Poole Hospital NHS
NHS Foundation Trust

Operational Plan Document for 2014-16

Poole Hospital NHS Foundation Trust

1.1 Operational Plan for year ending 31 March 2015 and 2016

Monitor queries to be directed to:

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Date	**3rd April 2014**

(The plan has been completed by Paul Turner who was Director of Finance until 31st March 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.

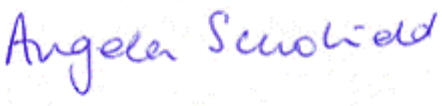
In signing below, the Trust is confirming that:

- **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)***	Angela Schofield

Signature



Approved on behalf of the Board of Directors by:

Name ***(Chief Executive)***	Chris Bown

Signature

Approved on behalf of the Board of Directors by:

Name ***(Finance Director)***	Paul D Turner

Signature

1.2 Executive Summary

Poole Hospital NHS Foundation Trust (PHFT) is the designated trauma unit for east Dorset, with a 24 hour major accident and emergency department. As such, as well as providing a range of general hospital services to the 250,000 local population of Poole, it provides a number of emergency and non-elective services to the wider population of east Dorset, including Bournemouth and Christchurch, as detailed below:-

- trauma and A&E services
- obstetric and neonatal services
- paediatrics
- oral surgery
- neurology

As the Dorset Cancer Centre, the Trust also provides medical and clinical oncology services for the whole of Dorset, serving a total population of around 700,000.

The Hospital:

- is amongst the most effective hospitals in England, operating in the top quartile nationally on all key indicators, with a number of 'beacon' clinical services achieving outcomes that are amongst the best internationally;
- has a reputation for being open, friendly and patient focussed, as a consequence of "the Poole Approach" - that is, the philosophy of care that underpins the culture of the whole organisation;
- has a reputation for efficiency and productivity, delivering quality services through clinical networks and partnerships where appropriate, in a way that provides excellent value to the taxpayer;
- has a long established history of collaborative working with commissioners and other local partners;
- is able to recruit, train and retain the very best people, committed to delivering safe, high quality, innovative patient care.

The Trust has an unusual case-mix, undertaking a very high proportion of non-elective work, with only 15 acute trusts across the country delivering a higher percentage of non-elective activity. Given the distribution of acute services within east Dorset, the Trust does not provide the usual range of elective services, with orthopaedics, urology, ophthalmology and interventional cardiology being largely provided by The Royal Bournemouth and Christchurch Hospital NHS Foundation Trust. Unfortunately, this situation restricts the profitability of the Trust in comparison with most other district general hospitals, with the negative impact on the profitability of this case mix having been recently confirmed by an independent report from PwC (March 2014). Their findings confirmed that Poole Hospital is financially disadvantaged as a result of its case mix and would increase its profitability by up to £6m if it had an average case mix similar to other Trusts.

In 2009/10 the Trust breached its terms of authorisation by falling into deficit. Although the immediate causes of this breach were successfully addressed, the fundamental underlying financial problems of the organisation remain. This has been recognised by the Board since 2010 leading to a formal decision in November 2011 to pursue merger with The Royal Bournemouth and Christchurch Hospitals NHS Foundation Trust ('RBCH'). However this proposed merger was prohibited by the Competition Commission in October 2013 following a detailed investigation

As a result the Trust now needs to redefine its strategy to maintain clinical and financial viability. This will be a two stage approach:

- Stage 1 2014/15-2015/16: rapid development and implementation of an internally focussed transformation programme to deliver a significant reduction in costs over the next two years;
- Stage 2: 2016/17 onwards: a clinical service review, led by Dorset CCG, across the whole Dorset health community resulting in major reconfiguration to deliver long term clinical and financial sustainability for healthcare services in Dorset

This two year operational plan focuses on the first of the above stages. The Trust's key priorities over the period of this plan are as follows:

- develop a financial recovery plan to significantly reduce costs and protect the Trust's liquidity over the next two years;
- ensure the Trust continues to provide safe, effective and high quality services to patients and is able to demonstrate this through completion of a successful Care Quality Commission Review;
- address high risk back-log maintenance issues;
- improve the resilience of emergency care services;
- continue to achieve all operational standards and targets;
- deliver the agreed IT Strategy jointly with Royal Bournemouth ('RBCH');
- develop a long term sustainable Clinical and Financial Strategy for healthcare services to the population of Dorset in partnership with commissioners and other providers

Following the prohibition of the merger in October 2013, the Board has taken timely and effective action to ensure clinical and financial sustainability over the next two years:

- appointed a new, experienced executive team following the resignations of 4 members of the existing Board;
- appointed a Transformation Director in November 2013 to lead the improvement programme;
- commissioned and received from external management consultants a financial baseline review confirming the already clearly understood financial position of the Trust;
- commissioned and received from external management consultants an analysis of the potential opportunities for cost improvements available to the Trust;
- commissioned external management consultants to support the Transformation Director in developing a detailed, two year, cost improvement programme which is expected to be completed by end of June 2014 and is expected to deliver additional savings of £9.5m during the period of this plan;
- committed an investment of £2.1m into transformation resources in addition to the existing Programme Management Office budget of £360k p.a.

This work, validated by independent management consultants, has confirmed that financial sustainability over the next two years is dependent on:

- non-recurring transitional support from our main commissioners;
- the delivery of transformational savings of at least 7% over the coming two years;
- obtaining long terms loans (up to £20m) to support essential capital investment in the Trust's infrastructure.
- the Trust continuing to deliver the highest possible standard of patient-centred health care and achieving improved health outcomes for the local population;
- employing and engaging a highly motivated, appropriately skilled workforce;
- continuing to involve patients, the public and partners in developing truly patient centred services;
- continuing to manage all resources well so as to maintain financial viability.

However, despite the projected savings resulting from the planned transformational programme, the Trust is continuing to project a significant and increasing deficit over the next two years and its long term sustainability remains dependent on major service reconfiguration across the Dorset health community. This work will therefore form a critical part of the work programme for 2014/15 and 2015/16.

Throughout this period, the Trust plans to work effectively with all its commissioners and local partners to develop the plans and implement the changes that will be necessary to ensure that safe, high quality services continue to be delivered across Dorset in the future.

1.3 Operational Plan

The short term challenge

Immediate Financial Challenge.

The Board's clear understanding of the financial challenge facing the Trust has been reaffirmed by a Financial Baseline Report commissioned from PwC. This has confirmed that:

- The Trust has had an underlying deficit for the last two years, despite reporting small surpluses
- The prohibition of the merger by the Competition Commission has led to the Trust having to redefine its strategy if it is to become financially sustainable
- Before the implementation of the transformation plan the Trust has a projected deficit over the next two years of £21m which is real and significant
- The Trust has a capital expenditure plan of £29m for FY14/15 and FY15/16 which will require significant external funding
- The Trust's cash position is deteriorating and without obtaining external loans (and/or reducing the capital programme), as well as delivering an effective and significant cost improvement programme the Trust will run out of cash in 2015.

