South Warwickshire NHS
NHS Foundation Trust

Operational Plan Document for 2014-16

South Warwickshire NHS Foundation Trust

Operational Plan Guidance – Annual Plan Review 2014-15

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

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

Annual plan review 2014/15 guidance is available here.

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

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

1. Executive summary

2. Operational plan
    a. The short term challenge
    b. Quality plans
    c. Operational requirements and capacity
    d. Productivity, efficiency and CIPs
    e. Financial plan

3. Appendices (including commercial or other confidential matters)

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

The expected delivery timetable is as follows:

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

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

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

Name	**Meg Lambert**
Job Title	**Trust Secretary**
e-mail address	**meg.lambert@swft.nhs.uk**
Tel. no. for contact	**01926 495321 ext 8040**
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.**

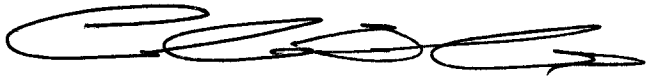
Approved on behalf of the Board of Directors by:

Name	Graham Murrell Chairman

Signature

Approved on behalf of the Board of Directors by:

Name	Glen Burley Chief Executive

Signature 

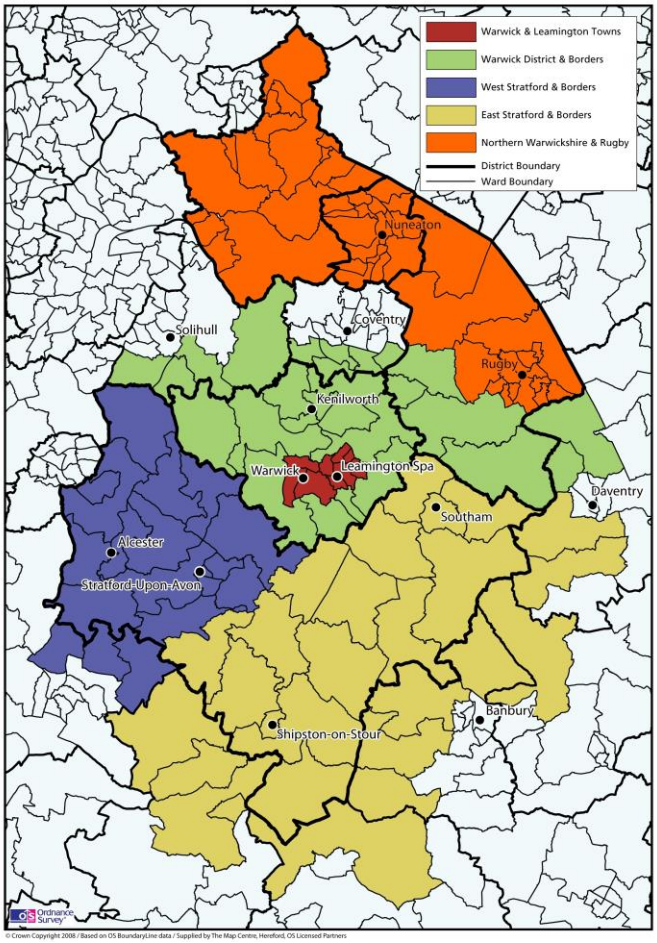
Approved on behalf of the Board of Directors by:

Name	Nicky Lloyd Director of Finance

Signature 

1 Strategic Direction and Overview

1.1 Overview



South Warwickshire NHS Foundation Trust (SWFT) provides a range of local acute services in the south of Warwickshire as well as a full portfolio of community services across Warwickshire. The Trust stands out nationally as one of the top performing trusts on both staff and patient experience indicators and our performance on these indicators continues to improve. The Trust has a relatively strong financial track record having reported a surplus in each of the last six financial years. The early necessity for productivity improvement associated with the Trust's financial difficulties in the early 2000s provides, a legacy of productive working solutions. This left the Trust as the only acute provider in the vicinity which is operating within national tariff.

The Trust has seen an improved performance in its 18 week referral to treatment and 4 hours waiting time target in A&E and is currently rated green and no longer subject to intervention by Monitor. The referral to treatment targets were met at Trust level in January 2014 for the fourth month in a row. The 4 hour A&E target has been achieved since June 2013 (quarter 2, 3 and 4). The cancer standard to meet 62 days from receipt of GP referral to treatment has been a challenge to meet. The Trust's strategy must address these issues and ensure that they do not recur.

The Trust operates within the local health economy of Arden which covers the whole of Coventry and Warwickshire. Within this area there are diverse communities in which the associated challenges of delivering effective healthcare vary considerably. The Arden system currently includes three acute providers, with SWFT being the only Foundation Trust. The two other acute providers are currently struggling to achieve Foundation Trust (FT) status for differing reasons.

University Hospitals Coventry and Warwickshire (UHCW) is a large teaching trust with tertiary and acute services. Its large PFI hospital is generally cited as the reason why FT status has so far eluded the Trust. However there appear to be other underlying efficiency and quality issues which have resulted in SWFT gaining a competitive advantage in a number of key choice specialties. In the short term, we expect this advantage to continue. However UHCW will inevitably address these issues, and SWFT will need to be ready to respond. UHCW will continue to be our tertiary service provider and therefore we will need to cooperate with them so that its viability is driven by tertiary strength rather than needing to fall back on competing with SWFT for a bigger secondary care market share.

