Papworth Hospital NHS
NHS Foundation Trust

Operational Plan for 2014-16

Papworth Hospital NHS Foundation Trust

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 April 2014

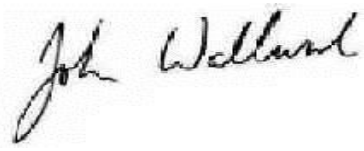
The attached Operational Plan is intended to reflect the Trust's business plan over the next two years. Information included herein should accurately reflect the strategic and operational plans agreed by the Trust Board.

In signing below, the Trust is confirming that:

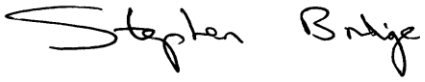
- **The Operational Plan is an accurate reflection of the current shared vision of the Trust Board having had regard to the views of the Council of Governors and is underpinned by the strategic plan;**
- **The Operational Plan has been subject to at least the same level of Trust Board scrutiny as any 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)*	Professor John Wallwork

Signature 

Name *(Chief Executive)*	Stephen Bridge

Signature 

Name *(Finance Director)*	**Jane Payling**

Signature 

1 Executive Summary

Introduction

The Trust's Operational Plan 2014 – 2016 has been prepared in accordance with Monitor's guidance issued in December 2013. It sets out the local and national commissioning frameworks and the challenges and opportunities the Trust considers that these present; the Trust's quality priorities and human resources considerations; research and development; capacity constraints and how these will be resolved; productivity and the service and cost improvement programmes and the financial plan.

Local and National Commissioning Framework and Key Challenges

There are significant financial challenges in the Local Health Economy with Cambridge and Peterborough Clinical Commissioning Group stating that there is the potential for a recurring deficit of ≥ £50m by end of 2015-16 if significant changes are not made to current spending patterns. The potential impact on the Trust's financial planning is mitigated by the fact that only 10% of the Trust's income is provided by the CCG - less than 2% of the CCG's budget.

The NHS England (NHSE) Planning Framework, in its stated aim of concentrating specialised services in centres of excellence, provides opportunities for the Trust particularly in the context of the hospital's planned relocation to the Cambridge Biomedical Campus. The NHSE framework also projects a 9% efficiency challenge in respect of specialised commissioning.

With the backdrop of local and national commissioning frameworks and the relocation of the hospital to the Cambridge Biomedical Campus the Trust has assessed its key challenges as follows:

- Continuing delivery of high quality care;
- Continuing to attract, develop and retain staff;
- Meeting increased demand within the capacity constraints of the current site;
- Meeting the financial challenges.

Quality plans, Human Resources and Research and Development

The Trust places the highest priority on the quality of its clinical services – a comprehensive governance and assurance system is in place. The CQC intelligent monitoring system, introduced during 2013, currently assesses the Trust in the lowest risk category - band 6. The commissioners' quality priorities have been established through the CQUIN process and agreed with the Trust and the Trust's quality goals are entirely consistent with the CQUINs.

The Trust has however flagged a risk of non-achievement of the 62 day cancer waits for 2014/15 and is taking measures to address this risk. The cost and service improvement programme is a potential risk to quality but this is addressed by the Nursing and Medical Directors reviewing the quality impact assessment of all new CIP and SIP projects. Capacity constraints present a risk in terms of access to services and waiting times and this risk is being addressed through a combination of efficiency measures and the provision of additional capacity.

The skills and competencies of the Trust's workforce are key to delivering a high-quality service. The Trust recognises the need to have a combination of specialist and core skills to enable resources to be used flexibly across the organisation. In common with other Trusts, recruitment and retention of clinical staff continues to be challenging. The operational plan sets out a range of measures that the Trust is taking to address this. The Trust is also working closely with Cambridge University Health Partners, the Eastern Academic Health Science Network and Health Education East of England to ensure a system-wide approach is taken to effective workforce planning, education commissioning and leadership development

Research and Development activity continues to grow and the Trust is anticipating significant future expansion of R&D associated with the relocation of the hospital to Cambridge.

Operational requirements and capacity

The delay in relocating to the planned new hospital in Cambridge has put increasing pressure on all facilities at the current site. However Papworth's Surgical and Critical Care capacity is of particular concern, with the existing facilities under considerable strain as demand continues to grow. Ensuring there is sufficient capacity so that the Trust can meet projected demand is a major challenge. It is also strategically important in achieving the Long Term Financial Model [LTFM] to mitigate the financial pressures on the Trust, assist with the affordability of the new hospital and in maintaining Papworth's ability to meet specialist cardiothoracic healthcare needs.

The Operational Plan sets out how Papworth's capacity will be increased as a result of initiatives to increase patient throughput together with providing additional capacity on the current site and at other locations where necessary.

Productivity, efficiency and SIPs/CIPs

The Service Improvement Programme has been a long established practice at Papworth Hospital. The pursuit of improvements in productivity, economy and efficiency coupled with a focus on high quality patient care, innovation and research and development are embedded in the organisation. Over the years this has been evidenced by excellent patient outcomes, patient and staff feedback, the development of leading edge services and a long track record of excellent financial performance. This has been achieved during a period of growing demand for the Trust's services, increasing patient acuity and substantial funding pressures.

The increased importance of the service and cost improvement programme to enable the Trust to meet the tariff deflation and expenditure inflation challenges the Trust faces is fully understood in the organisation. The new Papworth Hospital is a significant part of the solution in the longer term, and brings opportunities for greater economy and efficiency and improvement in the quality of care.

The SIP / CIP plans are subdivided into six categories. The transformational projects are mainly contained within the capacity releasing productivity schemes and workforce categories.

- Workforce and pay reform / savings;
- Capacity releasing productivity schemes;
- Procurement;
- Technology enablers;
- Budget review/Lean initiatives;
- Revenue generation/Income SIP.

There is an extensive governance and assurance process in place which is embedded in all parts of the organisation. The Trust's Chief Executive is the Senior Responsible Owner for the programme accountable to the Board for the delivery of the CIP/SIP.

Financial Plan

The overall financial strategy of the Trust is to keep pace with the growing demand for Papworth's services on the existing site, and by becoming more productive create financial headroom and build up cash reserves in order to support the development of the New Papworth Hospital. During 2013/14, capacity constraints combined with high levels of demand for resource intensive highly specialised services led to difficulties in treating the planned number of patients ultimately resulting in an underachievement of the planned surplus. The position for the operational plan has been revised to take account of the recovery period required.

The operational plan is supported by a detailed financial plan as described in the supporting template. The plan results in operational surpluses of £5m and £5.5m in 2014/15 and 2015/16 respectively.