However, in the development of this plan the Board has been able to identify significant opportunities to reduce costs through efficiency and productivity savings. The Trust, supported by external consultants, has undertaken an operational analysis of the Trust to both identify and direct the resources towards operational and workforce areas that present significant opportunities to remove cost from the organisation whilst maintaining or improving the existing high quality of service provided. This work, based largely on benchmarking analysis, has identified potential savings opportunities with a value of £8.2m to £11m. The Board fully recognises that achieving this level of sustainable cost reduction will be extremely challenging and will require difficult decisions to be made over the coming months

Further details of the financial challenges and how the Board plan to address them is provided in the relevant sections of this operational plan.

Quality and Safety

The Trust has an excellent track record in the provision of high quality, safe services. The Care Quality Commission ('CQC') has confirmed full compliance with all the standards for acute hospitals in their last inspection. However their most recent 'Intelligent Monitoring Report' which analyses a range of key indicators has identified 5 'risks' and 1 'elevated risk'. This results in the Trust being placed in Band 4.

The risks identified by the CQC are as follows:

Elevated Risk

- Maternity Outlier alert: level of elective caesarean section. This has been investigated and a report provided for the CQC on 20 March 2014

Other Risks

- Never event incident
- In-hospital mortality – nephrological conditions
- Maternity survey 2013 C13 – 'were you…..left alone by midwives or doctors at a time when it worried you'
- Monitor Investigation into financial sustainability

- Composite risk rating of ESR items relating to staff support / supervision

These risks identified by the CQC may not reflect the Trust's current performance but the Trust, through the Quality and Patient Safety Committee will investigate and ensure that quality standards are maintained at the highest level.

The Board will ensure that quality standards are not adversely affected by the drive to reduce costs through improvements in efficiency and productivity. A Quality Impact Assessment Committee has been established to review and approve all savings projects before they are implemented.

Operational Targets

The achievement of key operational targets is rigorously monitored by the Board to ensure continued achievement. The key short term challenge is to ensure the sustainable achievement of the Accident and Emergency targets. These were achieved for the first three quarters of 2013/14 but will not be achieved for the final quarter to March 2014 because of activity pressures in January and February 2014. The Trust has made further investment in medical staffing and enhanced its internal processes and will ensure that this critical target is achieved in the coming year.

Quality plans

Overview

Improving the quality of care is at the centre of everything we do at Poole Hospital. The desire to drive up quality standards is clearly articulated in the Poole Approach, our unique philosophy of care, which states that we will provide: 'friendly professional, patient-centred care with dignity and respect for all'.

During 2013-2014, we made good progress against four of our key quality improvement measures. We fully achieved what we set out to achieve in last year's quality report in three key areas: care of people with dementia; preventing venous thromboembolism; and day theatre rates. We fully achieved the accident department waits from April to December but missed the target for the final quarter at the end of March. We did not achieve our other improvement target which was to increase the right patients into the right bed all of the time principally because of the pressures on hospital admissions throughout the winter.

The Care Quality Commission has risk assessed the Trust through its Quality Risk Profile in the first half of the year for quality and safety and these assessments show a consistent pattern of achievement against patient safety and quality outcomes. In October the CQC published its first Intelligent Monitoring Report and the Trust received a banding of Band 5 (Band 1 very high risk to Band 6 very low risk). The Trust rating for the second CQC Intelligent Monitoring Report published in March 2014 was band 4.

The Care Quality Commission undertook unannounced inspections of the Trust in May 2013 and January 2014. The Care Quality Commission confirmed full compliance with all the standards for acute hospitals in the last inspection following work undertaken after the May inspection.

The Board of Directors considers issues relating to patient care and safety, quality and clinical performance in detail at the meetings of its Quality, Safety and Performance Committee and during the public part of each and every monthly Board meeting. In reviewing patient care, patient safety, clinical effectiveness and patient experience the board has targeted five key areas for improvement in 2014/15. In selecting the areas for this year's quality improvements the Board has sought the views of patients, the public and staff through the Council of Governors.

Areas for Improvement in 2014/15

Poole Approach – Culture and care

To continue to strengthen the trust's commitment to the Poole Approach and further embed the 'Golden Rules' designed to ensure on every contact with our patients we always follow the golden rules.

Outliers/bed occupancy

Reduce the number of outliers and the overall bed occupancy rates working closely with partner agencies to reduce our delays.

Clinical Staffing

The trust will formalise outcomes from the most recent detailed Nursing and Midwifery establishment review undertaken in the autumn of 2013. This is particularly important in response to the findings of the Francis Report 2013 and Hard Truths 2013. This staffing review will enable the trust to identify both the changing needs of patients and the changing nature of the workforce to ensure that patients are cared for by appropriately qualified and experienced staff in safe environments.

Seeking patient's views

Increasing the number of opportunities for patients to provide feedback and comments on the services, care and treatment that they receive. This will involve in increasing the patient response rate to the Friends and Family Test (FFT) across the trust including the introduction of FFT for outpatients during 2014. Increasing the use of locally driven patient surveys for targeted areas.

Mandatory Training

Increase the trust wide compliance against mandatory training requirements within the year. This will involve a review of all training deemed mandatory and a review of the training availability/capacity as well as further developments in the successful e-learning packages already available to staff .

Registration with the Care Quality Commission

- The Trust is registered unconditionally with the Care Quality Commission from 1 April 2010.
- The Care Quality Commission has not taken any enforcement action against Poole Hospital NHS Foundation Trust during 2012-2013.
- Poole Hospital NHS Foundation Trust has not participated in any special reviews or investigations by the CQC in the reporting period.
- The Trust had an unannounced inspection by the CQC in May 2013. Five outcome areas were considered and the Trust was found to be compliant in four areas and the CQC found a further area where the Trust was not meeting an element (implementing learning and actions from some incidents) of the standard which they said had a minor impact on patients. Following the implementation of a detailed action plan the Trust was re-inspected in January 2014 and the CQC found that the trust had completed all the identified actions and was now fully compliant.

Board Assurance on Quality

At each meeting the Board of Directors receives a comprehensive scorecard containing 45 indicators related to the quality of patients' clinical care. The Board also considers matters related to care and safety as the first part of its meeting agenda. One part of this consideration is the report of the in-depth work on quality, safety and patient experience carried out by the Quality, Safety and Performance Committee, chaired by the vice chairman.

The Quality, Safety and Performance Committee have invited clinical staff from throughout the Trust to present their work and the challenges they face at committee meetings.

Members of the Board and on a regular basis the Quality, Safety and Performance Committee have undertaken visits to clinical and non-clinical areas of the Trust to see and hear at firsthand what patients and the public experience.

The Board of Directors has approved the areas for quality improvement identified in this quality report following detailed discussion at the Quality, Safety and Performance Committee and the Council of Governors.

Supporting the Board of Directors are clinical staff throughout the Trust who are involved in discussions, planning and action around quality improvements.

Care Quality Commission inspectors, commissioners, members of overview and scrutiny committees and patients representatives have visited areas across the Trust accompanying the Director of Nursing, the Medical Director and Matrons on rounds and visits. They have heard first hand from patients, their families and friends about the care and treatment being given. They have also talked to staff about their views and experiences.

During the year a number of face to face meetings have been held with patients and relatives about their issues with care and treatment. These meetings have helped answer questions and provided the Trust with understanding of how it might improve care and treatment in the future.

Discussions have also taken place with patients and the public concerning quality improvements. Of particular importance has been the work done in conjunction with Health Watch (previously LINk) in a variety of areas. As a result improvements in services to patients have been made in areas such as maternity and patient discharge. Input into approaches to care and to quality have also been sought and given from NHS Commissioners, local authorities and various patient groups.

