214 beds in operation and this is under continuous review to ensure we have the appropriate capacity available to deliver our activity. We are also reviewing our outpatient accommodation in relation to capacity and demand

projections for the coming 24 months and beyond.

Activity plans have been developed working with commissioning colleagues in both England and Wales as part of the annual planning review.

The main areas of change within the plan relate to the following areas:

- Repatriation of PCI and Catheter patients to Wales as part of their on-going programme. This equates to 183 PCI's and 61 Catheter procedures in 2014/15 based on 2012/13 activity levels.
- To meet demand for EP studies LHCH plans to deliver additional activity to reduce waiting times for patients and support the delivery of the 18 and 26 week RRT targets.
- An increase in Cystic Fibrosis (CF) activity of 12.5% from 2013/14 forecast outturn due to an increase in patient numbers.
- Outpatient numbers have grown slightly due to additional demand for respiratory outpatients.

To support the effective delivery of this plan the Trust will focus on the following areas:

- Improving our estate and current service provision:-As part of the Trusts capital programme for the next two years a number of schemes have been put forward to improve our patient accommodation, support service developments and increase awareness of the Trust to the wider community. The main schemes are:

Cystic Fibrosis (CF) Unit:-To comply with the new national service specification for CF patients the Trust needs to offer all patients access to en suite single room accommodation. As one of the regional centres for CF in the North West this is critical to the future of the service at LHCH and is built into our capital plans for 2014/15.

Same Day Theatre:-LHCH will improve our patient service by introducing same day theatre arrangements for patients who can safely and conveniently come into hospital on the day of their surgical procedure. This is supported by enhanced pre-operative assessment for our patients and supports the efficient use of our inpatient accommodation.

Outpatient Enhancements:-There are a number of service improvement opportunities within our outpatient department to be delivered during this plan. Building on work in partnership with two external companies we aim to improve our outpatient and diagnostic testing experience for patients. The main areas for improvement are:

- Improved utilisation of clinic space
- Electronic scheduling and diagnostic order sets
- Electronic booking in, patient self-check in
- Text reminder service
- Development of E-Consulting rooms

New Main Entrance for LHCH:-One of the key attributes of many high performing organisations is a clear brand and offer for customers and users of services. LHCH is keen to promote its services for patients to a wider audience and is looking at a number of ways it could do this. One of these is to improve identification of the Trust by enhancing our current main entrance for our inpatients and to give a focal point for marketing and brand awareness. This will also support an enhanced experience for patients and visitors who come to the Trust.

Enhancing Service Delivery

LHCH has a strong track record of delivering patient care using innovation and service improvements and also working in collaboration to improve patient outcomes. The following schemes represent opportunities

to continue with this good work:

- *Improve Day Case rates:-LHCH currently has the best day case rates within England for a number of procedures. Building on this solid foundation and utilising the new Holly Suite Day Care Unit, we are looking at opportunities to further improve our day case rates. LHCH will continue to identify new and innovative ways of delivering our services.*
- *Using EPR to enhance quality and reduce costs:-Having made a major investment in a new Electronic Patient Record (EPR) LHCH aim to maximise on this by using the system to support the delivery of consistent high quality care for all of our patients. There are a number of opportunities identified as part of this programme that will enhance care delivery and reduce costs, for example the introduction of electronic pathology order sets for patients. We are also looking to introduce an EPR solution within our Community Services which is fully integrated with the main hospital system.*
- *7 day working model and the Extended Working Day:-The seven-day working model is part of our capacity and demand review, which looks at how the Trust can shape its offer to our patients and the local health economy by reviewing limitations of our service provision. There are a number of opportunities to offer services across the seven-day week and these will be evaluated and options developed in the coming months. This work stream will also cover the daily opening hours of our services and where these need to be expanded to improve service provision.*
- *Minimally Invasive Surgery – Centre of Excellence:-LHCH currently offers its patients a number of minimally invasive surgical procedures. The Trust is keen to build upon this work and expand our services further by setting up LHCH as a Centre of Excellence for minimally invasive surgery and look at how we can enhance our training and research programmes in this area.*
- *CF Telemedicine and Personalised Medicine:-Rising demand for our CF services requires a review of our current model of service provision and to explore opportunities to change models of care moving forward to enhance the patient experience. An example of this is looking at the use of telemedicine to deliver care to patients in different ways to reduce the number of patients having to travel the hospital for outpatient consultations.*
- *Supra Regional Aortic Centre: - The Trusts ambition to be recognised as the national centre of excellence for the provision of complex aortic surgery continues. Recent collaboration with the Royal Brompton Hospital has provided comparable costing information to commissioners. The information provided clearly demonstrates the tariff versus true cost variance which poses a significant financial risk to centres currently delivering the service. Information has been submitted to the national information centre to inform the 2015/16 tariff.*