In the north of the Arden patch George Eliot Hospital NHS Trust (GEH) provides a range of local acute services. For several years, GEH had been awaiting approval for a market testing exercise to find a suitable partner organisation to deliver a sustainable future. In September 2013 GEH issued a Pre-Qualification Questionnaire to begin the procurement process for a partner; SWFT registered its intention and responded to this exercise with a proposal to acquire GEH and create a fully integrated acute and community provider organisation across the county. SWFT was in the process of completing a finalised bid for submission in May 2014 with the preferred bidder anticipated to be appointed in July 2014, however, recent developments have resulted in the tender process ceasing. The NHS Trust Development Authority (NTDA) said 'significant improvements' had been made at GEH and it will continue to be supported by University Hospitals Birmingham in improving care quality. It is understood the Trust will continue as the George Eliot Hospital for the foreseeable future with a Care Quality Commission inspection due on 29 April 2014 to assess whether the hospital needs to remain in special measures. SWFT is extremely disappointed with the current position, but remain resolute in our ongoing plans to work with local organisations to build an integrated healthcare service across Coventry and Warwickshire, which will be the best solution for patients and provides sustainability across the local health economy.

There is only one other NHS provider in the system, the Coventry and Warwickshire Partnership NHS Trust which provides mental health services across the patch and community services to Coventry.

To understand the full potential of opportunities open to the Trust it is important to also consider the other health providers in the immediate vicinity. To the south west of SWFT's catchment area lies the county of Worcestershire. A county-wide service review has questioned the viability of the single acute provider organisation in the county, Worcestershire Acute Services NHS Trust. The most likely scenario is that this will lead to reduced functionality at the Alexandra Hospital in Redditch which is the closest site to South Warwickshire. As a result SWFT has remained as close as possible to the strategic review and will respond to any likely changes to patient flow. It is most likely that this would impact upon obstetrics and urgent care, but we remain watchful regarding elective specialties.

To the south east of Warwickshire lies Oxfordshire, which is dominated by the single acute provider, the John Radcliffe. Various service reviews over the years have examined the functionality of their smaller Horton Hospital site at Banbury. The development of an elective treatment centre on this site has captured some flow from south Warwickshire, but better access through our local community hospital at Shipston-on-Stour and the development of our Stratford Hospital site could re-balance this.

The demographic projections for South Warwickshire anticipate further population growth, particularly in the towns of Warwick and Stratford-upon-Avon. The likelihood is that we will see increases in young families as well as a continuing increase in older people in what is and will continue to be a relatively affluent area. We have therefore developed a strategy which responds to the needs of our local communities and seeks to maximise the opportunity for the Trust to further perfect its local service offer.

Our main commissioners are the South Warwickshire Clinical Commissioning Group (SWCCG), the Coventry/Rugby CCG and the North Warwickshire CCG. During this year's contract negotiations SWCCG has acted on behalf of Coventry/Rugby CCG and North Warwickshire CCG. We are familiar with the leadership team at SWCCG and have developed good working relationships with them, including effective clinical leadership and pathway redesign. Our local focus, as represented through QIPP priorities has been to work together to reduce unscheduled demand and as a consequence we anticipate agreeing a financial risk share for community and emergency services for 2014/15. As part of this the commissioners are planning to continue investing in community based 'discharge to assess' (D2A) beds. These will speed-up the discharge of frail elderly patients from the hospital setting, reducing their long

term need for higher supported care. However, we are aware that the changing requirements on commissioners will pose challenges to us, as CCGs aim to develop more formal processes and new approaches to commissioning.

Our vision is to develop integrated acute and community services which manage patients effectively in partnership with primary and social care. Better proactive management of older people and people with long term conditions will ensure that the health economy resources are used in as balanced a way as possible, allowing elective specialties to continue to flourish and maintaining a good range of locally accessible and sustainable acute services. Despite our optimism that community services can take more pressure off our inpatient urgent care services, population growth and the need to offer modern accessible facilities have led us to plan to build a new ward block on the Warwick site. The design solution will be flexible so that we could expand emergency or elective capacity or rationalise existing estate if projections vary.

The Trust also provides the specialised Acquired Brain Injury service through the Central England Rehabilitation Unit (CERU). Last year CERU was successful in achieving national accreditation as a Level 1 Centre, treating the most complex patients. As a result, it can access a new national tariff which makes a positive contribution to the Trust's finances. This reduces our dependency on a single NHS commissioner as these services are commissioned by the National Commissioning Board. As a further component of this strategy, the Trust has created a Business Development Forum which sifts, and where required, supports business opportunities from ideas generated across the Trust. Some of these ideas will be suitable for implementation through the Trust's arms length company, SWFT Clinical Services Ltd, which has now appointed a Managing Director, and will contribute to the Trust's overall cost reduction programme.

The Trust operates out of several sites, using community hospitals in south Warwickshire as part of our locally accessible services model and as bases for our expanding community based workforce. The main pillars of our strategic direction have been clearly set out for the past year covering the domains of Quality, Facilities, Integration, Workforce and Sustainability. Over the coming year the following strategic developments stand out:

- The completion of the expansion plan for CERU;
- The development of a new Stratford Hospital to meet population growth and pressure on the Warwick site;
- The development of additional ward capacity at the Warwick site;
- Further integration of hospital and community services;
- Increasing the productivity and accessibility of community services;
- Investments in technology which improve quality, outcomes and productivity;
- Building / Strengthening the current discharge to assess capacity to reduce the length of stay and on-going dependency of frail older people;
- Increasing the productivity and effectiveness of support services, and
- Maintaining and developing our reputation for excellent patient care and experience.