2 Operational Plan

2. a. The short term challenge

The Local Health Economy (LHE)

Papworth Hospital is a specialist cardiothoracic hospital which provides services to a core catchment population of approximately three million in Norfolk, Suffolk, Cambridgeshire, Mid and North Bedfordshire and surrounding areas and receives referrals for certain sub-specialties from throughout the UK. Cambridge and Peterborough Clinical Commissioning Group has lead responsibility for the preparation of the LHE Strategic 5 Year Plan and Papworth plays its full part in the development of that plan. Due to the specialist nature of Papworth's services only 10% of its income is provided by Cambridge and Peterborough CCG which in turn represents less than 2% of the commissioning budget of the CCG. However it is essential that Papworth in its strategic and operational planning takes fully into account the significant challenges facing the LHE. These can be summarised as follows:

- The CCG estimates that it is approximately £35m short of "fair funding" for its population in 2014/15 with a population growth cost pressure of another £10m;
- A rapidly growing population (+1.1 % p.a.) with increasing births and inward migration;
- A rapidly ageing population (+5% p.a .65+) with increasing Health & Social Care needs;
- Increasing inequalities of outcome in the most deprived areas (males in Peterborough in particular);
- The potential for a recurring deficit of ≥ £50m by end of 2015-16 if significant changes are not made to current spending patterns.

NHS England (NHSE) Planning Framework

In December 2013 NHSE published guidance relating to planning and funding for the NHS - Everyone Counts: Planning for Patients 2014/15 to 2018/19.

A key statement in the document (para 49, page 17) from Papworth's perspective relates to the intention to concentrate specialised services in centres of excellence. This statement is important in terms of Papworth's strategic planning.

"For those who need them, specialised services for less common disorders need to be concentrated in centres of excellence where we know that the highest quality can be delivered. Maximising quality, effectiveness and efficiency means working at volume and connecting actively to research and teaching. Specialised services are currently being delivered out of too many sites, with too much variety in quality and at too high a cost in some places. Through NHS England's direct commissioning we shall be looking to reduce significantly the number of centres providing NHS specialised services, require standards of care to be applied consistently across England and maximise synergy from research and learning. Our strategy for specialised services is still in the early stages of development, but we can foresee a concentration of expertise in some 15 to 30 centres for most aspects of specialised care. Academic Health Science Networks will play an important role as the focus for many of these"

The relocation of Papworth Hospital to the Cambridge Biomedical Campus is entirely consistent with NHSE's statement with Papworth Hospital being a full partner in the existing Academic Health Science Centre – Cambridge University Health Partners.

NHSE - Financial allocations and the efficiency challenge

The NHSE planning guidance states that the implication of the distribution of resources formula is a differing level of efficiency challenge in 2014/15 and 2015/16 by commissioner. In 2014/15, specialised commissioning remains the area with the most challenging efficiency requirement. In 2015/16, with the introduction of the Better Care Fund, CCGs face a more significant efficiency challenge. Over the two years the efficiency challenge for both CCGs and specialised commissioning is similar at approximately 9%, including the provider efficiency deflator.

NHSE – approach to commissioning specialised services

The NHSE planning guidance states that published commissioning intentions for 2014-2016 commit NHS England to a six strand strategic commissioning approach:

- Ensuring consistent access to the effective treatments for patients in line with evidence based clinical policies, underpinned by clinical practice audit;
- A clinical sustainability programme with all providers focused on quality and value through:
    - achieving and maintaining compliance with full service specifications, and making changes to service provision where there is no realistic prospect of standards being met;
    - refreshing and focusing Commissioning for Quality and Innovation (CQUIN) schemes to directly contribute to improving outcomes with challenging, but achievable goals; and
    - providing transparency in service quality through the continued development of service level quality dashboards and improvements in data flows;
- An associated financial sustainability programme with all providers, focused on better value through a two year programme of productivity and efficiency improvement;
- A systematic market review for all services to ensure the right capacity is available, consolidating services where appropriate, to address clinical or financial sustainability issues;
- Adopting new approaches to commissioning care where it promotes integrated care and clinical oversight for patients, in particular services and care pathways to include a prime contractor model and co-commissioning with CCGs;
- A systematic rules-based approach to in-year management of contractual service delivery.

The commissioning framework provides both challenges and opportunities for Papworth Hospital.

The Trust's assessment of the key challenges and opportunities

The above summary provides the commissioning context for Papworth's services. In addition to preparing for the relocation of the Trust's services to the new Papworth Hospital on the Cambridge Biomedical Campus the key challenges in the next two years (and beyond) are as follows:

- Continuing delivery of high quality care together with increasing the impact and influence of Papworth's clinical expertise to improve cardiothoracic services (2.b.below);
- Continuing to attract, develop, retain and enable the best people to deliver excellent care (2.b.below);
- The requirement to meet increased demand within the capacity constraints of the current site (2.c.below);
- Meeting the financial challenges of NHS funding and service demands (2.d.& e. below).

There are many opportunities including:

- Continued development of the close working relationships with Cambridge University Hospitals NHSFT in the lead up to the relocation of Papworth Hospital to the Cambridge Biomedical Campus. This encompasses both clinical and support services.
- Expanding R&D in collaboration with the University of Cambridge and major research organisations on the Cambridge Biomedical Campus in advance of the relocation to Cambridge
- Expanding the Trust's services to areas outside of the Trust's traditional catchment area

2. b. Quality plans, Human Resources and Research and Development

Commissioning quality priorities

The commissioners' quality priorities have been established through the CQUIN process. These are as follows:

National CQUINs:	Friends and Family Test
	NHS Safety Thermometer Test
	Dementia and Delirium
Local CQUINs:	Brief Interventions for Smoking Cessation
	Brief Interventions for Weight Management
	Hospital Transfers
	Screening for alcohol and drug use

The quality monitoring and CQUIN payment arrangements for 2014/15 have been agreed with commissioners.

The Trust's quality goals

To determine priorities for 2014/15 and 2015/16, the Trust reviewed its clinical performance indicators for the year and the feedback from on-going consultation with service users on the range and quality of services provided. A wide range of methods are used to gather information, including national patient surveys, real-time patient feedback from the Trust-wide patient experience data collection tool, concerns, compliments and complaints. Having identified some priorities, the Trust consulted with clinical teams, Governors, Patient & Public Involvement Committees and Healthwatch UK representatives before final priorities were selected. These are summarised below:

- Supported weight loss programme for obese patients attending RSSC as an inpatient;
- Continuous improvement in medicines safety initiatives;
- Improving the pathway for patients transferred from referring hospitals;
- Screening and supporting patients with alcohol dependency to prevent post-operative / post procedural complications;
- Implementation of a pathway for patients experiencing post procedural delirium to improve patient safety and experience.

Quality concerns

There have been no Care Quality Commission (CQC) concerns raised at Papworth during 2013/14. In 2014/15 and 2015/16 the Trust will continue to work closely with clinical teams to ensure that the Trust continues to achieve the CQC outcomes. The Trust had a successful CQC inspection in August 2013 where four outcomes were assessed.

- Respecting and involving people who use services;
- Care and welfare of people who use services;
- Supporting workers;
- Assessing and monitoring the quality of service provision.