Growth Opportunities and Service Developments

Working with commissioners and stakeholders within the local health economy the Trust aims to develop and deliver services where we can bring “added value” to patients. The added value that LHCH can deliver is based around our delivery of high quality patient focused care and excellent clinical outcomes. We believe there are opportunities to develop our services in the following ways:

- **Prime Provider Model – Surgery and Cardiology:-***As part of this year’s annual planning guidance there is a clear ambition to look towards having care delivered in specialist centres using the prime provider model. There is clear evidence that specialist centres can deliver high volume procedures with better outcomes for patients and a lower cost. There are also benefits for the health economy in terms of training for clinical staff and also research and development and these also feature in the guidance. The Trust is exploring with our commissioners how to develop this model within the North West region.*
- **Community Model:-***Part of the expanded range of services offered by the Trust is our CVD and COPD services that are delivered in the community by our integrated care team. Having delivered these services successfully for a number of years and being able to clearly*

demonstrate the advantages these services offer in terms of enhanced patient experience, reduced emergency admissions via Accident and Emergency departments and reduced costs of care we are keen to expand these services further.

- **Expand Sleep Study Service:-***As part of our offer to the health economy we are keen to deliver the highest quality of service we can to our patients. One area we believe we can do this is with our sleep study service and we are again exploring with our commissioners a “one stop” service for patients with quick access to our service.*
- **EP Growth:-***Due to an increase in referrals to our EP service we are planning to deliver additional activity over the next two years to reduce waiting times for our patients and ensure delivery of our referral to treatment targets (RTT) for both the 18 and 26-week standards.*
- **Private Patient Service:-***Delivery of our private patient service is an important part of our service offer as the revenue generated from these services supports the delivery of our NHS patient service. We are working with a number of stakeholders to improve our private patient offer and develop the service further.*
- **Expansion of community diagnostic and pharmacy services:-***Working in collaboration with other healthcare providers LHCH is keen to expand its clinical support services outside of the hospital setting. Whilst already offering a number of services under service level agreements to other providers we believe there are further opportunities to expand our services and also to deliver services such as diagnostic testing closer to patients homes in the community.*
- **Rapid Access Lung Cancer Service:-***Having redesigned our Rapid Access Lung Clinic, which combines our diagnostic and outpatient pathways we have advanced our service provision for patients. We are aiming to offer this service to a wider catchment of patients and also expect to see an increase in referrals due to both local and national initiatives around Lung Cancer awareness and early detection campaigns.*

External Risk Factors

Repatriation of Welsh Patients:-*As part of the programme to deliver care closer to home the Welsh commissioners have served notice of their intention to repatriate a number of elective Cardiology procedures during the next 24 months. This repatriation has accordingly been reflected in our activity plans for the next two years.*

Risk of reduction in low complexity procedures due to competition:-*Despite the guidance from NHS England regarding the move towards the development of specialist centres as a key part of the future model of healthcare delivery there remains a risk that local commissioners may support new services being developed. This creates an added risk as low complexity procedures are moved out of specialist centres leaving only the complex procedures, which has both medical staff training, and tariff implications.*

Future commissioning of Upper GI Cancer Surgery:-*The future provision of Upper GI Cancer Surgery is currently under review. LHCH are keen to continue to deliver this service which has both very good outcomes for patients and strong patient support to continue with the current service.*

Productivity, efficiency and CIPs

LHCH Board of Directors continues to be committed to managing its financial resources prudently and effectively, enabling the continued provision of high quality services, delivered by the exceptional teams at LHCH and from within a good infrastructure base. It is vital that we remain financially viable, and are able to generate surpluses, so that we can continue to provide the services that we already deliver and develop new services to improve the health of the population of Merseyside, Cheshire, Wales and beyond. The financial strategy has again been informed by the economic environment we are working within.

The Trust has rightly recognised and debated the challenges it is facing at strategic planning Board away day sessions but continues to see the opportunities that can present themselves to

strengthen our position in delivering the LHCH vision of becoming the premier integrated cardiothoracic healthcare organisation. The detail provided in this two year operational annual plan supports the view that the Trust will continue to be successful and that commissioner focus on service quality notably through specialised service specifications (with LHCH fully compliant) and patient choice playing to the strengths of the Trust.

LHCH Board of Directors whilst fully cognisant of the pressure on NHS resources and the need to deliver both transactional and transformational efficiencies, is clear in its belief that they will not be delivered at all expense and at the risk of diminishing the quality of our clinical service offer to our patients.

LHCH fully recognises the need to move from a historical perspective of delivering efficiency through;

- “trading out “via additional income under PbR*
- In year ad hoc measures including holding of vacancies and top slicing of budgets*

to an environment that can be best typified as one with either static or declining income assumptions forcing LHCH to move to a newer, more transformational approach in order to deliver sustained clinical, operational and financial improvement.