1.2 Threats and Opportunities

Demographic Growth and Aging Population

Over the past four years, the Trust has experienced growth in demand, driven by local demographic change. This has increased pressure on inpatient capacity and resources, and had a detrimental effect on patient flow. In September 2012, a Capacity Planning Report was presented to the Board of Directors outlining our assumptions about changes to demand and service delivery for the next three years and their impact on capacity requirements. The planning model used the list size growth from GP practices over the previous four years to help identify population growth by age group for future planning assumptions. We calculated growth and capacity requirements using the 2011/12 activity data as a baseline for admission rates and length of stay by admission type and age group. This reflected a full year effect of service delivery model changes made during 2010/11, and also a part-year effect of changes made during 2011/12. The report highlighted that the Trust would require circa 40 additional beds by the year 2015/16 if demand continued to grow at projected rates and we maintained our current service delivery models. Operational teams had identified a number of schemes to reduce this additional capacity requirement and it was agreed that we would measure the capacity implication as part of the on-going development and refinement of the Capacity Plan.

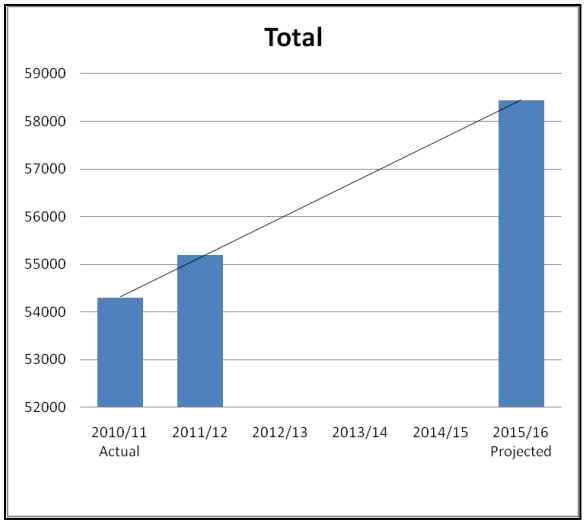


Fig.1 Original Growth Projections

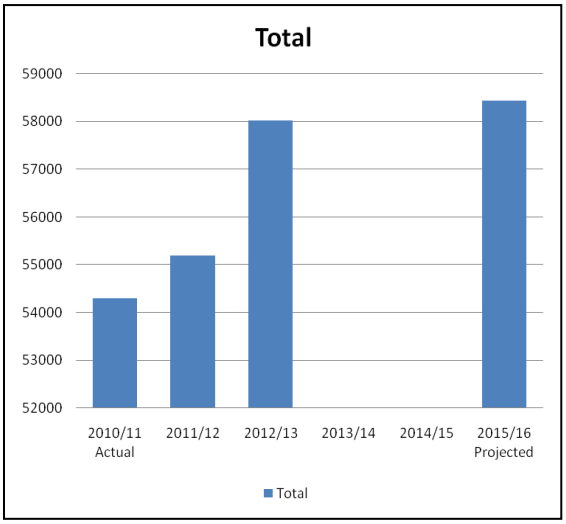


Fig 2. Including up to 2012/13 actual outturn

An updated plan (see fig.2), including actual 2012/13 activity and occupied bed days by admission method, was presented to the Board of Directors in April 2013. This update suggested:

- Outturn admitted activity for 2012/13 was 6% higher than 2011/12 and 4% higher than our original planning assumption. However, during 2012/13 we experienced the full year effect of 2 admission avoidance initiatives: CERT Admission Prevention and the Emergency Ambulatory Clinic. If we assume that we would have had to admit the patients who benefited from these initiatives if they had not been available, we would have seen a 9% growth in activity from 2011/12, 7% more than our original assumption.

- That we have been able to manage the growth in occupied bed days without providing additional beds, by changing capacity previously ring-fenced or designated as 'lower-occupancy' for elective care to general usage.

- If demand for our services continues to grow at the same rate as we saw between 2011/12 and 2012/13 and our admission avoidance schemes continue to meet 60% of the growth as they did in 2012/13, then we will still require an additional 17 emergency beds more per year than our original plan over the next three years. In addition to this, if we wanted to revert to our previous practice of ring-fencing lower occupancy beds to maintain elective activity, we would require a further 16 beds.

- Therefore, assuming no change to current growth rates, by 2015/16 our total bed stock would need to have increased by 100 beds.

Additional analysis has been presented to the Board of Directors for the demographic changes within the Stratford District locality. The Stratford District locality has seen modest growth in population size over recent years compared to other parts of South Warwickshire and the West Midlands, possibly due to the moratorium on residential developments, imposed in 2006, which came to an end in March 2011. Between 2008 and 2012, Stratford District's GP practices' list sizes have increased by 1.7% to about 135,000. Depending upon the District Council's future success at maintaining the recent population growth trend with further residential development restrictions, it is expected that the Stratford District population will grow between 5-10% over the next ten years.

During 2011/12, nearly 37% of the Trust's total admitted activity was attributable to patients registered with Stratford District GPs, occupying 34% of total bed days, equivalent to about 139 beds. Based upon the 10% population growth projection and using the Capacity Plan model to calculate future capacity requirements, this growth in demand is equivalent to an additional 48 beds.