The new CQC intelligent monitoring system, introduced during 2013, demonstrated improvement from a band 3 in quarter 3 to a band 6 in quarter 4, band 1 representing the highest risk and band 6 the lowest. The Trust plans to continue to maintain its band 6 status in the future.

As part of the Trust's internal governance, members of the Nursing Advisory Committee undertake monthly unannounced inspections across the hospital to ensure that there is an early warning of any specific areas requiring attention. In quarter 4 of 2013/14 Governors and Non-Executive Directors have joined these inspections to give a further perspective to this work. This will continue thoughout 2014/15 and 2015/16.

The Trust has flagged a risk of non-achievement of the 62 day cancer waits for 2014/15. Achievement of the 85% single cancer site-specific target for Papworth has continued to be challenging in 2013/14, with a failure to meet the target in Q1-3. A range of measures has been put in place to improve performance against this target, including more frequent meetings to plan and schedule patient investigations, the recruitment of an additional dedicated thoracic surgeon (planned for Q1 2014/15), and greater flexibility in theatre scheduling. The Trust has commissioned an external review of the thoracic surgery-oncology pathway at Papworth, which will be led by the chair of the Clinical Reference Group for thoracic surgery, and the clinical lead for the National Cancer Intelligence Network. This will begin in April 2014.

Key quality risks

A potential risk to quality is the implementation of the Trust's cost and service improvement programme. To address this the Nursing and Medical Directors review the quality impact assessment of all new CIP and SIP projects and receive a regular update on all projects through the CIP and SIP reporting process.

Capacity constraints present a risk in terms of access to services and waiting times. This continues to be addressed by the Trust. This is considered in section 2.c. below.

Board assurance

The three components of quality as defined by Lord Darzi - patient safety, patient experience and effectiveness of care – continue to be a major component of the monthly Board of Director meetings which are held in public. Each meeting commences with this agenda, and papers are received and discussed relating to patient safety, effectiveness of care and patient experience. The following table summarises the principal quality matters which the Board considers at its meetings.

Patient safety	Patient experience	Effectiveness of care
• Safety thermometer • Medication errors • Serious incidents • Never events • Health Care Associated Infections • Safeguarding • Safety focus groups. • Staff survey • Nursing care indicators • Safe staffing levels	• Patient stories and feedback • Patient survey • Staff survey • Complaints • Patient Recorded Outcome Measures • Patient Led Assessment of the Care Environment • Nursing care indicators • Governor feedback • Healthwatch UK	• Mortality rates • Mortality and morbidity meetings • National audits • National returns • Implementing NICE guidance • Waiting times • Clinical outcome indicators • Productive Series

The Board also receives a quarterly patient experience report which details key issues relating to patients' experience within the quarter.

The above approach forms part of the Trust's Quality Strategy which will be reviewed during 2014/15 to incorporate the Chief Nurse's 6 C's – care, compassion, courage, communication, competence, commitment. The Trust will also ensure that it addresses the actions from the gap analysis carried out against the key recommendations from the Francis Report and the 7 day working report.

In addition to the oversight of quality by the Board of Directors, the Board's Quality and Risk Committee, meets bi-monthly to critically examine all aspects of quality and Board assurance.

Quality and the Trust's workforce

Papworth's future organisational needs require a combination of specialist and core skills to enable resources to be used more flexibly across the organisation. Clarity and consistency of required competences and role definitions will facilitate increased cross-specialty working.

The key workforce pressures facing the hospital are the recruitment and retention of clinical staff, notably experienced nursing staff, junior doctors in training, allied health professionals and physiologists. To address these issues, the following plans have either been implemented or will be implemented early in 2014/15:

- The appointment of a dedicated Lead Nurse for recruitment and retention of nurses;
- A comprehensive recruitment plan including overseas recruitment for experienced nurses to bridge the gap between newly registered and their adaptation period;
- An on-going recruitment campaign to increase the number of staff available via the hospital's internal bank;
- The recruitment of a full-time locum doctor to cover gaps in the junior doctors' rotations;
- A dedicated resource to review and improve utilisation of staff to reduce agency expenditure;
- The implementation of a retention plan to reduce staff turnover thus reducing the pressure on recruitment and the requirement for agency workers. Initiatives include a revised career and skill/mix model for cardiac and respiratory physiologists in response to Modernising Scientific Careers and accelerated increments for clinical staff related to a competency framework including clinical skills and leadership.

Ensuring the Trust has the right number and appropriate skill mix of nurses is a key component of the Trust's quality strategy. The National Quality Board published their expectations relating to nursing, midwifery and care staffing capacity and capability during 2013. In addition to monitoring Nursing hours per patient day (NHPPD) the Trust will take the following measures to embed the recommendations from this report:

- In depth review of staffing and quality in each ward / department.
- Monitor NHPPD through the Nursing Advisory Committee escalating any concerns to the Quality and Risk Committee.
- Display staffing levels in each ward area.
- Conduct a review of staffing where there is a consistent difference between NHPPD and actual patient hours required or there has been or is to be a service change.

Other quality related workforce issues

- A new Framework for Quality Assurance for Responsible Officers and Revalidation has been submitted to various governance committees including the England Revalidation Implementation Board (ERIB) and the Revalidation Programme Board (RPB) and was approved by the RPB on 25th February 2014. Concerns have not previously been raised about compliance with responsible officer regulations at Papworth. However the new Framework for Quality Assurance imposes additional monitoring requirements.
- **Psychiatric liaison service**. Historically Papworth has had a range of supportive services contributing to psychological care. There has been very limited access to specialist input for patients with psychological and psychiatric problems needing treatment. This is potentially a serious deficiency in terms of quality, safety and equity of access. Moreover, the presence of co-morbid common mental health problems in patients with physical illness significantly increases costs if left untreated. In collaboration with the Cambridgeshire and Peterborough Mental Health Trust, the Trust will establish in 2014/15 a new service combining generic liaison psychiatry with specialist input in specific units
- **Decision making project.** Timely decisions along a patient's pathway enables quality delivery of care and treatment. The decision making project will link in with the Medical ward round project to assess who best and when decisions need to be made and by whom. Staff will then be supported to enable improved decision making, thus improving the patient experience and

quality of care.

- **Perioperative physicians.** The Trust plans to appoint two perioperative physicians to improve the quality of care delivered on the surgical wards. These job roles are analogous to that of an orthogeriatrician in other hospitals. These consultant-level appointments will provide regular prompt access to expert clinical decision-making, which may otherwise be difficult when the consultant surgeon and registrar are busy in theatre. They will improve supervision and training of core medical and surgical trainees and will improve length of stay particularly in relation to the in-house urgent pathway.

Finally, the Trust is working closely with Cambridge University Health Partners, the newly established Eastern Academic Health Science Network and Health Education East of England to ensure a system-wide approach is taken to effective workforce planning, education commissioning and leadership development to address the challenges across health and social care.