Our approach can be best typified by using our highly developed mature directorate structures allowing a challenge to deeper clinical engagement, responsive financial and operational controls to manage our expenditure base with improved rigour in our programme of implementation and performance management.

In designing the LHCH programme of transactional and transformational change the focus of attention has been to look primarily at the way in which services are delivered and to look at ways of re-designing services to improve the quality of service provided, which in turn can lead to better use of resources. Directorates have been and continue to be encouraged to benchmark wherever possible from both a clinical quality and use of resources perspective the way services are provided at LHCH compared to elsewhere and to both identify and execute delivery of agreed improvements based upon that work. The development of annual efficiency plans commenced with the business planning process in November. This involves a review/refresh of the LHCH medium term plan/strategy. Plans are developed at departmental level with business finance teams supporting the clinical and non-clinical teams in the CIP identification process. Departmental plans are then aggregated into Directorate Plans, which are discussed and either approved or rejected at Quarterly Directorate Business & Governance Meetings. These meetings are represented by Clinical Leads, General Managers, Service Line Managers and Ward Managers.

In its guidance Monitor identified a real efficiency gain likely to be delivered by providers over the course of the next two years within their own right at circa 2.25%. The challenge to the system through pathway redesign and service innovation stands at approximately 1.5% per annum. During 2014/15 LHCH will need to deliver productivity and efficiency of some £5.8m or circa 5.5%.

The financial plan caters for the need to deliver £5.8m of efficiencies and to date LHCH has identified some 91% of this (£5.3m).

Within the above the approximate split between transactional and transformational change is some £3.16m (60%) and £2.11m (40%).

The Trust has a successful track record of delivering traditional CIPS which by their nature are incremental. Building upon this historical track record in 2013/14 LHCH strengthened its governance process via the establishment of a monthly CIP assurance meeting to review performance and where required identify required mitigating action to deliver on its CIP challenge.

Through using PLICs data that drives our service line management processes at LHCH in conjunction with a relentless focus on delivering added value from our suppliers some £1.4m is planned to be delivered via the standardisation of products and through delivering improved value on our supplier contracts. To put this into context against our non-pay expenditure this represents an efficiency challenge of circa 3.0%.

Critical to the delivery of the CIP challenge are the transformational schemes currently under development

at LHCH focussing on ;

- Pathway redesign circa £0.5m including using order sets contained within LHCH EPR for pathology testing
- External review of LHCH Outpatients and Theatres identifying efficiency of circa £0.5m
- Workforce alignment to capacity including review of job plans, additional sessions and premium agency costs £0.5m
- Review of Admin & Clerical workforce and spans of control £0.5m
- Nursing workforce review including new patterns of shift working £0.4m
- Estates realignment strategy £0.1m
- Revenue generating schemes with net upside to income of £0.26m covering ECG, intermediate care services and car parking.

The above work streams are well informed and are supported by appropriate project initiation documentation and the established governance structures and processes in place at LHCH that have supported delivery of efficiency in 2013/14.

Financial Plan

The Trust's financial plan was approved by the Board of Directors in March 2014. The plan has been formulated using tariff guidance, draft financial assumptions agreed with lead commissioners and detailed internal activity modelling and planning culminating in the production of internal divisional financial, service and performance contracts.

The Trust's financial strategy is to maintain a minimum level 4 continuity of services risk rating (CoSRR) under the current risk assessment framework. The financial constraints in the NHS are reflected in the two year operational plan with efficiency levels of circa £10.4m being required to be delivered over the life of the plan.

The Trust continues to recognise the challenges it is facing but sees opportunities to strengthen its position supporting its vision of becoming the premier integrated cardiothoracic healthcare organisation. The detail provided in the operational plan supports the view that the Trust will continue to be successful and that commissioner focus on service quality and patient choice play to the strengths of this Trust.

With regards to clinical income the financial strategy prudently accommodates forecast activity based upon activity in months 7-12 of 2012/13 plus months 1-6 of 2013/14 adjusted for the impact of referral trends, the repatriation of some but not all PCI activity to North Wales and capacity requirements to meet referral to treatment targets. Activity levels in 2013/14 saw a reduction in some areas offset by low levels of growth in others. Consequently the flattened activity levels together with little service development (other than full year effect of those previously catered for) means that income is reducing over the two years of the plan by circa £1.5m reflective of the impact of continued down ward pressure on tariff.