Over the same period of 2008 to 2012, the number of Stratford District's residents aged 80 years and over increased by 13.5%. This cohort of the population are the highest users of healthcare services and Office of National Statistics population projections suggest a further 93% growth in the over 80 years' population between now and 2028, increasing to 15,067 over 80 year olds being resident in the Stratford District. During 2011/12, over 80 year olds registered with Stratford District GPs occupied about 62 beds at any time – the 10% population growth projection would increase this to 94 beds.

Bed Capacity to Meet Demand

The Trust has agreed a business case for additional ward accommodation to address the growth in demand in the medium term. It is recognised that this projected increase in bed requirements assumes that care is delivered as it is at present. In reality, the Trust has plans to address this growth through:

- Further changes to emergency flow, promoting ambulatory care where it is safe to do so;
- Further transfer of services to settings outside of hospital beds;
- Working with commissioners to support their commissioning intentions.

However, there remains a significant risk that additional ward accommodation will be required in the medium term, and we need to plan for this contingency. We have developed alternative, productive uses for the additional bed space if it is not needed for our emergency flow. We have also agreed in principle that loan financing will be available from the Foundation Trust Financing Facility to fund this development.

This new ward accommodation is unlikely to be open until 2015. So it is equally important that the Trust develops other solutions to the pressure on bed capacity. During 2013/14, the Trust has agreed the Discharge to Assess project with South Warwickshire CCG. It is currently providing 30 beds outside of

hospital which are proving effective in allowing patients to be discharged from acute care. A full review of the project is now taking place and will provide evidence on measured outcomes. The current assumption is to extend this programme to 40 beds for 2014/15; however, this is still subject to negotiation with our local commissioner. If supported, this would effectively reduce the bed requirement at the Trust by the same number of beds and therefore would reduce the pressure on beds that we experienced last winter.

To take the Trust from the winter of 2013/14 to 2015/16, we need to develop further responses to growing emergency demand. Projects currently under way include:

- Further development of an Assessment Before Admission project – building on our successful ambulatory emergency pathway;
- The development of additional projects providing care in community settings.

SWFT & Commissioner Relationships

The relationship with our biggest commissioners (local CCGs) is continuing to evolve with a clearer understanding of commissioning intentions for 2014/15 and 2015/16. As partners in the local health economy, we are working proactively with our commissioners to mitigate financial risks. The contract agreement with our local CCG has been agreed for 2014/15.

The National Commissioning Board is our next most important commissioner, providing 8% of our income, for Acquired Brain Injury inpatient care, cancer services and neonatal critical care. However, it is likely that the commissioning of cancer services will revert to the CCGs, increasing our dependence on a single commissioner. Although our Acquired Brain Injury services are to some extent independent of our other specialties, they are financially attractive and so it is important to maintain our relationship with the National Commissioning Board and to demonstrate our compliance with the requirements of a Level 1 Centre for Acquired Brain Injury.

The rest of our income comes from North Warwickshire CCG, Children's Services, Coventry and Rugby CCG, Warwickshire County Council and smaller amounts from other bodies (for the provision of healthcare), Health Education West Midlands (for the provision of education and training), and other NHS providers (for support services and medical staff recharges).

We recognise the challenge ahead for all stakeholders and we will continue to explore new markets and service offers including the provision of clinical services to non-NHS patients where this demonstrably improves our ability to offer excellent NHS care. In addition, by expanding the range of our NHS contracts, we plan to be less dependent on a single commissioner.

Market Share Development

The Trust constantly reviews referral trends and has targeted GP Practices and specialties where there is an identified opportunity to increase market share. This has resulted in increases in market share in a number of areas.

Development of services at Stratford Hospital also provides opportunities to increase market share. There is significant variation in the Stratford District GPs' referral behaviour at individual service level, with some services receiving in excess of 80% of their new referrals and others receiving significantly less. The full reasons for this variation are not yet understood but we do know that where competitor providers are delivering outreach clinics in the Stratford locality, we are seeing a reduced market share for these services. Stratford GPs have also confirmed that the reduced waiting times for access at competitor providers is influencing patient choice and resulting in referrals to out-of South Warwickshire Trusts. A

key objective for the development of the Stratford site will be to achieve a 90% share of the Stratford District GPs' market for services we offer. This will support us to increase our income through the repatriation of South Warwickshire CCG funding.

Cross Border Service Reconfiguration

From our market analysis, we have confirmed that our main competitors for Stratford GP referred activity are Worcestershire Acute Hospitals NHS Trust and Oxford University Hospitals, both of whom run acute sites within a few miles of South Warwickshire's borders, at Redditch and Banbury respectively. There has been much debate about the future of these acute sites from a clinical sustainability and affordability perspective and it is anticipated that there will be some changes to service provision in the near future. This may result in changes to referral patterns from non-Stratford GPs on our Worcestershire and Oxfordshire borders, providing us with an opportunity to further increase our market if we can offer access and capacity to meet demand from these areas.

The Trust has identified that reduction of service provision at Redditch or Banbury Hospitals could present the Trust with additional capacity pressures due to the altered flow of emergency patients. SWFT continues to work closely with both Trusts and the Strategic Review of services to ensure early response to any likely changes to patient flow.

Strategic Developments 2013/14

The table below provides an overview of the strategic business developments described in last year's operational plan with a position statement as to what has been delivered to plan.