Research and Development

During 2013 the Trust recruited 1622 subjects into a balanced portfolio of 35 National Institute for Health Research (NIHR) adopted studies sponsored by the life sciences industry, non-commercial organisations and the Trust. The Trust received NIHR funding of £560k, £204k from Research Capacity Funding allocations and £750k following 15 successful research grant applications. Activity and income have grown year on year, a trend the Trust expects to continue over the coming years particularly as a result of the planned relocation to the Cambridge Biomedical Campus and joint development with the University of Cambridge of the co-located Heart and Lung Research Institute.

The Trust continues to invest in research through use of specific R&D funding, trust resources and charitable funds. The Trust is considering the expansion of consultant level clinician-researchers and research training fellows which, together with 'pump-priming' money will help develop research ideas into future grant applications. A recent Medicines and Healthcare Products Regulatory Agency inspection praised the Trust's quality systems and track record in sponsoring multi-site clinical trials. The Trust will be seeking accredited Clinical Trials Unit status in the next round of applications in 2015 with a view to specialising in supporting surgical studies and the rapid evaluation of medical devices within the NHS. The Trust continues to be an active partner in the Eastern Clinical Research Network, Eastern Academic Health Science Network and Cambridge University Hospital Partners.

2. c. Operational requirements and capacity

The delay in relocating to the planned new hospital in Cambridge has put increasing pressure on all facilities at the current site. However Papworth's Surgical and Critical Care capacity is of particular concern, with the existing facilities under considerable strain as demand grows. An indication of the magnitude of these pressures is the increase of 23% in Critical Care bed-days over the past 2 financial years (equivalent to an additional requirement of 6 CC beds); and in the current year problems have included increased Cardiac Surgery waiting lists and cancellations despite Cardiac Surgery activity levels being below Plan.

Ensuring there is sufficient capacity so that the Trust can meet projected demand is a major challenge. It is also strategically important in achieving the Long Term Financial Model [LTFM] to mitigate the financial pressures on the Trust, assist with the affordability of the new hospital and in maintaining Papworth's ability to meet specialist cardiothoracic healthcare needs. Papworth's effective capacity will be increased as a result of initiatives to increase patient throughput together with providing additional capacity on the current site and at other locations where necessary.

The following paragraphs focus on how the Trust will ensure that it meets the projected future requirements over the next 2 to 3 years for theatres, critical care beds and ward beds for Papworth's surgical and nationally commissioned services (Cardiac Surgery, Thoracic Surgery, Pulmonary Thrombo Endarterectomy (PTE), Transplant and VADs, and Respiratory ECMO) which together account for about 40% of Patient Services Income. The activity projections for the above services which underpin the Trust's LTFM show 21% growth from 2012/13 Actual to 2016/17:

Papworth Activity projections

IP/DC (episodes)	Actual - billed and unbilled				Projection - billed and unbilled				2016/17 vs 2012/13		
	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	% CAGR*	var	total % growth
Cardiac Surgery	2607	2297	2373	2503	2730	2846	2984	3088	5%	586	23%
PTE	84	133	139	148	141	143	146	147	0%	-1	-1%
Thoracic Surgery	520	507	594	532	574	584	593	603	3%	71	13%
Transplant operations	59	53	67	61	68	78	88	89	10%	27	45%
VADs	6	21	18	23	22	22	22	23	0%	0	0%
ECMO	0	0	13	29	35	40	45	50	14%	20	69%
Total Surgical and ECMO	3276	3011	3204	3296	3572	3714	3877	3999	5%	703	21%

** CAGR (Compound Annual Growth Rate): the average yearly growth rate*

The following analysis demonstrates how the Trust plans to provide the capacity to deliver this projected activity, including:

- what the requirements would be for Theatres, Critical Care beds and Ward beds based on current utilisation;
- the expected impact on these from initiatives to increase patient throughput and improve operational efficiency;
- options to provide additional capacity, both at Papworth and other hospitals.

Increasing Patient Throughput projects within the SIP programme are critical to increasing effective capacity at the current Papworth site. Updated projections indicate that these initiatives will release approximately 90% of the required ward bed-days capacity for Surgery, Transplant and ECMO. However these initiatives release only approximately 11% of the additional Critical Care bed-days required. The principal SIP initiatives aimed at creating additional capacity are as follows:

- Same day admissions for cardiac surgery patients;
- Reduce delays for inpatients awaiting transfer from/to DGHs;
- Thoracic Surgery Enhanced Recovery / same day admission;

- Reducing Surgical Site infections following surgery;
- Prioritising Cardiac Recovery Unit and improved theatre utilisation to increase volume of elective cardiac surgery cases;
- Matching Michigan - to reduce length of stay as a result of improved infection rates;
- Reduce in house urgent waits for surgery;
- Introduction of LiDCO plus which enables non-invasive cardiac procedures to be carried out in Critical Care;
- PORTICO: Optimising patient's condition pre surgery to enhance recovery post surgery;
- Timely blood test results to improve discharge process;
- Increase in ward rounds to enable timely clinical decision making;
- A review of whether improved pre-assessment of patients admitted for Primary Percutaneous Coronary Intervention (PPCI) could reduce the numbers who do not proceed to PPCI but remain in Critical Care.

The above measures will make a significant contribution towards creating additional capacity particularly ward beds. However it will be necessary to provide additional physical capacity to ensure that Papworth is able to meet the projected increased activity, with Critical Care capacity being especially essential. The initiatives identified below are projected to provide sufficient extra capacity so that Papworth can achieve acceptable occupancy levels on the current site.

- Varrier Jones extension additional 12 ward beds opening June 2014;
- Thoracic Surgery - 300 cases treated at The Spire in 2014/15;
- Convert 2 Theatre Recovery beds to Critical Care;
- Open further 2 beds in Critical Care on Sundays;
- Increasing use of Progressive Care Unit beds from 10% to 25% of bed-days used by patients previously using Critical Care beds thus relieving pressure on Critical Care.

In addition to the above measures the Trust will also explore the possibility of using potential theatre and catheter laboratory capacity at Addenbrooke's Hospital.

The following tables summarise the impact of the various capacity initiatives measured in bed days. A number of the initiatives have already started and others will be implemented in 2014/15 and maintained and monitored in 2014/15 and subsequent years.