Operational requirements and capacity

Overview

The Trust is not anticipating any significant service change or increase in activity during 2014/15. The Trust has a track record of working closely with commissioners to manage service change and service demand. 2013/14 has seen significant increase in GP referrals. Financial budgets have been set to reflect the resources required to deliver anticipated activity levels and meet operational and quality targets

Activity

In 2013/14 the Trust has seen a significant increase in GP referrals which has led to an 7.8% over-performance in outpatients, a significant increase in diagnostic activity and a 2.7% increase in elective day cases. However both elective inpatients and non-elective activity were below plan reflecting continued effective management of hospital admissions. Emergency activity remains well below the 2008/09 baseline.

Activity baselines have been agreed for 2014/15 which broadly reflects existing activity trends. However if GP referrals continue to increase in line the Trust could over-trade on patient income by up to £2m. The 2014/15 contract with our main commissioner, Dorset CCG, is based on a risk share agreement which caps the income payable to the Trust. If GP referrals are not more effectively controlled by the CCG the Trust will face significant unfunded cost pressures.

Activity in 2015/16 is projected to increase by 1.5% overall off-setting the tariff deflator and maintaining income at 14/15 levels

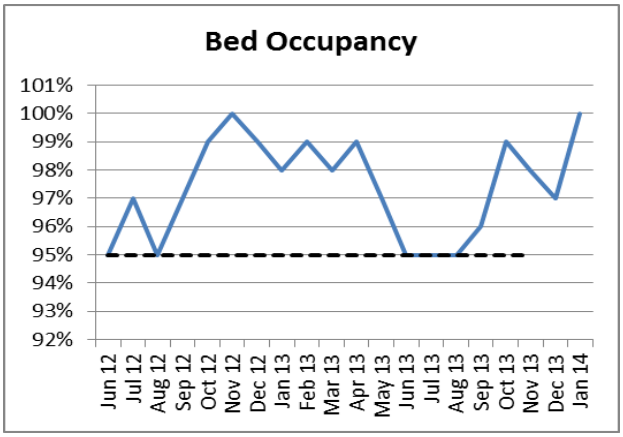
The following table shows actual contract activity in the last two years and the projections for the two years of this operational plan.

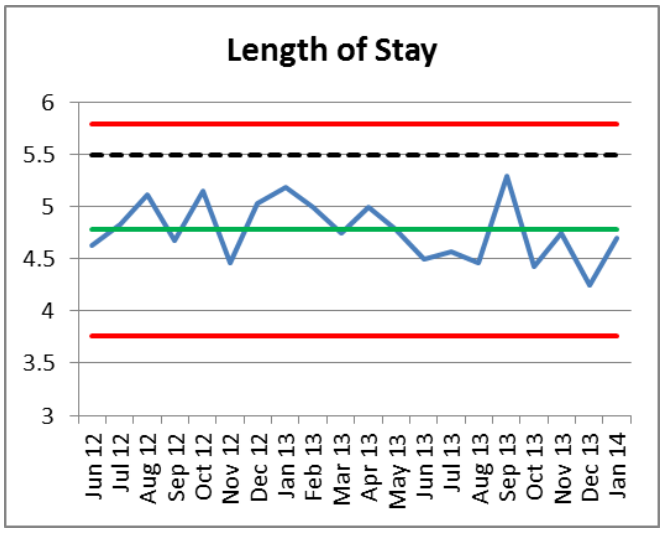
PbR Activity (All Commissioners)								
	2011/12	2012/13	2013/14		2014/15		2015/16	
	Activity	Activity	Activity	% inc.	Activity	% inc.	Activity	% inc.
Elective Inpatients	3,780	3,793	3,775	-0.5%	3,800	0.7%	3,857	1.5%
Elective DC	21,338	21,921	22,470	2.5%	22,780	1.4%	23,122	1.5%
Elective Total	25,118	25,714	26,245	2.1%	26,580	1.3%	26,979	1.5%
Emergency Total	29,586	30,226	30,470	0.8%	30,750	0.9%	31,211	1.5%
First outpatients	62,298	64,725	70,150	8.4%	71,685	2.2%	72,761	1.5%
Follow -ups	112,903	111,219	119,450	7.4%	122,065	2.2%	123,896	1.5%
Total OP	175,201	175,944	189,600	7.8%	193,750	2.2%	196,656	1.5%
A&E Attendances	60,148	62,272	62,550	0.4%	63,500	1.5%	64,453	1.5%

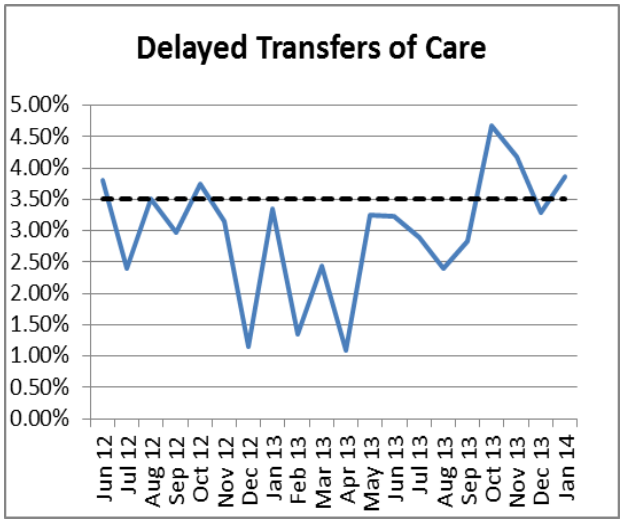
Beds

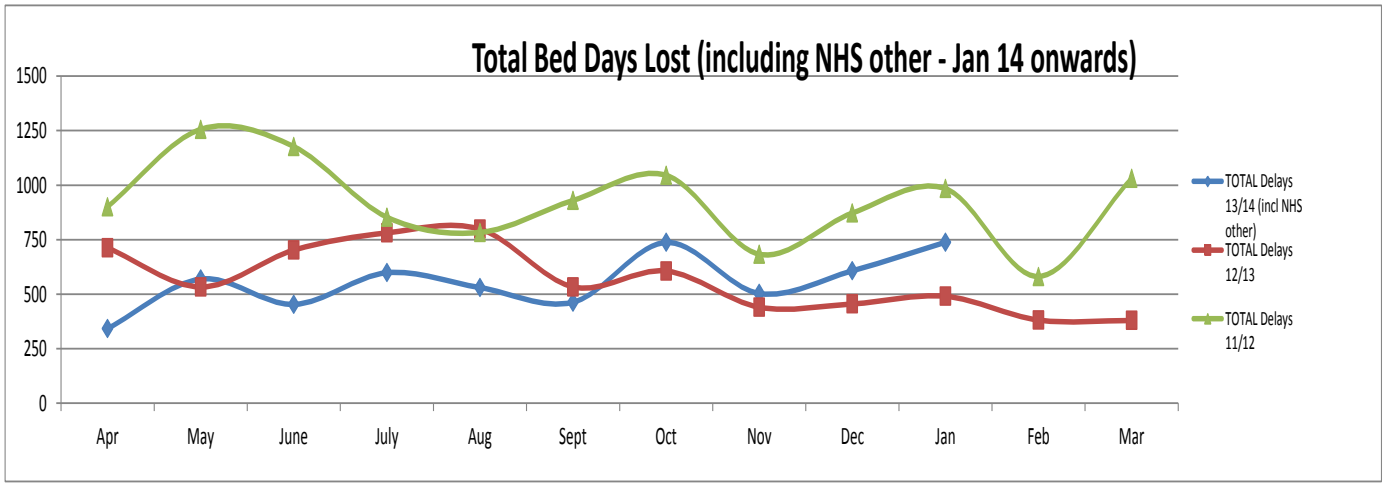
The Trust has a permanent bed establishment of 575 beds which is 24% lower than in January 2010. However bed occupancy has been unacceptably high over the last 18 months and the Trust has had to make extended use of its 59 escalation beds particularly over the winter period. 27 of these escalation beds are open as two 'winter pressure' wards and it is planned to close both in April / May. These escalation beds are the main cause of high agency costs.