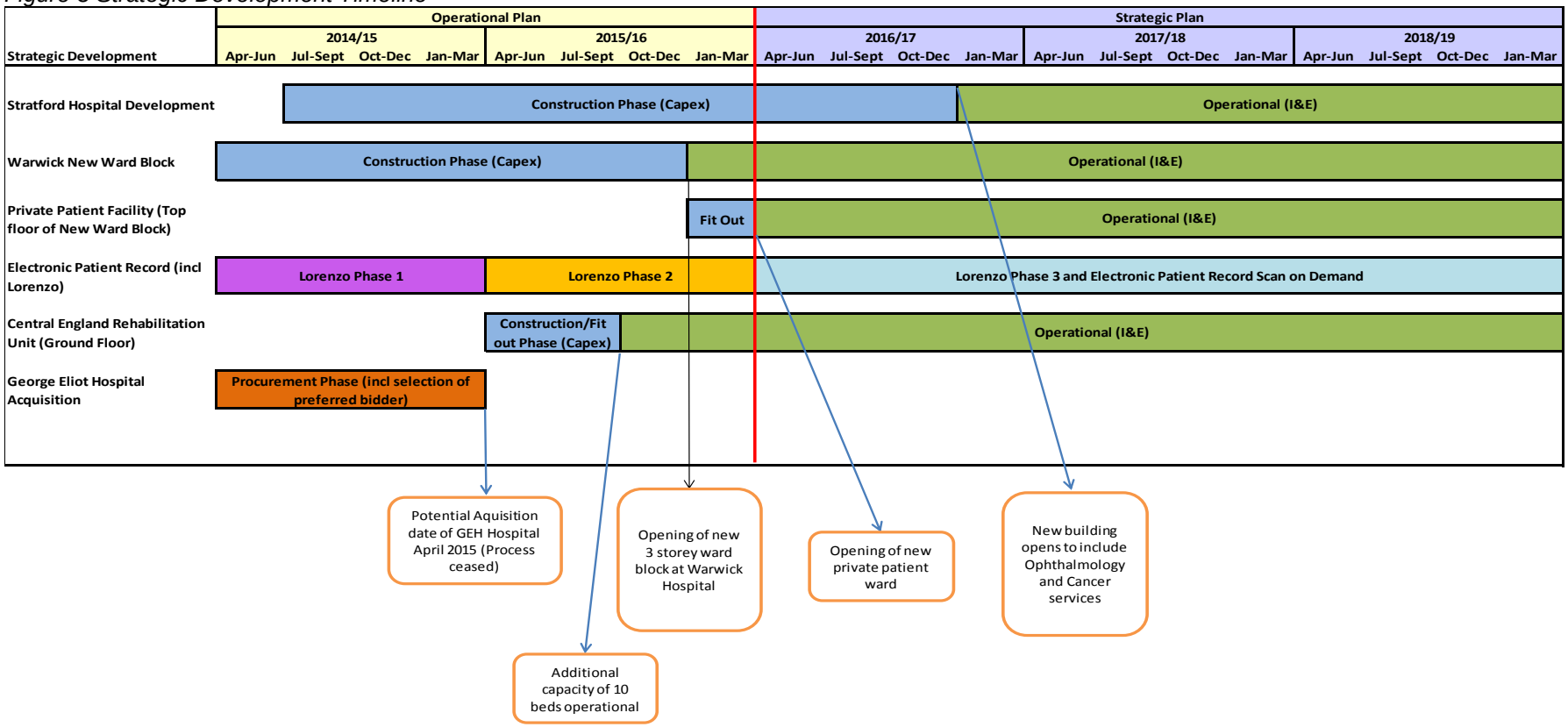
Development – 2013/14	**Updated Position**
Stratford Hospital Development – Approved Full Business Case	Delivered on schedule
Investment in Patient Flow – Discharge to Assess 18 beds	Delivered on schedule
New Stroke Pathway – SWFT managing acute stroke and stroke rehabilitation patients.	Discussions between stakeholders ongoing
Acquired Brain Injury Unit – New Build Opened Nov 2013	Delivered ahead of schedule
Electronic Patient Record, Community Remote Working and Patient Administration System	Ongoing Development
SWFT Clinical Services Ltd – Expansion of subsidiary company business (pharmacy & education & training)	Delivered on schedule

Table 1 Developments 2013/14

Recent building projects have been delivered effectively without major financial or service risks materialising. One area where risks have been noted is firstly that the Trust's capacity constraints may block developments. This is currently the case for our maternity development, which is not included as part of the financial projections in this Annual Plan, as the space required to expand our facilities is currently blocked by emergency demand. Our project for Investment in Patient Flow may resolve this issue in an upside scenario and allow for maternity development to take place, but this is uncertain. Another area where risks have been noted on recent projects is on the implementation of IT projects where the Electronic Patient Record has so far seen higher costs and slower realisation of benefits than had originally been suggested. The Trust has acted on recommendations from the DH Gateway Review team and has also contracted for external support on developing its IT projects further. We expect future business cases on major IT projects to reflect improved project management processes.

Strategic Developments 2014/15 ongoing

Figure 3 Strategic Development Timeline



Strategic / Business Development Opportunities

The Business Development team has been expanded over the previous 12 months. This has included the recruitment of additional expertise in financial planning, commercial development and marketing skills. In addition the Trust has formed a Business Development Forum that considers ideas and opportunities presented from across the organisation.