Increasing Patient Throughput projects: projected benefits (bed days)

	Critical Care				Ward			
	13/14	14/15	15/16	16/17	13/14	14/15	15/16	16/17
Same day admissions for cardiac surgery patients					300	599	626	626
Reduce delays for inpatients awaiting transfer from/to DGHs						277	554	554
Thoracic Surgery Enhanced Recovery/ Same day admission					1,107	1,746	1,770	1,770
Reducing Surgical site infections following surgery					105	105	105	105
Cardiac Recovery unit and improved theatre utilisation	52	52	52	52				
Matching Michigan	36	36	36	36				
Reduce in house urgent waits for surgery					350	525	700	700
Introduction of LiDCO Plus into CCA	100	100	100	100				
PORTICO: Enhanced Recovery for Cardiac Surgery					357	1,195	2,089	2,089
Blood results for effective discharge process						260	260	260
Ward Rounds					75	1,015	1,015	1,015
Total	**188**	**188**	**188**	**188**	**2,294**	**5,722**	**7,118**	**7,118**

Additional Capacity initiatives: projected additional bed days

	Critical Care	Ward
Thoracic Surgery - Additional 300 cases per year		1,676
Theatre Recovery beds - Convert two beds into Critical Care	728	
Critical Care bed usage - 2 beds not used on a Sunday	104	
Additional 12 bed ward	-	4,380
PCU conversion - 5 ward beds converted into PCU	913	-913
Additional bed days	**1,745**	**5,143**
2014/15 Part year	**1,252**	**4,454**

Capacity projections showing projected benefits of increasing patient throughput projects and additional capacity initiatives

Ward bed-days		2012/13 actual	2013/14 proj	2014/15 proj	2015/16 proj	2016/17 proj
Projected bed-days required	Surgical & ECMO	24,873	25,182	30,950	32,408	32,643
	Cardiology	15,188	14,850	17,664	18,073	16,849
	Total	**40,062**	**40,032**	**48,613**	**50,481**	**49,492**
Patient throughput initiatives - bed-days released	latest forecasts	0	2,294	5,722	7,118	7,118
Projected bed-days required after initiatives	Surgical & ECMO	24,873	22,888	25,228	25,289	25,525
	Cardiology	15,188	14,850	17,664	18,073	16,849
	Total	**40,062**	**37,738**	**42,892**	**43,362**	**42,374**
Capacity	current	46,720	46,355	46,355	46,355	46,355
	additional			4,454	5,144	5,144
	Total	**46,720**	**46,355**	**50,809**	**51,499**	**51,499**
% occupancy	current capacity	86%	81%	93%	94%	91%
	with additional capacity	86%	81%	84%	84%	82%
Additional bed-days from initiatives and additional capacity				10,176	12,262	12,262
Additional surgical cases this would enable to be treated				967	1,163	1,136

Critical Care bed-days		2012/13 actual	2013/14 proj	2014/15 proj	2015/16 proj	2016/17 proj
Projected bed-days required	Surgical & ECMO	8,556	8,377	9,421	9,877	10,209
	Cardiology	945	1,153	795	806	817
	Total	**9,500**	**9,530**	**10,217**	**10,683**	**11,026**
Patient throughput initiatives - bed-days released			188	188	188	188
Projected bed-days required after initiatives	Surgical & ECMO	8,556	8,189	9,233	9,689	10,021
	Cardiology	945	1,153	795	806	817
	Total	**9,500**	**9,342**	**10,029**	**10,495**	**10,838**
Capacity	current	11,680	11,939	11,939	11,939	11,939
	additional			1,252	1,745	1,745
	Total including additional	**11,680**	**11,939**	**13,191**	**13,684**	**13,684**
% occupancy	current capacity	81%	78%	84%	88%	91%
	with additional capacity	81%	78%	76%	77%	79%

In summary the implementation of the above initiatives will ensure that the Trust can deliver the activity levels in its LTFM and ensure that all patients are seen within the 18 week referral to treatment target.

2. d. Productivity, efficiency and CIPs

The Service Improvement Programme has been a long established practice at Papworth Hospital. The pursuit of improvements in productivity, economy and efficiency coupled with a focus on high quality patient care, innovation and research and development are embedded in the organisation. Over the years this has been evidenced by excellent patient outcomes, patient and staff feedback, the development of leading edge services and a long track record of excellent financial performance. This has been achieved during a period of growing demand for the Trust's services, increasing patient acuity and substantial funding pressures.

The increased importance of the service and cost improvement programme to enable the Trust to meet the tariff deflation and expenditure inflation challenges the Trust faces is fully understood in the organisation. The new Papworth Hospital is a significant part of the solution in the longer term, and brings opportunities for greater economy and efficiency and improvement in the quality of care.

Service and financial pressures continue to increase and are predicted to continue for the foreseeable future. In order to continue to meet these challenges, in 2013, the Trust invested in enhancing staff capability and strengthened leadership and governance in order to deliver a well-developed formal SIP / CIP process which is summarised in this paper. In 2013 Capita has delivered a comprehensive SIP education and training programme to more than 70 Trust clinical and front-line staff and will work to support delivery of key strategic projects within the service improvement programme in the first part of 2014/15.

The following sections describe the Trust's SIP / CIP plans and the assurance / governance framework which assists both with the development of SIP / CIP and monitors achievement.

SIP / CIP Plans

The SIP / CIP plans are subdivided into six categories. The transformational projects are mainly contained within the capacity releasing productivity schemes and workforce categories.

- Workforce and pay reform / savings;
- Capacity-releasing productivity schemes;
- Procurement;
- Technology enablers;
- Budget review/Lean initiatives;
- Revenue generation/Income SIP.

Workforce and pay reform / savings

This category encompasses a number of workstreams which are summarised as follows.

- Skill mix reviews and changes;
- Streamlining central services;
- Pay reform;
- Increasing workforce productivity;
- Recruitment and particularly retention of staff.

Capacity-releasing productivity schemes

Reference has been made above to the means by which the Trust will meet the demand for its services and the current capacity constraints. The principal means of achieving greater productivity is to ensure that growth in activity and income does not result in an equivalent increase in pay and non-pay expenditure. In many projects, this is planned to be achieved by increasing productivity to release capacity to meet the planned growth in activity within the existing clinical facilities on the current site and those modelled in the new Papworth Hospital. Wherever practicable, opportunities to adopt the new ways of working for the new hospital will be incorporated into the service improvement programme

as early as possible although the greatest gains will result from relocating to new and modern facilities.

One of the key areas for this productivity improvement continues to be the achievement of a reduction in length of stay. Benchmark length of stay targets have been set for all the key activity areas in the Trust for both elective and emergency cases and key projects within the Service Improvement Programme are set out in 2.c. above.

Procurement

Savings will result from the initiatives generated by the Trust's supplies department and in conjunction with the East of England Procurement hub and other collaborative opportunities. The Trust's procurement department has a good track record of delivering savings through procurement and this is set to be further exploited in the future. A detailed procurement savings work plan for 13/14 to 15/16 is in place.

Technology enablers

The Trust is implementing and developing further plans to implement new technology to enable future improvements and savings to be realised. Order communications, digital dictation and voice recognition being implemented in 2013/14 and into 2014/15 both support safer, accessible patient records as well as allow greater efficiencies in working practices. These initiatives will assist in the transition to the Epic platform as part of the joint eHospital project with Cambridge University Hospitals.

Budget review & Lean initiatives

Specific projects are underway in this category to control expenditure and reduce budgets. Examples of previous schemes that continue to deliver recurrent savings include estates costs such as heat, light and power and the move to multifunctional devices.