Inpatient Beds	
Surgical	103
Trauma	69
Anaesthetics	15
Medical	236
Oncology	58
Paediatrics	59
Maternity	35
Sub-Total	**575**
Escalation Beds	59
Maximum Bed Capacity	**634**









Theatres

The Trust has 8 main theatres and 3 day case theatres and 2 obstetric theatres. Budgets have been set for 2014/15 which provide the physical theatre and staffing resource to meet expected activity levels. The Trust's theatre utilisation is broadly in line with average NHS performance but there is certainly room for further productivity either to address increases in activity or cost savings or a combination of the two.

Theatre utilisation - Current state

Operational performance by theatre and specialty

Utilisation varies by specialty and theatre but there is room for improvement across the board.

The specialties with the highest utilisation rates are Oral Surgery and General Surgery, with rates of 55% and 54% respectively. Trauma and Orthopaedics and Rheumatology have lower utilisation rates, below the overall utilisation rate of 49%.

Of the theatres, Main Theatre 2 and Main Theatre 8 were the best performing with rates of 60% and 57% respectively. Day Theatre C and Main Theatre X have the lowest utilisation rates of 43% and 44% respectively.

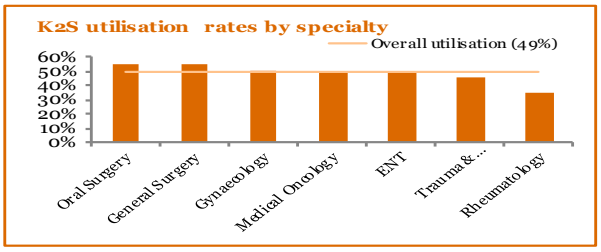
Theatre utilisation

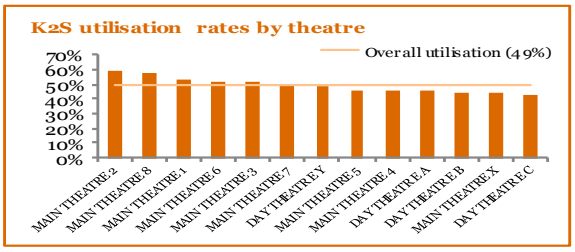
49%

Knife to skin measurement

Theatre	K2S utilisation rate
MAIN THEATRE 2	60%
MAIN THEATRE 8	57%
MAIN THEATRE 1	53%
MAIN THEATRE 6	52%
MAIN THEATRE 3	51%
MAIN THEATRE 7	50%
DAY THEATRE Y	48%
MAIN THEATRE 5	46%
MAIN THEATRE 4	45%
DAY THEATRE A	45%
DAY THEATRE B	44%
MAIN THEATRE X	44%
DAY THEATRE C	43%

Specialty	K2S utilisation rate
Oral Surgery	55%
General Surgery	54%
Gynaecology	49%
Medical Oncology	49%
ENT	48%
Trauma & Orthopaedics	45%
Rheumatology	36%





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Workforce

Review of Nursing and Midwifery Establishments

The Trust has undertaken a review of its nursing and midwifery establishments to ensure that it continues to address both the changing needs of patients and the changing nature of the workforce. In undertaking this review the Trust has used a benchmark of funded establishment against national recommendations of The Royal College of Nursing guidance (RCN, 2010 & 2012). These suggest the following ratios for qualified nursing staff:

- Medicine for Elderly: 1 Registered Nurse (RN) to 8 patients
- Surgical and Medical wards: 1 Registered Nurse (RN) to 7 patients
- The % skill mix of Registered Nurse to Unqualified being 65%

This review has confirmed that the overall picture of nurse and midwifery staffing is broadly compliant with the available national guidance. This guidance is limited and there remain a number of areas that the Trust needs to review further. In particular the Trust may need to increase staffing in some areas at weekends and during the twilight evening shifts.

Workforce Key – Key Performance Indicators

The Trust achieved the following performance in 2013/14 and expects to achieve similar levels in 2014/15

- Total Turnover – 11%
- Sickness – 3.6%
- Appraisal – 72%

Vacancies

Comparison of the wte staff in post numbers with the wte budgeted establishment number is used by the Workforce Committee to give an indication of the level of unfilled posts in the Trust. The variance between wte establishment staffing and wte staff in post on the last day of the month reduced in January 2014 to 105 wte. This number has reduced consistently since the start of the financial year 2013-14 and now represents an unfilled post rate of 3.25%. This compares very favourably with 4.5% quoted for the NHS as a whole in the 2012 NHS Pay Review Body Report. This is an excellent benchmark and indication for the Trust in vacancy management and recruitment.

Nursing Bank and Agency Requests

Demand for temporary nurse staffing remains very high. Some recourse to agency staff is required due to the volume of requests for temporary staffing and in addition opening new beds and the winter ward in order to support patient care. Work continues to ensure agency spend is carefully managed and is only used in exceptional circumstances.

Seven Day Working

The Trust recognises the importance of enhancing seven day working and a project group has been established under the chairmanship of the Medical Director to develop plans.

Productivity, efficiency and CIPs

The Trust's cost improvement programme submitted in May 2013 for the 3 years to March 2016 had been developed as part of the joint merger process with RBCH. The development of this programme had been supported by external management consultants and had identified savings achievable by the two independent Trusts in addition to identifying £14m of savings which can only be achieved following merger.

The savings independently identified for Poole as an independent Trust as part of this process were only £5.4m over the two years to March 2016 (2014/15 £2.4m, 2015/16 £3m). Clearly this is not enough as a stand-alone Trust to ensure financial sustainability. The detailed budget setting exercise completed in January 2014 confirmed that, excluding non-recurring income, the Trust would need to deliver financial savings / improvements of £25m over the two years to March 2016 in order to achieve break-even if all non-recurring income were withdrawn.

The prohibition of the proposed merger with the Competition Commission has at least delayed and potentially removed any savings associated with major service reconfiguration between Bournemouth and Poole. The Board recognised that any savings associated with clinical service reconfiguration could not be realised until 2016/17 at the earliest. The focus since the Competition Commission decision in October 2013 has therefore been on identifying productivity and efficiency savings which could be delivered independently of any major service reconfiguration.