As part of the Trust's objectives, we have identified the requirement for us to develop our business to increase our income and reduce our dependence upon our main commissioner. Some of the key business developments within this year's plan include:

- Further development of Central England Rehabilitation Unit - Acquired Brain Injury;
- Development of new services at Stratford Hospital;
- Exploration of increased income from private patient facilities;
- Development of a new stroke service within current financial envelope;
- Expansion of subsidiary company business (SWFT Clinical Services Ltd), and
- Electronic Patient Record, Community Remote Working and Patient Administration System

In order to strengthen and mitigate risks for some of the Trust's proposed developments, SWFT entered into an 'innovation partnership' with private sector outsourcing experts Serco. The Trust has been using this partnership to address existing service challenges and as a consequence a strong advisory partnership is developing which will also help to maintain the sustainability of SWFT moving forwards. The "innovation partnership" gives us access to specialist advice that would not be available in house.

Central England Rehabilitation Unit - Acquired Brain Injury

Our Acquired Brain Injury unit has been rebuilt to remove areas of inadequate patient accommodation and enhance the potential for rehabilitation, for instance with improved therapy areas. The unit opened ahead of schedule in November 2013 providing an additional 12 beds. The next stage will expand the unit further (10 beds) to utilise the ground floor of the new building and will be further recognised as a national centre of excellence through its reputation for quality and through a reputation for research and development in the treatment of acquired brain injury patients.

Demand and recruitment risk is considered low now that CERU has been designated a national Level 1b neuro-rehabilitation centre and our Specialist Commissioners support the development. The project reports to a regular project board.

New Services at Stratford Hospital

As part of this vision to deliver as much care as possible closer to home, we will increase and improve capacity at Stratford Hospital. Our site at Stratford is currently under-utilised and a three phase plan has been developed to use it more effectively to meet needs for patient care locally. This will improve access for patients, meeting the health needs of the expanding population in the Stratford District. In turn this will increase capacity at Warwick where we will increase our bed numbers to meet the demands of our increasing population including the further growth and repatriation of ambulatory cancer services onto both sites.

The first phase involves constructing a unit for cancer services and ophthalmology and a multi-storey car park. Figure 3 outlines the expected timescales. During 2014-16 the new hospital will be built and is expected to open January 2017. This will address demographic and service growth and also target

market share that is currently lost in the south of the county. The project is being managed through a project board, including representation from local GP practices and governors, with regular reporting.

There is planned capital spending of £2.7m in 2014/15 and £4.1m in 2015/16, funded by loans totalling up to £22m from the Foundation Trust Financing Facility.

Investment in Patient Flow - Growth in bed capacity & exploration of increased income from non NHS facilities

Our growing population will increase the number of frail elderly patients who will need to access our 'Discharge to Assess' pathways in the community and our specialist assessment process in the hospital setting. The 'Discharge to Assess' pilot agreed with commissioners last year and projects on 'Assess to Admit' and Long Term Conditions are still being developed for 2014/15. The assumption is the discharge to assess beds will continue in 2014/15 with a planned aim to expand to 40 beds. Even so, on reasonable downside projections, we will need an additional 46-57 beds in the system by the end of 2015/16 to safeguard elective capacity and to provide for emergency demand. We therefore propose to build a three storey ward block with a basement and a new facilities building which is required to accommodate this. This will also allow for orthopaedic accommodation to be improved, providing single bed accommodation and, if demand does not rise as expected, this will potentially allow for our lowest quality ward accommodation to be closed, our maternity development enabled or for income generation, for instance by expanding private patient income through provision of amenity beds.

It is anticipated that the improvements made in 2013 to our hospital and community based emergency care pathways will also be sustained with the three storey development. The three storey ward will ensure our elective services continue to be seen as national exemplars of productivity and patient satisfaction. Through this we will grow the catchment population for Orthopaedics, Ophthalmology, Dermatology and General Surgery. The project is being managed through a project board with regular reporting.

Stroke Pathway

The proposed pathway currently being developed is for the Trust to take stroke patients after 72 hours, with tertiary centres providing care before that point, and to provide stroke rehabilitation. It is believed that this could be delivered within existing resources and would also allow Arden Court, a rehabilitation service currently provided on rented premises, to be brought back in house.

This is subject to agreement with commissioners and other providers and the most appropriate location for stroke services within the Trust is still under discussion.

SWFT Clinical services Ltd – expansion of subsidiary company business

SWFT Clinical Services Ltd is a wholly owned subsidiary of the Trust. It is an independent and separately run entity that was recently awarded the Social Enterprise Mark, recognising its purpose to undertake income generating activities for the Trust, of which the profits are reinvested in healthcare services. The company operates the Outpatient Pharmacy in Warwick Hospital, recently expanding this to include a retail facility, providing healthcare essentials such as over the counter medicines from its pharmacy premises. In 2014 the company will be opening a private patients clinic in Stratford.

SWFT has built upon its reputation in the delivery of high quality training and education, by establishing a training business entitled the 'Central England Training Academy'. This is partly in response to numerous requests from local General Practice and Nursing Homes. The Academy which has recently launched its own website www.cetahealth.co.uk offers a broad range of education and training opportunities for both clinical and medical staff. To date the Trust has provided a variety of training programmes for both clinical and medical staff across the local health economy and has trained over 330 people since September 2013. It has also delivered a national medical orthopaedic programme which

has attracted participants throughout the UK. We intend to expand the current offerings and market our training opportunities both regionally and nationally.