In clinical areas there is a focus on consumable product usage, new protocols to reduce blood and blood product usage and smart procurement of medicines to improve services and achieve reductions in expenditure on consumables. Reductions in pathology costs achieved through an outsourcing contract with Cambridge University Hospitals in 2013/14 will continue into 2014/15 and beyond.

Revenue Generation / Income SIP

All opportunities to generate additional income are considered by directorates as part of their contributions to their SIP plans and these continue to focus on continuous data capture and coding improvement and through the use of telemedicine. These two areas have been incorporated into the SIP/CIP model alongside directorate challenges to look at areas of revenue generation over and above the commissioned activity levels.

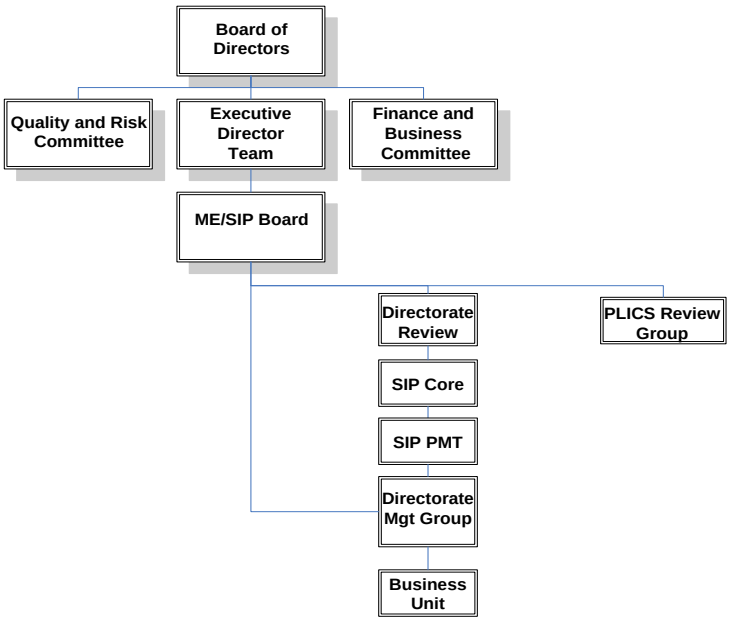
The table below shows the allocation of CIP/SIP between the main headings for the operational plan. Achievement in 2014/15 includes an element of catch up from 2013/14 where the full CIP target was not achieved.

(£m)	2014/15	2015/16
Workforce and pay reform savings	1.42	1.21
Capacity releasing productivity schemes	2.57	2.74
Procurement	1.33	0.91
Budget review and lean initiatives	0.43	0.45
Closing cash balance	**5.75**	**5.31**

SIP / CIP Governance and Assurance

There is an extensive governance and assurance process in place which is embedded in all parts of the organisation. The following diagram shows the Governance Structure.

Service Improvement Programme
Governance Structure



In November 2013, accountability for the Service Improvement Programme was strengthened with the Chief Executive taking the role of Senior Responsible Owner, accountable to the Board for the delivery of the CIP/SIP. Increased support for SIP delivery was also put in place including a dedicated full time SIP Programme Director, the appointment of 1.5 wte SIP Information Analysts and a nominated Management Accountant in addition to the SIP Programme Manager which enhances the SIP infrastructure to support delivery

In September 2013, the Capita education and training programme commenced which was targeted at enhancing capability to deliver the SIP programme. Training was completed in January 2014 and as a result more than 70 clinical and non-clinical staff are being deployed to deliver in the first instance six key priority projects in 2014/15 and beyond.

The Executive Directors take a lead Project Sponsor role for each and every SIP project and the Nursing and Medical Directors review the quality impact assessment for all new SIP projects and receive regular updates on all projects through the SIP reporting process.

The key recommendations that resulted from the review of the SIP undertaken by ATOS Consulting in 2012 continue to be monitored through the SIP Core Team and good progress is being made including the introduction of PMO standard operating procedures, standardised approach to cashable benefit identification, tracking and reporting.

2. e. Financial Plan

Income

Contracts with all main commissioners have now been agreed for 2014/15. 2014/15 is a year of stability for tariff, with very few changes in the tariff currencies or relative prices. However, as per all organisations, the continued pressure through tariff result in an overall deflation of 1.5% compared with 2013/14.

Just over 2/3rds of patient income (c £86m) is classified as specialised and commissioned by NHS England. The 2014/15 contract includes growth over outturn of c 2.5% overall with the additional growth apportioned to specific services such as EP, PVDU and cardiology outpatients.

NHS patient services not classified as specialised are commissioned by CCGs and locally the non-specialist contract is managed by Cambridgeshire and Peterborough CCG. The 2014/15 contract includes very little overall growth. It also includes a decrease associated with the transfer of angioplasty activity into the newly opened catheter lab in Ipswich.

A summary of the overall income plan is shown below.

Category	NHS Patient Income (£m)	Private Patient Income (£m)	Total Patient Services Income (£m)
2013/14 Plan	121.10	6.45	127.55
Activity Changes	3.60	0.12	3.72
Changes to Block Agreements	0.28		0.28
Inflation/Tariff change	-1.82	0.19	-1.62
CQUIN	-0.32		-0.32
2014/15 Plan	**122.84**	**6.76**	**129.61**
Increase on 2013/14 plan	**1.4%**	**4.9%**	**1.6%**

2013/14 Forecast	**120.70**	**6.54**	**127.24**
Increase on 2013/14 forecast	**1.8%**	**3.4%**	**1.9%**

Private patient income has been budgeted at £6.76m, a 4.9% increase on the 2013/14 plan. This represents 5.1% of total patient income (compared with the previous private patient cap of 6.1%).

Contracted income is below the levels projected by the Trust, with an 'income reserve' being used to add back a proportion of the shortfall. Total risk income, which is a combination of revenue generation and estimation of under-contracting, offset by income contingency of £600k is £1.45m (2013/14 £1.5m). This includes an assumption that £725k of removed Suffolk angioplasty will be backfilled by increases from other areas and work currently on the waiting list. There is a risk regarding the affordability of the predicted over-performance to commissioners, especially if the levels of activity estimated to maintain 18-week referral to treatment times are understated, and if commissioners fail to manage the increasing levels of patient demand.

The legally binding contract with commissioners includes financial penalties for non-achievement of targets. Whilst there are no major changes for 2014/15, those introduced in previous years continue, i.e. reductions for non-achievement of targets for cancellations, waiting time targets, potential fines for 30 day readmissions and never events.

Achievement of the CQUIN payment continues to represent a level of financial risk to the Trust as the targets continue to be challenging. The requirement to pre-qualify for CQUIN which was introduced in 2013/14 has now been removed , replaced by a requirement to provide a Service Development and Improvement Plan which is not linked to qualification of payment for CQUINs.