Similarly, over the lifetime of the operational plan, expenditure will reduce slightly due to the Trust's programme of delivering increased efficiency targets at circa £10.4m (ranging from 5.5% to 4.5% per annum) against inflationary pressures and the impact of changes to employers contributions to the superannuation scheme in 2015/16. At this level of efficiency cost pressures are mitigated against. The financial strategy caters for inflationary figures at 2.5% for drugs and other non-pay inflation at 2.48%-2.2%. Pay inflation has been calculated on the basis of a 1% pay award and the annual cost of increments at circa £0.6m. The summary income and expenditure position is detailed below:

	2013/14 Plan £'m	2013/14 Forecast £'m	2014/15 Projected £'m	2015/16 Projected £'m
Income	111.3	111.6	111.0	110.0
Expenditure	104.3	104.7	103.6	102.2
EBITDA	7.0	7.0	7.4	7.8
Normalised Net Surplus/(Deficit)	0.3	0.1	0.5	0.2
EBITDA Margin%	6.3%	6.3%	6.7%	7.1%
Continuity of Services Rating	N/A	4	4	4

The financial strategy over the life of the plan incorporates a moderated assessment of the Trust's ability to deliver net surplus levels. The prudent levels of net surplus planned reflect the overall challenge the Trust faces in delivering efficiencies of circa £10.4m over the next two years slightly higher than historical levels of CIP delivered.

The Trust remains focused on the following areas to ensure delivery of its financial plan:

- Continued emphasis on controlling costs and removing marginal costs as a minimum in line with repatriation of activity to Wales.
- Implementation of a more granular approach to the project management of the delivery of efficiencies incorporating the recommendations of an external review of current PMO functions including a new framework for the reporting of CIPs and guidance on the overall governance structures and processes.
- The maintenance of our clinical income base in conjunction with seeking opportunities for growth aligned with our overall vision to be the premier integrated cardiothoracic organisation in the country.
- The increased use of our Service Line and Patient Level Costing Information systems to drive increased efficiency and reduce costs e.g. to remove clinical variation.
- A tight control of its liquidity position and improved treasury management processes.

Key risks

The key risks to the delivery of our financial strategy are:

- Financial controls not being fully developed to deliver our two year financial strategy. A key component being the delivery of our programme of efficiency at £10.4m over the two year period to provide a firm base for additional change and transformation in future years.
- More aggressive than catered for repatriation of activity to other providers.
- Pressure on clinical income levels from commissioners demand initiatives, service disinvestment and /or application of contract penalties(e.g. readmissions , KPIs, CQUIN).

These risks are all being actively managed. The financial plan for 2014/15 caters for £0.8m in respect of risk mitigation.

In order to achieve the financial strategy the Trust will continue to ensure that it has a firm control of the financial consequences of all its decisions ensuring that robust control of costs is maintained.

Service Developments:-The financial plan caters for the full year effect of prior year service developments. Given the inability of commissioners to support developments going forward (albeit where opportunities arise these will be the subject of discussion) the financial plan caters for minimal service development of the life of the plan. The Trusts aims to consolidate the provision of clinical services at its site whilst proactively discussing with DGH partners the ability to work together collaboratively to secure improved clinical outcomes whilst at the same time delivering improved productivity and efficiency.

Capital Investment:-Given the scale of historical investment made by the Trust in its estate and infrastructure the plan caters for a more moderated level of capital investment for the next two years consistent with our vision. Approximately £11.3m will be invested across the 2 year period with the following identified ;

- EPR/IT £1.6m: The Trust will continue to invest in its Electronic Patient Record to ensure it has robust governance processes in place and generates the efficiencies and patient benefits intended. The Trust will also continue to invest in general IT to enable it to “transform information for health and care”. Our aim through this investment programme is to achieve higher quality care and improve outcomes for patients and service users.*
- Estate Redevelopment £3.7m: The Trust will continue its modernisation programme of its wards and other patient facilities to ensure its facilities remain state of the art and offer the highest quality experience to our patients and families. This includes £1.5m in respect of the cystic fibrosis development.*
- Medical Equipment £0.9m: Our replacement/ investment programme in equipment will enable the Trust to continue to deliver efficient and clinically safe services.*
- Estates infrastructure/maintenance £1.2m: Ensuring our estate is maintained.*

Liquidity:-During the course of 2013/14 LHCH enhanced its treasury management processes to ensure it maintains an optimal liquidity position going into this planning period. Cash balances over the life of the plan stand at circa £8.7m with cash for CoS RR liquidity standing at -£1.6m to - £1.4m with consequent impact on liquidity days stand at circa -5 days. Liquidity headroom before the metric would drop to level 2 with consequent adverse impact on CoS RR to level 3 stands at circa £0.4m.

In line with best practice LHCH prepares a short term cash flow forecast on a 13 week basis, going forward this will be shared with operational managers as key cash influencers to give greater visibility over the cash position to aid and influence decision making impacting on cash.

With regards to working capital management root cause analysis of overdue balances with the receivables ledger will be implemented to establish all appropriate actions to speed up collection of debt.

The Trust is reviewing the merits of establishing a cash committee consisting of both finance and operational cash influencers to promote a stronger cash culture across the Trusts and provide a forum for monitoring and tracking cash preservation initiatives.