Electronic Patient Record, Community Remote Working and Patient Administration System

The Trust has implemented an Electronic Document Management System and is piloting its use as an Electronic Patient Record. Options are currently being explored to extend the use of this software or other products to provide a platform for Community Remote Working, delivering significant efficiency savings for staff who deliver care in patients' homes. This in turn may link with the implementation of a new Patient Administration System, which has the potential to offer significant new functionality. The Trust has received an offer of free software licensing and implementation from one supplier and is currently drawing up its implementation plans and a business case for Community Remote Working.

Key risks include the generic risks of managing complex IT projects, including managing relationships with suppliers and ensuring that benefits are realised. The Trust recently had feedback from a DH Gateway review on its implementation of the Electronic Patient Record to date and has acted on this in planning these future developments. There is specific risk around Community Remote Working in that a number of products are available to support this and delivery of the benefits in community services will be an inherently complex process. The project reports to a regular project board.

1.3 Trust Vision and Organisational Values

Our core vision is to provide high quality, clinically and cost effective NHS healthcare services that meet the needs of our patients and the population that we serve.

This vision is underpinned by our organisational values:

Safe - We put safety above everything else

- Keep patients, service users and staff safe
- Take personal responsibility
- Deliver high quality care
- Listen, value and support our staff

Effective - **We will do the right thing at the right time**

- Proactively seek to make improvements
- Work in partnership
- Deliver evidence based care
- Engage and involve

Compassionate - **We offer compassionate care to everyone**

- Friendly, helpful and courteous
- Sensitive to individual needs
- Respect privacy, dignity, diversity and choice
- Offer care we would want for ourselves and our loved ones

Trusted - We will be open and honest

- Treat everyone with openness, honesty and respect
- Decisions driven by our local communities and a public service ethos
- Commitment to excellence
- Maintain professional standards

1.4 Key Objectives for 2014/15

Provide High Quality Care

- Improve patient experience with our booking processes
- Implement the Trust's EPR strategy and increase the speed and availability of access to medical records
- Improve patient meal experience
- Use the Care Quality Committee to drive user engagement
- Work with primary care to increase the level and quality of end of life care advanced planning between hospital and community settings
- Provide more comprehensive 7 day acute services, increasing the availability of senior decision making clinicians
- Make our performance data more publicly available

Develop our Services

- Commence the building of phase 1 of the new Stratford Hospital
- Commence the building of additional ward capacity at Warwick Hospital
- Fully commission the phase 1 capacity of CERU and agree plans for phase 2
- Increase our elective capacity to meet demand
- Increase MRI capacity to meet demand and improve performance

Develop our People

- Agree a clinical workforce strategy
- Respond to the recruitment challenges in Care of the Elderly and Theatres
- Reduce agency Nursing usage
- Further embed the Trust values
- Implement new staff communications strategy (Let's Talk)
- Engage more doctors in training in quality and service improvement initiatives
- Use hand held technology to increase patient and service user contact time with clinicians.

Provide a Sustainable Future

- Explore opportunities to generate non-NHS income and provide patients with a wider choice of services
- Commence a programme to replace our PAS systems with Lorenzo
- Respond to the George Eliot procurement process
- Further reduce our carbon emissions
- Maximise productivity through the implementation of Service Line Reporting
- Secure additional sources of income including Community Infrastructure Levy

Integrate our Services

- Implement a new pathway for stroke services including more community based rehabilitation
- Fully embed frail elderly pathways including Discharge to Assess capacity

- Submit a successful tender for GP Out of Hours Services
- Liaise with commissioners to agree a specification for integrated community services
- Introduce a single point of access for community based care improving user experience
- Revise team structures to increase clinical time
  Work with commissioners to implement the Better Care Fund

Approach Taken To Quality

2.1 Quality Objectives

The Strategic Direction looks forward to how we envisage the Trust will be in 2019/20. The Trust annual objectives for 2014/15 make progress towards achieving strategic aims as well as addressing some more granular national and local imperatives.

The quality and safety of our services is our primary focus. The Trust's values will underpin all that we do and will be recognised by our patients and service users as a guarantee for high quality NHS care. The Trust will therefore aim to have a strong reputation for compliance with regulators and will continue to perform in the top 20% of trusts on the Friends and Family Test and will have a similar standing on NHS Choices.

The Trust strategy has 5 main strategic domains of Quality, Services, Workforce, Integration and Sustainability. The items listed in italics signify a link to our Quality Objectives.