The growth forecasts included in the plan need to be set in the context of sustained growth in patient activity over the recent years. During 2013/14, patient services activity exceeded plan in a number of areas, particularly for highly specialised services. To build the 2014/15 commissioning proposals, a detailed activity model was constructed using Month 7 2013/14 activity projected forward. Estimates of the activity required to maintain, and where necessary, improve upon waiting list targets have also been built in, alongside estimates of the growth required to keep pace with demand.

For 2015/16, activity and income projections have been based on the New Papworth model. In developing this, population projections have been sourced from the latest Office for National Statistics (ONS) figures which are the 2008 based sub-national population projections. The individual service line activity increases are based upon per million population intervention rates included in regional or national reviews where available (such as the Cardiac Stocktake) or using clinical assessment of the patient cohort (in areas such as Cystic Fibrosis and Lung Defence). These predictions have been independently reviewed by the Trust's commissioners (using Deloitte) as part of the ABC process undertaken on the New Papworth PFI project.

Costs

Employee Benefit Expense (Pay)

Pay awards are included at 1% per annum. A 2% allowance representing the impact of these pay awards and incremental drift has been included within pay budgets. The full year effect of pension auto-enrolment has increased budgets by the equivalent of 0.33%. This represents an overall pressure on the 2014/15 budget of £1.721m.

48.98 additional wte have been included within the budget for 2014/15, the majority are associated with the opening of the 12 bedded ward (19.6) and expanding surgical capacity at the weekends (18.77 plus 2 surgeons). In addition, further pay investment has been made in a number of areas to support the continued growth in activity.

Non Pay

An additional £608k (net of CIP requirements) has been added to directorate budget lines to fund variable non pay and drug costs. This has enabled variable non-pay budgets to be increased by 1.6%. Fixed non-pay budgets have reduced in 2014/15 as a number of non-recurrent areas have been removed and other areas transferred from fixed budgets into other areas.

PFI related costs

Due to the delay in the approvals for New Papworth, the brought forward funding for project costs was exhausted during 2013/14. Many of the costs anticipated in 2013/14 have been slipped to 2014/15, whilst the cost of maintaining the project team continues. A non-recurrent pressure of £0.5m relating mainly to fees in the preferred bidder and funding competition stage has been included in the budget.

Contingency Reserves

Resource accounting and budgeting guidance instructs health organisations to budget for a minimum contingency of 0.5% of turnover for unforeseen circumstances. A reserve of £1.7m (1.3% of turnover) has been provided in the expenditure plan.

Assumptions for 2015/16

The table below shows the modelling assumptions used to build the financial plan for 2015/16. Activity based growth levels have been applied to budget headings other than central services which are assumed to be fixed. Variable non pay is modelled as growing at a faster rate due to the expansion in services with high cost devices (VADs and ICDs) being more rapid than the average.

The table below sets out the growth, inflation and CIP assumptions used to construct the plan for 2015/16.

Category	2015/16			
	Growth	Inflation	CIP	Overall change
NHS patient service income	4.00%	-1.50%	0.00%	2.44%
Private patients	4.00%	1.00%	0.00%	5.04%
Other income	0.00%	0.00%	-4.50%	-4.50%
Pay costs	4.00%	3.30%	-4.50%	2.60%
Fixed Non Pay	2.00%	2.00%	-4.50%	-0.64%
Drugs costs	4.00%	5.00%	-4.50%	4.29%
Variable Non Pay	4.00%	3.00%	-4.50%	2.30%

Capital

Medical equipment

The medical devices group prioritises the items required using a detailed forward projection of asset lives. This takes into account equipment required in advance of New Papworth and aims to dovetail replacement dates to coincide with the planned move wherever possible. Significant purchases planned for 2014/15 include:

- £998k – for replacement Heart Lung machines;
- £300k – for a replacement catheter lab;
- £165k – for 3 anaesthetic machine replacements.

Estates Strategy

Given the planned move to Cambridge, the current strategy is to minimise investment in the existing buildings on the current site. However, there are an increasing number of areas of remedial work which need to be addressed due to the prolonged delays in the approval process for New Papworth. The most significant for 2014/15 are:

- £400k – additional car parking;
- £ 77k – works costs associated with the installation of the upgraded CT scanner and decommissioning of the existing scanner.

IM&T strategy

The list of proposed projects includes investment in existing IT systems and in preparation for the planned eHospital project (joint project with Cambridge University Hospitals Foundation Trust).

New Papworth Enabling Works

Two elements of the New Papworth project are planned to occur during the next 2 years:

- purchase of the land on the Cambridge Biomedical Campus (planned for 2014/15)
- building the link corridor (planned for 2015/16)

New Papworth financial close is due to take place in November 2014 with the final land payment related to the project of £16.56m being made in October 2014, followed by the link corridor in 2015/16.

Ward Bed Development

A proposal to provide 12 ward beds was approved by the Board in 2013. The development is due to open in June 2014, with £1.3m expenditure anticipated in 2014/15.

The capital expenditure plan for 2014/15 and 2015/16 is summarised in the table below:

	Expenditure type	2014/15 Budget (£k)	2015/16 Budget (£k)
Capital Budgets	IM&T strategy	747	600
	Medical Equipment	1,742	1,000
	Estates strategy	1,289	500
	Ward bed development	1,347	0
	E Hospital	2,115	847
	New Papworth enabling works	16,560	3,000
	Total	**23,800**	**5,947**

Capital financing

The first four areas are financed from depreciation and accumulated surpluses in 2014/15 as shown in the table below. Public Dividend Capital (PDC) has been granted for the e-hospital costs as part of the Safer Hospitals, Safer Wards initiative. Financing for the New Papworth enabling works is through £20m PDC which has been committed by the Department of Health.

	Funding type	2014/15 Budget (£k)	2015/16 Budget (£k)
Capital Funding	Depreciation funding & Accumulated cash balances	3,730	2,507
	PDC - Safer Hospitals Safer Wards	2,115	
	PDC - New Papworth received in 14/15	20,000	
	PDC - New Papworth carried forward to 15/16	-3,440	3,440
	Brought Forward - Other Schemes	1,395	
	Total	**23,800**	**5,947**

Capital Programme Management

The plan is overseen by the Capital Planning Group which monitors implementation of the schemes and maintains an oversight of risk. Detailed operational groups monitor the specific elements.

Risks

The medical devices group has undertaken a detailed prioritisation of requirements over the coming years. This resulted in a step increase in investment in 2013/14 which has been sustained in the operational plan to take account of those assets which reach the end of useful lives. The risks are well documented in each area and managed by the technical support team.

Liquidity

The table below shows the planned movements in cash over the operational plan period.

(£m)	2014/15	2015/16
Opening cash balance	33.39	41.27
Operating & financing cashflows	8.84	9.41
Working capital movements	0.72	0.41
Capital contribution to New Papworth		-24.00
Capital expenditure	-23.80	-5.95
PDC received	22.12	23.00
Bridging loan		15.00
Closing cash balance	**41.27**	**59.14**

In 2014/15 draw down of PDC is anticipated for both the e-hospital project (£2.1m) and the New Papworth land (£20m). This PDC is expended on capital.