In pursuing this strategy the Board has taken the following action:

- appointed a Transformation Director in November 2013
- commissioned and received from external management consultants a financial baseline review confirming the already clearly understood financial position of the Trust
- commissioned and received from external management consultants an analysis of the potential savings opportunities available to the Trust
- commissioned external management consultants to support the Transformation Director in developing a detailed, two year, cost improvement programme which is expected to be completed by end of June 2014
- committed an investment of £2.1m into transformation resources in addition to the existing PMO budget of £360k p.a.

Independent Review of Savings Opportunities

In January 2014 external management consultants were commissioned to undertake a detailed analysis of:

- **Workforce**: analysing the size, shape and spans of control of the workforce in comparison to a range of peers. Also assessing the medical productivity of clinical staff groups
- **Efficiency**: reviewing a range of internal and external operational data sets and set out our findings in relation to potential bed day savings, theatre utilisation and the impact of seven day working
- **Service Line Profitability**: reviewing the relative profitability of specialties at the point of delivery and specialty level
- **Case Mix**: reviewing the elective and non-elective case mix and identifying the financial impact of the current mix of patient activity.

This work identified potential opportunities for reducing costs as summarised in the following table:

Workforce analysis		
All workforce opportunity	Potential saving of £8.2m to £11.0m	By deploying a range of new workforce models reflecting a revised size and shape along with improved medical productivity
Cost improvement plans		
Length of stay	Reduction of between 9 and 26 beds	By moving Trust average LoS to peer average (9 bed opportunity) or upper quartile of peer group (26 bed opportunity)
Theatre utilisation	Improve from 49% to 60%	By moving from the current Trust average to 60%, which is considered to be an achievable target
Private patient income	Improve private patient income to 5% of turnover	By adopting a more commercial approach to exploiting the opportunities for private patient income in the Dorset region
7 day working	Improvement in SHMI Improvement in LoS	By providing suitable cover on weekends, the SHMI rate could reduce in line with weekdays. By smoothing the discharge profile, LoS would reduce on certain days.
Service line analysis		
Profitability tree analysis	Improve profitability at individual specialty level	The only point of delivery with a deficit is non-elective inpatient activities, which came to a total of £5.9m for the first 9 months 2013/14
Case mix analysis		
Non-elective: elective split	Increase in profits by £6m p.a., particularly in T&O	By increasing volumes of elective patients to match the national average split of elective to non-elective patients.

The potential financial value of these opportunities is summarised in the following two tables which indicate that savings of between £8m and £11m should be achievable over the next two years. However, it is recognised that achieving these savings will be particularly challenging and will require difficult decisions, full staff engagement, focussed project management and strong board leadership.

Opportunity area	Workforce efficiencies	Good practice efficiencies	FTEs	Skill mix efficiencies	Outsource contract efficiencies	Total
Medical	2.1 - 3.1		19 - 28			2.1 - 3.1
Admin and clerical	0.4 - 0.6	0.4 - 0.7[1]	30 - 44		1.8[3]	2.6 - 3.1
Additional clinical services	0.9 - 1.3		41 - 62			0.9 - 1.3
Nursing	0.2 - 0.3	0.4 - 0.5[2]	15 - 22	0.4		1 - 1.2
Additional health professionals	0.5 - 0.8		14 - 21	0.2		0.7 - 1
Additional, professional and technical	0.5 - 0.8		14 - 22	0.1		0.6 - 0.9
Healthcare scientists	0.2 - 0.3		4 - 6	0.1		0.3 - 0.4
Total	**4.8 - 7.2**	**0.8 - 1.2**	**137 – 205[4]**	**0.8**	**1.8**	**8.2 - 11**

Summary of opportunities

Workforce opportunities have been divided into 4 categories and calculated separately (see following slides for the break down):

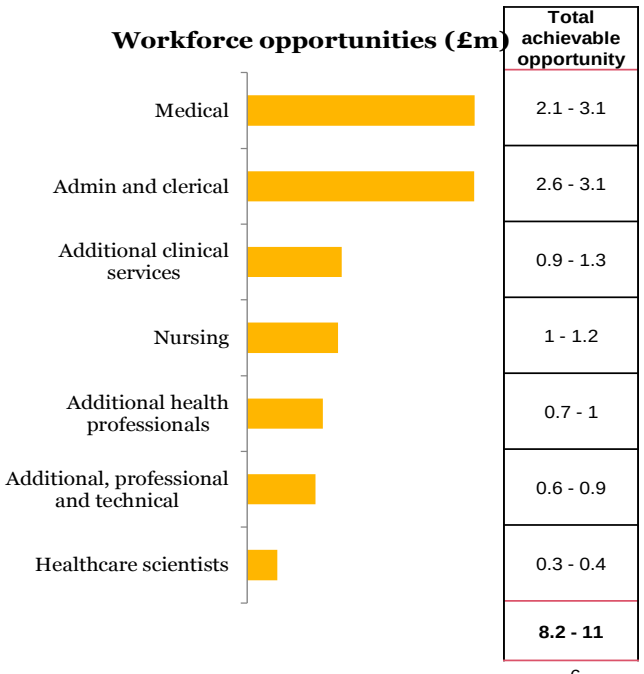
- **Workforce efficiencies** – these relate to a reduction in FTEs and are calculated using a number of methodologies: workforce size, skill mix, senior staff and medical productivity
- **Skill mix efficiencies** – these involves changing the band profile of the Trust to be more cost efficient
- **Outsource contract efficiencies** – these relates to reducing the cost of outsourced back office services to align with the peer
- **Good practice efficiencies** – areas where benchmarks are not available efficiencies have been calculated based on good practice seen in other Trusts

These workforce opportunities have had sensitivities applied to them to reflect PwC's view of the achievable opportunity. This achievable opportunity is **£8.2m to £11.0m**, or 50% to 75% of the full benchmark opportunity.

Overall this achievable opportunity equates to an reduction of **137 to 205 FTEs**, or 4% to 7% of total FTEs.

The full benchmark opportunity (i.e. 100%) remains unchanged at **£10.9m to £13.8m**.

Total benchmark opportunity
£10.9m to £13.8m (median to upper quartile)



* This equates to 4% to 7% of total FTEs

Cost improvement Programme Included in Operating Plan

Because of the late prohibition of the merger the Trust's CIP plans for 2014/15 and 2015/16 are only partially developed. The budget setting process with the Directorates confirmed CIP plans of £4.1m in 2014/15 as summarised in the table below:

FY14/15 CIPs Directorate (£000's)	Total CIP	CIP	VF	G	A	R
Business Development	54	50	4	54	-	-
Maternity	31	26	5	31	-	-
Medicine	420	121	299	420	-	-
Nursing	59	59	-	59	-	-
Paediatrics	242	45	198	242	-	-
Surgery	138	138	-	138	-	-
Corporate	526	470	56	426	100	-
Clinical support	1,428	825	602	1,162	181	84
Emergency services	505	449	56	505	-	-
Trauma and Orthopaedics	30	30	-	30	-	-
Oncology	261	161	100	261	-	-
Critical care	414	414	-	40	234	140
	4,109	**2,790**	**1,319**	**3,370**	**515**	**225**

In addition, as part of the first stage of the transformation programme, directorates have identified further savings of £0.8 which, subject to further detailed planning, could be achieved in 2014/15

Additional CIP Schemes		
Directorate	**Scheme**	**£'000**
Critical Care	Drugs saving - TBC Rob Harvey	25
	ICU Non-pay	35
	PP Income	50
Medicine / DME	Adult intergrated respiratory service	34
	Cardio-Rehab Income	11
	Private Patient Income Cardiology	15
Oncology	Mark up from TH Private Patient Chemo drugs	29
	Non-Renewal of X-Ray tube cover	14
Surgical	Code to Breast Surgery Sub-specialty (AE only)	22
	Medical Director move to Exec	49
	Remove funding for vacant Trust Doctor post	81
Child Health	Income generated by PP	10
	NICU - review of substantive appointments	37
Clinical Support	Income for anti-coagulation and phlebotomy	78
	ED Electronic Medicines cabinets	10
	Replacement of CR readers on MES contract	10
Maternity	.88 WTE Band 7 to Band 4 Rota Co-ordinator	18
	Income generation- Private home visits	26
	SLA for RBH junior doctors on-call	70
Other (< £10k)		150
	TOTAL	**774**

As a result of the above and after considering the analytics report from PwC which is summarised above the Board have agreed to commit to the delivery of a £9.5m additional cost improvement programme over the next two years. The CIP programme required to deliver such savings will be developed by 30th June 2014.