In 2015/16, a number of non-operational cash-flows are included as part of the current timetable for New Papworth:

- The Trust commences payment of the capital contributions towards the financing of the PFI. This is anticipated to be £24m in 2015/16;
- To finance the above, a bridging loan which relates to the sale of the Papworth Everard site of £15m is drawn down from the Foundation Trust Financing Facility (FTFF) along with a further £23m of PDC relating to New Papworth.

An adjustment to working balances has been made compared with previous plans to anticipate the timing difference due to payment of Homecare invoices on behalf of NHS England.

Risks and Mitigations

Risks to achieving the financial strategy and mitigations

The key financial risks can be summarised as Income (including commissioners' ability to pay), SIP delivery and cost pressures. The financial position is monitored regularly by the Board, the Performance Committee and through the Business Units of the Trust. To mitigate the risk of non-delivery a central contingency reserve is included within the budget.

Service Improvement Programme

The highest risk relating to achievement of the financial position is the delivery of the challenging efficiency targets resulting from tariff reductions. The following mitigations are in place:

- The Trust's Chief Executive is the Sponsor for the project;
- A project management office (PMO) is now in place, led by a dedicated SIP Director ;
- A bottom up SIP tracker is now in place showing monthly progress against plan;
- The hospital's Management Executive committee closely monitors achievement of the SIP as part of the monthly financial reporting cycle. This process will be overseen by the Performance Committee of the Board and Executive Directors;
- Considerable progress has been made in developing bottom up SIP plans by directorates;
- Investment has been made in 2013/14 and continues in the period covered by the Operational Plan on an enhanced SIP team and specific project areas.

Patient Activity Income

Commissioners have agreed an activity plan which reflects outturn and includes a small element of growth. It is below the levels projected by the Trust, with an 'income reserve' being used to add back a proportion of the likely shortfall. The total income reserve, which is a combination of estimated under contracting and revenue generation totals £1.45m, net of income contingency provision.

There remains a risk regarding the affordability of the predicted over performance to commissioners. Further discussion and negotiation will take place on this during the year. The contract includes financial penalties for non-achievement of targets. There are no major changes for 2014/15, but those introduced in previous years continue. The CQUIN programme for 2014/15 has been developed jointly by NHS England (specialist services contract), Cambridgeshire and Peterborough CCG and the Trust. Achievement of the CQUIN payment for 2014/15 continues to represent a risk to the Trust as the targets remain challenging.

The following mitigations are in place:

- A contingency reserve of £600k has been included within the income plan;
- Contracts will be monitored through the monthly local contract review meetings;
- All activity within the contracts is essential to sustaining waiting time targets and satisfying demand. Little growth is included therefore it is unlikely to keep pace with demand;
- Any breaches of waiting time targets, CQUINs or other contract levers which may result in a financial penalty will be notified so that provision can be made in the monthly financial position.

Cost Pressures

2014/15 is predicted to continue the trend of recent years with NHS inflationary costs exceeding those in other sectors, the pace of technological developments and unexpected pressures arising in-year.

The full costs of pension auto-enrolment have been included. The use of agency staff is predicted to continue, therefore a budget relating to the excess costs of agency of £0.8m has been included. Additional cost pressures relating to employer pension/national insurance changes have been anticipated in 2015/16 (£0.92m).

The following risk mitigating factors and measures should be noted:

- Pay budgets have been uplifted by 2% representing incremental drift and pay award in 2014/15. Given the recent announcement on public sector pay for 2014/15, this represents a slight overestimate of the pressure due to pay awards;
- A substantial expenditure contingency reserve of £1.7m (1.3% of turnover) against unforeseen circumstances has been provided in the financial plan.

Summary

The table below shows the overall income and expenditure position for 2014/15 and 2015/16 as contained in the detailed financial plan.

	13/14 FY Budget £k	13/14 Outturn £k	14/15 Plan £k	13/14 Act to 14/15 Bud Change £k	13/14 Act to 14/15 Bud % Change %	15/16 Plan £k	14/15 Plan to 15/16 Plan Change £k	14/15 Plan to 15/16 Plan Change %
Income								
NHS patient services income	121,101	120,698	122,846	2,148	1.7%	126,444	3,597	2.8%
Private patients	6,450	6,541	6,766	225	3.3%	7,107	341	4.8%
Patient services income	127,551	127,239	129,612	2,373	1.8%	133,550	3,938	2.9%
Other income	7,314	9,415	6,846	*(2,570)*	-37.5%	6,786	*(59)*	-0.9%
Sub-total income	134,865	136,654	136,457	(197)	-0.1%	140,337	3,879	2.8%
*Pass through items**	*2,666*	*2,639*	*2,705*	*66*	*2.5%*	*2,713*	*8*	*0.3%*
Total Operating Income	**137,530**	**139,293**	**139,162**	**(130)**	**-0.1%**	**143,050**	**3,888**	**2.7%**
Expenditure								
Pay Costs	(70,674)	(74,049)	(74,029)	21	0.0%	(76,202)	(2,174)	2.9%
Drug costs	(5,308)	(5,668)	(5,855)	(187)	3.2%	(6,039)	(184)	3.0%
Supplies - Clin & Non-clin	(31,700)	(31,950)	(31,761)	190	-0.6%	(32,784)	(1,023)	3.1%
Other costs - fixed	(14,538)	(14,348)	(13,669)	679	-5.0%	(12,947)	723	-5.6%
Sub-total	(122,221)	(126,016)	(125,314)	702	-0.6%	(127,972)	(2,658)	2.1%
*Pass through costs**								
Pay	*(1,686)*	*(1,586)*	*(1,768)*	*(182)*	*10.3%*	*(1,776)*	*(8)*	*0.5%*
Non pay	*(980)*	*(1,051)*	*(937)*	*114*	*-12.2%*	*(937)*	*0*	*0.0%*
Total Operating Costs	**(124,886)**	**(128,653)**	**(128,019)**	**634**	**-0.5%**	**(130,685)**	**(2,666)**	**2.0%**
EBITDA	**12,644**	**10,640**	**11,144**	**504**	**4.5%**	**12,365**	**1,221**	**9.9%**
NHS Depreciation	(3,797)	(3,422)	(3,577)	(156)	4.3%	(3,607)	(30)	0.8%
Donated & Grant asset depn	(464)	(549)	(577)	(28)	4.8%	(577)	0	0.0%
Loss on Sale of F.A.	0	0	0	0		0	0	
Interest Receivable	225	134	170	36	21.4%	200	30	15.0%
Dividends Payable	(1,900)	(1,660)	(2,178)	(518)	23.8%	(2,893)	(715)	24.7%
Gross Surplus	**6,708**	**5,142**	**4,981**	**(161)**	**-3.2%**	**5,487**	**506**	**9.2%**

* Pass through relates to R&D Projects and East Academic Health Science Network

The operational plan generates a Continuity of Services Rating (CSR) of 4 in both financial years.