Financial Plan

Current Financial Position.

Poole Hospital NHS Foundation Trust ('PHFT') is a relatively small, low cost organisation which has an unusual case mix heavily skewed to non-elective care which is expensive to provide and, poorly remunerated.

At March 2014 Poole is in a balanced financial position with a small I&E surplus, an acceptable liquidity position and no long term debt. The deficits incurred in 2009/2010 and 2010/2011 caused by governance failure have been addressed and the Trust has achieved an operating surplus in each of the last 3 years.

However the 2013/14 operating surplus is supported by non-recurring and non-cash elements and has an underlying deficit of £4m to £5m. This underlying cash deficit has already impacted on liquidity with cash balances falling from £15m at the start of the year to £10m at the end.

Financial Summary

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14
	Per Annual Accounts					
	£m	£m	£m	£m	£m	£m
Income from Activities	165.5	171.0	173.5	178.9	180.3	188.8
Other Operating Income	18.0	17.0	14.7	15.9	19.6	18.1
Donated income	0.0	0.7	0.7	0.3	2.5	2.8
Total Operating Income	**183.5**	**188.7**	**188.9**	**195.1**	**202.4**	**209.7**
Pay Costs	-122.0	-130.8	-127.8	-127.8	-132.7	-135.1
Drugs	-14.6	-17.1	-16.5	-17.7	-16.4	-18.7
Non-Pay Costs	-32.9	-34.6	-37.4	-36.8	-40.1	-43.4
Total Operating Expenditure	**-169.5**	**-182.5**	**-181.7**	**-182.3**	**-189.2**	**-197.2**
EBITDA (excluding donated)	14.0	5.5	6.5	12.5	10.7	9.7
	7.6%	*2.9%*	*3.5%*	*6.4%*	*5.4%*	*4.7%*
Depreciation	-7.7	-7.8	-8.3	-8.9	-9.2	-8.8
Interest Receivable/(Payable)	0.7	0.0	0.0	0.1	0.1	0.0
Dividend /	-3.8	-3.6	-3.1	-3.0	-2.8	-2.8
Operating Surplus / (deficit)	**3.2**	**-5.2**	**-4.2**	**1.0**	**1.3**	**0.9**
Cash Balance at 31st March	**1.8**	**4.5**	**9.0**	**15.4**	**15.0**	**10.0**
Debt	**0.0**	**-0.8**	**-0.5**	**-0.2**	**-0.1**	**-0.6**

Financial Strategy 2014/15 – 2015/16

Following the Competition Commission's decision in October 2013 to prohibit the planned merger with RBCH the Trust has had to refocus its short term financial strategy on financial recovery and turnaround. Any benefits from clinical reconfiguration across Dorset, which is still essential to deliver a sustainable health care system, will not produce any benefits over the next two years.

The Trust's key priorities are as follows:

- Develop financial recovery plan to achieve break-even in 2014/15 and 2015/6
- Ensure Trust meets standards required to achieve successful Care Quality Commission Review
- Develop long term sustainable Clinical and Financial Strategy for healthcare services to the population of Dorset in partnership with commissioners and other providers

- Address High Risk Back-Log Maintenance Issues
- Improve Resilience of Emergency Care Services
- Achieve all operational standards and targets
- Deliver Joint IT Strategy

Financial Plan Summary 2014/15 - 2015/16

	2013/14		2014/15		2015/16	
	Per Monitor Plan (May 13)	**Forecast Outturn**	**Per Monitor Plan (May 13)**	**Forecast**	**Per Monitor Plan (May 13)**	**Forecast**
		£m	£m	£m	£m	£m
Income from Activities	184.6	188.7	184.5	191.2	184.6	189.1
Other Operating Income	16.6	18.2	16.7	16.6	16.7	16.6
Donated income	2.2	2.5	1.0	1.4	1.0	0.7
Total Operating Income	203.4	209.4	202.2	209.3	202.3	206.5
Pay Costs	-135.2	-135.5	-141.3	-140.4	-144.7	-141.9
Drugs	-16.6	-18.7	-17.7	-17.4	-18.6	-18.8
Non-Pay Costs	-39.4	-42.7	-40.6	-43.1	-41.7	-41.9
Total Operating Expenditure	-191.2	-196.9	-199.6	-200.9	-205	-202.6
EBITDA	10.0	10.0	1.6	6.9	-3.7	3.1
%	4.9%	4.6%	0.8%	3.3%	-1.8%	1.5%
Depreciation	-9.3	-8.8	-9.3	-9.2	-9.3	-9.2
Interest Receivable/(Payable)	0.1	0.0	0.1	-0.1	-0.3	-0.4
Dividend /	-2.8	-2.8	-2.8	-2.9	-2.8	-2.9
Surplus / (deficit)	**0.2**	**0.9**	**-9.4**	**-3.8**	**-15.1**	**-8.6**
CIP	4.3	4.0	2.4	6.6	3.0	7.0
%	2.1%	1.9%	1.2%	3.2%	1.5%	3.4%
Vacancy factor (included in CIP in 14/15)	2.0	2.4	2.0	1.3		1.3
%	-1.5%	-1.8%	-1.4%	-0.9%	0.0%	-0.9%
CCG non-recurring funding	3.3	6.3	0	7	0	4
%	1.6%	3.0%	0.0%	3.3%	0.0%	1.9%
Cash Balance at 1st April	15.0	15.0	11.7	10.0	0.1	9.5
Funds from Operations	9.5	7.0	-0.1	5.4	-5.8	0.5
Non-Cash items	0.0	-0.1	0.0	0.0	0.0	0.1
Additional PDC	0.0	0.3	0.0	0.9	0.0	0.0
Long Term Loans / Leases	0.0	0.0	3.1	7.7	11.7	12.3
Loan Repayments	0.0	0.0	0.0	0.0	0.0	-1.0
Working Capital etc.	-0.2	0.9	-0.1	-0.8	0.0	-0.6
Capital Expenditure	-12.6	-13.1	-14.5	-13.7	-5.9	-15.6
Cash Balance at 31st March	11.7	10.0	0.1	9.5	0.1	5.2

Financial Baseline Review

The Board's clear understanding of the financial challenge facing the Trust has been reaffirmed by a Financial Baseline Report commissioned from PwC. This has confirmed that:

- The Trust has had an underlying deficit for the last two years, despite reporting small surpluses
- The blocking of the merger by the Competition Commission has led to the Trust having to redefine its strategy if it is to become financially sustainable
- Before the implementation of the transformation plan the Trust has a projected deficit over the next two years of £21m over the next two years which is real and significant
- The Trust has a capital expenditure plan of £29m for FY14/15 and FY15/16 which will require significant external funding
- The Trust's cash position is deteriorating and, without external loans and an effective and significant cost improvement programme the Trust will run out of cash in 2015.

Income

Income 2014/15

Income is projected to reduce from £209.4m in 2013/14 to £209.2m in 2014/15. The main cause of this is an assumed reduction of £3m in non-recurring income from Dorset CCG and a reduction in charitable income. The following table provides a bridge analysis of the key changes income between the 2 years:

Total Income						
	2013/14 F'cst	Service Change	Growth	Tariff Deflation	Trans. Funding	2014/15 contract
	£m	£m	£m	£m	£m	£m
Dorset CCG	139.9	-2.7	3.3	-2.1	3.0	141.5
Wessex LAT (Specialist)	37.8	-2.5	3.3	-0.3		38.2
Other Contract Income	3.7	-0.1	0.1	-0.1		3.7
Cancer Drug Fund	1.6		0.2			1.8
NCAs (Non-contract activity)	2.0	0.1	0.0	-0.0		2.1
RTA (Road Traffic Accident)	0.9	0.0	0.0			0.9
Private Patient Income	2.8	0.0	0.1			2.9
Other income for patient care	0.3	-0.1	0.0			0.2
NHS Services Provided	8.8	-0.6	0.0			8.2
Education & Training	6.0	-0.3	0.0			5.7
Non Patient Income - Other	3.1	-0.4	-0.0			2.7
Donated Income	2.5	-1.1				1.4
Total Income	**209.4**	**-7.8**	**7.1**	**-2.5**	**3.0**	**209.2**

Contract Income

All contracts with commissioners have now been agreed as detailed below.

Dorset CCG

Income from Dorset CCG accounts for 68% of total income and 75% of patient related income. This contract has now been approved by the Board. The contract has been agreed under a risk sharing agreement which will 'fix' the total contract income irrespective of the level of activity except in specific circumstances which are set out in the risk share agreement. This is the same agreement which was

agreed by the Board in 2013/14.

The contract does expose the Trust to some risk from increased activity in 2014/15 but as the CCG are including non-recurring payments above tariff of £7m it is reasonable and inevitable that they should fix the total contract payment.

The following table shows the movement in income between 2013/14 and 2014/15. Income has increased by £1.6m despite tariff deflation of £2.1m and the inclusion of non-recurring income in 2012/13 of £6.3m. The contract income reflects the full value of CQUIN payments and payments for 'best practice' which are significantly above the level of performance currently being achieved by the Trust (see table below). The total income is protected as far as is possible by the risk share agreement.

The growth in activity experienced in the current year has, to a significant extent, been reflected in the contract. If GP referrals are not better controlled by the CCG there may still be a shortfall of £1m on current levels and a further £1.5m would be required if there are similar levels of growth in 2014/15. The CCG intend to take action to reduce future growth. Even if this is not successful the risk to the Trust is more than covered by the level of transitional funding agreed.

Dorset CCG Contract						
	2013/14 F'cst	Service Change	Growth	Tariff Deflation	Trans. Funding	2014/15 contract
	£m	£m	£m	£m	£m	£m
Contract Income - Dorset CCG	133.6	-0.7	3.7	-2.1		134.6
Emergency Care Funding	1.0					1.0
Transitional Funding in contract	3.3		-0.3		3.0	6.0
Year end settlement	2.0	-2.0				0.0
Total Dorset CCG	**139.9**	**-2.7**	**3.3**	**-2.1**	**3.0**	**141.5**

Best Practice Tarrif area	Maximum	Included in Dorset CCG Contract	
	£'000	£'000	%
Fractured Hips	950	855	90%
Stroke	700	630	90%
Arthritis	38	0	0%
Paed Diabetes	636	636	100%
Total	**2,324**	**2,121**	**91%**

Wessex LAT – Specialist Commissioner Contract

The contract for specialist services has also been agreed and will be formally signed in early April. This contract has also been agreed under a risk share agreement which guarantees the level of income to the Trust. The Trust has made the decision to fix the contract value for the following reasons:

- The commissioners have significantly increased the value of the contract – by £3.3m (9%) net of service changes and tariff deflation. This growth is entirely linked to increased drugs costs incurred during 2013/14
- The financial risk of further drugs increases during 2014/15, which are not built into the contract,

is relatively small (up to £0.5m) and should be off-set by QIPP schemes which are also excluded from the contract

- The Trust is not yet able to meet the commissioner's full information requirements for all drugs prescribing and could have been penalised particularly in the early part of the year. The proposed contract removes that risk
- The proposed contract removes the risk of under-performance on activity

Specialist Commissioner Contract						
	2013/14 F'cst	**Service Change**	**Drugs increase / Growth**	**Tariff Deflation**	**Provision for dispute**	**2014/15 contract**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**
Specialised services	29.4	-2.9	2.9	-0.3		29.1
Dental contract	4.0	0.3	0.4	-0.1		4.7
LHB / MOD	4.3	0.0				4.4
Total Wessex LAT	**37.8**	**-2.5**	**3.3**	**-0.3**	**0.0**	**38.2**

West Hampshire CCG

The Trust has agreed its contract with West Hampshire CCG as part of the overall CCG contract. The total income included in the financial plan is £2.7m. This will be a standard PbR contract and there are no significant risks associated with this contract.

Capital Expenditure

The Trust's lack of profitability since becoming a Foundation Trust and before has led to significant under-investment in the infrastructure required to maintain safe and high quality services. This investment can no longer be deferred and the Board have therefore agreed a £29m capital expenditure programme for the next two years, subject to the approval of full business cases, as summarised below:

Outline Capital Programme 2014/15 to 2018/19			
		2014/15	2015/16
		£'000	£'000
Estate Maintenance			
	Backlog Maintenance	1,490	1,470
	British Gas Project	1,201	4,519
	Sub-Total	2,691	5,989
Estate Development			
	Completion of St Mary's Refurbishment (incl car park)	860	
	Completion of Aseptic Suite	115	
	Completion of Cardiac Development	140	
	PALS / Dome Refurbishment (CF)	150	
	Ward Refurbishment (C3 & Paeds)	225	
	5th Radiotherapy Bunker	1,700	1,700
	Minor improvements	250	250
	Sub-Total	**3,440**	**1,950**
Total Estates		**6,131**	**7,939**
IT development		**4,562**	**2,215**
Equipment		2,521	4,881
Donated Equipment		**450**	**600**
TOTAL CAPITAL EXPENDITURE		**13,664**	**15,635**

The capital programme included in this plan is essential for patient safety and operational performance, and has already been delayed. Any further delay will increase risks to an unacceptable level as explained in the following sections:

Back-Log Maintenance

The Trust commissioned a “Six Facet Survey” in 2012/2013 to establish the ability of the built environment to provide a safe low risk facility for both staff and patients.

Inability to invest in the built environment, plant and infrastructure over many years has led to the hospital estate appearing functional, in good condition and resilient. In reality there are serious weaknesses that have the potential to seriously disrupt the delivery of patient care. Not only is there a threat to business continuity, should a significant incident occur, the Trust could find itself facing litigation against which it would be difficult to defend.

Following the survey, a more in depth study of the condition of plant and infrastructure has highlighted failings in the electrical distribution system especially the backup generation capacity, the lack of automatic switching to back up systems, across the whole site, and inadequate provision of maintained power supplies in many areas including wards. Full details of this lack of provision have become available following the, now postponed, “Black Start” mains power failure exercise.

The Trust has, until recently, benefitted from 2 Combined Heat and Power (‘CHP’) units, installed some 14-15 years ago. These units provide both electrical energy and heating, reducing the reliance on boiler plant and reducing the cost of providing power. The expected life of this type of plant is 10 years. The units have now both failed and the Trust is reliant on mains power and heating/hot water provided by the gas boilers. These gas boilers are unreliable, uneconomical and beyond their useful life with spare parts hard to find.

Asbestos is present in most of the plant rooms and surrounding the water distribution pipes. In plant room B the heat output from inefficiently lagged and inappropriately placed equipment, coupled with a lack of ventilation, means that the control panels of the boilers have to be left open and cooled by an industrial sized fan. The heat build-up in the plant room also makes removal or encapsulation of the asbestos materials very high risk and the Health and Safety Executive have advised against removal or encapsulation with a shutdown of the boiler plant to reduce heat; this would mean a loss of both heating and hot water to most areas in the hospital. Failure to maintain heat levels in the domestic water system in

turn raises the likelihood of proliferating the legionella problems that already exist.

The above are simply indicative of the issues that need to be addressed as part of a considered and funded backlog reduction programme.

The Trust has two options for the delivery of a major programme of back-log maintenance:

- An in-house managed project in accordance with the following table
- Commissioning of an Energy Performance Contract ('EPC') with British Gas Breathe who were appointed to develop an EPC contract for the Trust. The objective of the contract is to provide a self-funding strategy for reducing energy consumption.

The total estimated value of the proposed British Gas contract, based on initial drafts, is £5.7m. However this includes over £3m of back-log maintenance, most of which is high risk, and needs to be addressed irrespective of the other objectives of this contract. Estimated savings from the investment are £0.35m p.a. increasing with inflation each year. The project will also reduce carbon emissions by 1500 tonnes per year.

The financial plan assumes that the Trust will enter into the proposed contract with British Gas. However the full business case will not be considered by the Board until April

Back-Log Maintenance / British Gas EPC

	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Risk
Electrical							
Survey HV and LV installations	50				50	Trust	High
Nurse Call Replacement			50	50	50	Trust	Low
Fire Alarm upgrade phase			100	100		Trust	Med
Replace Generator Forest Holme	150					Trust	High
Replace CHP 1	500					BGB	High
Replace CHP 2	500					BGB	High
Replace Generator D Block	500					BGB	High
Security & Access Control			500			Trust	Med
MSCP Lighting	130					BGB	High
Emergency Lighting	40	40	40	40	40	BGB	High
LV Essential Power Improvement (wards	60	250	250	250	250	Trust	High
Lightning Conductors survey			20	20	20	Trust	Med
Distribution Board replacement			100	100	100	Trust	Med
BMS Upgrade	100	100	75	50	25	BGB	High
CCTV Upgrade external & internal			80	80	80	Trust	Low
Theatre Lighting Replacement	100	100	100	100	100	Trust	High
Energy Efficient Lighting	150	150	150	150	150	BGB	High
Sub-Total Electrical	**2280**	**640**	**1465**	**940**	**865**		
Building							
Asbestos removal and management	250	100	100	100	100	Trust/BGB	High
Fire Compartmentation	50	50	50	50	50	Trust	High
Roof Repairs	10	10	10	10	10	Trust	Med
DDA access & Compliance (toilets)	50	50	50	50	50	Trust	Med
Hospital Street Flooring	100	100	100	100	100	Trust	Med
Window Replacement	150	150	150	150	150	Trust/BGB	Med
Fire Door Replacement	30	30	30	30	30	Trust	High
Drainage Survey/Works	75	300	300	300	300	Trust	High
Sub-Total Building	**715**	**790**	**790**	**790**	**790**		
Mechanical							
Lift Replacement programme	350	250	250	100	10	Trust	High
VT Heating Loop re Install	150	150	150			BGB	High
Theatre Vent Plant	150	300	300	300	300	BGB/Trust	High
Med Gas & Distribution	150	100	100	100	100	Trust	High
Main Raw Water Tank					75	Trust	Low
Legionella works	150	150	150	150	150	Trust	High
Sub-Total Mechanical	**950**	**950**	**950**	**650**	**635**		
General							
Update as fitted information	60	35	35	35	35	Trust	High
Upgrade works management system	65					Trust	High
Install PDA system for works mgmnt	40					Trust	High
Automated Doors		30	30	30	30	Trust	Med
Wayfinding Survey		15	50			Trust	Med
Sub-Total General	**165**	**80**	**115**	**65**	**65**		
Balance of British Gas Contract	**1,298**	**292**					
VAT on British Gas (20% x 0.5)	**39**	**481**					
Slippage to following year	**-2756**	**2756**					
Total Annual expenditure	**2,691**	**5,989**	**3,320**	**2,445**	**2,355**		

Funding of Capital Expenditure Programme

This capital expenditure programme is only affordable if external finance is obtained of £20m. Long term loans via the Department of Health will be the preferred funding route for all elements of the above programme as they will provide the lowest rate of interest (around 2.1% for 10 year loan) and the most appropriate repayment terms (10 - 25 years). The Trust has held initial discussions with the Capital Investment Team at the Department of Health and has agreed to submit a single application for a loan of £20m to be drawn down in line with planned expenditure over an 18 month period from July 2014.

Other funding sources will be considered if the full value is not agreed by the Department of Health. Other options include:

- Leasing
- Managed equipment service contracts
- Other private sector partnership arrangements.

The financial plan assumes the following funding arrangements for the programme

Funding of Capital Programming	**£'000**	**£'000**
PDC	919	
Lomg Term Loans	7,700	12,300
Trust funded	4,445	2,735
Donated	600	600
Total	**13,664**	**15,635**

The application for external loans will be based on the following items of capital expenditure:

Capital Expenditure	**2014/15**	**2015/16**	**Total**	**Term of Loan**
	£'000	**£'000**	**£'000**	
Radiotherapy Bunker	1,700	1,700	3,400	20
British Gas Energy Performance Contract	1,200	4,500	5,700	20
IT Strategy (excl. PDC funded)	2,500	1,550	4,050	
Medical Equipment Replacement				
Linear Accelerator	-	1,600	1,600	10
CT Scanner	-	600	600	10
X-Ray	300	850	1,150	10
Other Equipment (< £250k)	2,000	1,500	3,500	10
TOTAL LOAN APPLICATION	**7,700**	**12,300**	**20,000**	

Repayment Period	**£'000**
20 years	9,100
10 years	10,900
TOTAl	**20,000**

The capital programme will be reviewed by the new Executive team / Board in June to ensure that all expenditure is essential and in line with the Trust's strategic plan. No major items of capital expenditure will be committed until this review is complete and external finance is in place.