Quality

- *Introduce changes to booking and medical secretary processes to improve patient experience*
- Implement the Trust's EPR strategy and increase the speed and availability of access to medical records
- *Improve patient meal experience*
- *Increase our engagement with patients to improve their experience*
- *Work with primary care to increase the level and quality of end of life care advanced planning between hospital and community settings*
- *Provide better 7 day services to patients by increasing the availability of senior decision making clinicians*
- Make more quality and outcomes data readily available to the public on our website

Services

- Commence the building of phase 1 of the new Stratford Hospital
- Commence the building of additional ward capacity at Warwick Hospital
- Fully commission the phase 1 capacity of CERU and agree plans for phase 2
- Increase our elective capacity to meet demand
- Increase MRI capacity to meet demand and improve performance

Workforce

- Agree a clinical workforce strategy
- Respond to the recruitment challenges in key areas; Care of the Elderly Physicians, Theatres, *General Nursing (measure reduction in agency use)*
- Embed the Trust values, using more values based recruitment
- Implement new staff communications strategy (Let's Talk)

- Engage more junior doctors in quality and service improvement initiatives
- Use better technology to increase patient contact time with clinicians

Integration

- Implement a new pathway for stroke services including more community based rehabilitation
- Fully embed frail elderly pathways including Discharge to Assess capacity
- Respond to the re-tendering of GP Out of Hours Services
- Liaise with North Warwickshire CCG to agree a specification for community services
- *Introduce a single point of access for community based care improving user experience*
- *Increase the amount of face to face time with community based patients through better team structures and the use of technology*

Sustainability

- Develop proposals to meet patient needs through the provision of amenity services
- Seek to increase organisational critical mass through responding to the George Eliot procurement. The recent decision by the Trust Development Authority (TDA) to stop the procurement process has caused us to pause and reconsider our next steps.
- Further reduce our carbon emissions
- Review the Trust's bed capacity plan
- Maximise productivity through the implementation of Service Line Reporting
- Secure additional sources of income including Community Infrastructure Levy

2.2 Care Quality Commission (CQC)

The Trust is required to register with the Care Quality Commission (CQC) and is registered without conditions. Registration confirms that the Trust meets all regulations and standards stipulated by the CQC. It also confirms that the Trust is authorised to provide all registered services across all locations registered in the Trust's name. The CQC has not taken any enforcement action against the Trust during the period 1 April 2013 to 31 March 2014.

2.3 Quality Risks and their Management

Quality

The Executive Directors have identified future risks, which will be managed and mitigated as part of this year's Board Assurance Framework (BAF) process. Measures to assess whether the outcomes have been achieved have been linked to the organisational strategic objectives which have been agreed by the Board.

Areas of quality risk identified to date are predominantly linked to the changing age profile of the population across Warwickshire. The demographic distribution is resulting in an increasingly elderly and frail population who live with long term conditions, including dementia. The capacity and skills required to ensure that all patients at the end of their life receive high quality personalised care, tailored to their individual needs and preferences, including preferred place of death, is currently insufficient. The quality risks associated with this environment are based on the systems, processes, financial frameworks and the skills of the workforce to meet this increasing demand. Underpinning the identified risks the current IT

infrastructure requires further development to support real time data capture to optimise Trust productivity and service developments.

As part of the programme of Internal audits, an annual audit is undertaken to monitor compliance with Monitor's Quality Governance Framework. The findings from the 2012/13 audit demonstrated there were satisfactory levels of assurance within the Trust. This audit will continue as part of the programme for 2013/14.

The Trust has also set up a Programme Management Office (PMO) to manage risks against projects. The PMO will oversee all projects across the Trust including cost improvement plans and projects supporting the delivery of the Trust's key objectives. A monthly meeting, led by the PMO, provides the opportunity to regularly evaluate the projects and in particular any risks to their successful delivery.

Over the previous 12-months the Trust has performed increasingly well against the 4-hour A&E target and 18 week Referral to Treatment (RTT). Plans were successfully put in place during the year, building on the work of the Health Foundation, on patient flow and supported by the Emergency care Intensive Support Team (IST) to mitigate these risks to quality, As a result, all Referral to Treatment targets were met at Trust level in January 2014 for the fourth month in a row. The A&E target has been achieved since June 2013 (quarters 2, 3 and 4). The Trust is currently rated green for governance and not subject to intervention by Monitor. However, the cancer standard to meet 62 days from receipt of GP referral to treatment is currently a challenge for the Trust; a combination of improved data and information recording through the deployment of a new cancer database along with increasing demand has identified specific areas of concern. The cancer services unit has responded with a detailed action plan. Some changes to cancer pathways have already been initiated, however, the challenge remains to embed pathway changes across the organisation, respond to increasing demand and provide a sustainable breach avoidance process.

2.4 Board Reporting

The Board receives a monthly Integrated Quality Dashboard Report on the quality indicators. The report provides details on the indicators displayed using time-trend graphs, with peer comparisons where these are available. Actions to address performance are included in the report. These reports are replicated in content and format through the divisions.

At Board level the report complements the existing Standards and Targets report produced by the Director of Operations. Where there is an overlap between the two reports, indicators appear in one or other report, to avoid duplication. The two reports, together with the finance report are considered to obtain a full picture about trends in quality, efficiency and effectiveness. The Trust is exploring providing an integrated quality and performance dashboard within the next year.

The Board reports include measures for all Monitor targets and selected key measures including, timeliness and access, reducing harm, clinical outcome and patient experience. Reference to the quality objectives is also included on the front sheet of all Board reports.

As part of strengthening quality and visibility of the Board at ward and department level, Board to Ward initiatives are planned throughout the year. The Executive Team will continue ward visits on a regular basis to improve communication from Board to Ward reinforced by any ad-hoc visits that are not recorded in the formal Board to Ward activity. As part of these walkabouts patient safety, incidents, complaints and issues that impact on the quality of care are discussed. As a result of these discussions, action is sought by either the executive team or by the ward and department managers to ensure the expected quality of care is maintained.

The Board Assurance Framework provides assurance to the Board for delivery of all key objectives including our quality priorities. Each objective has a lead director that is accountable for the delivery of

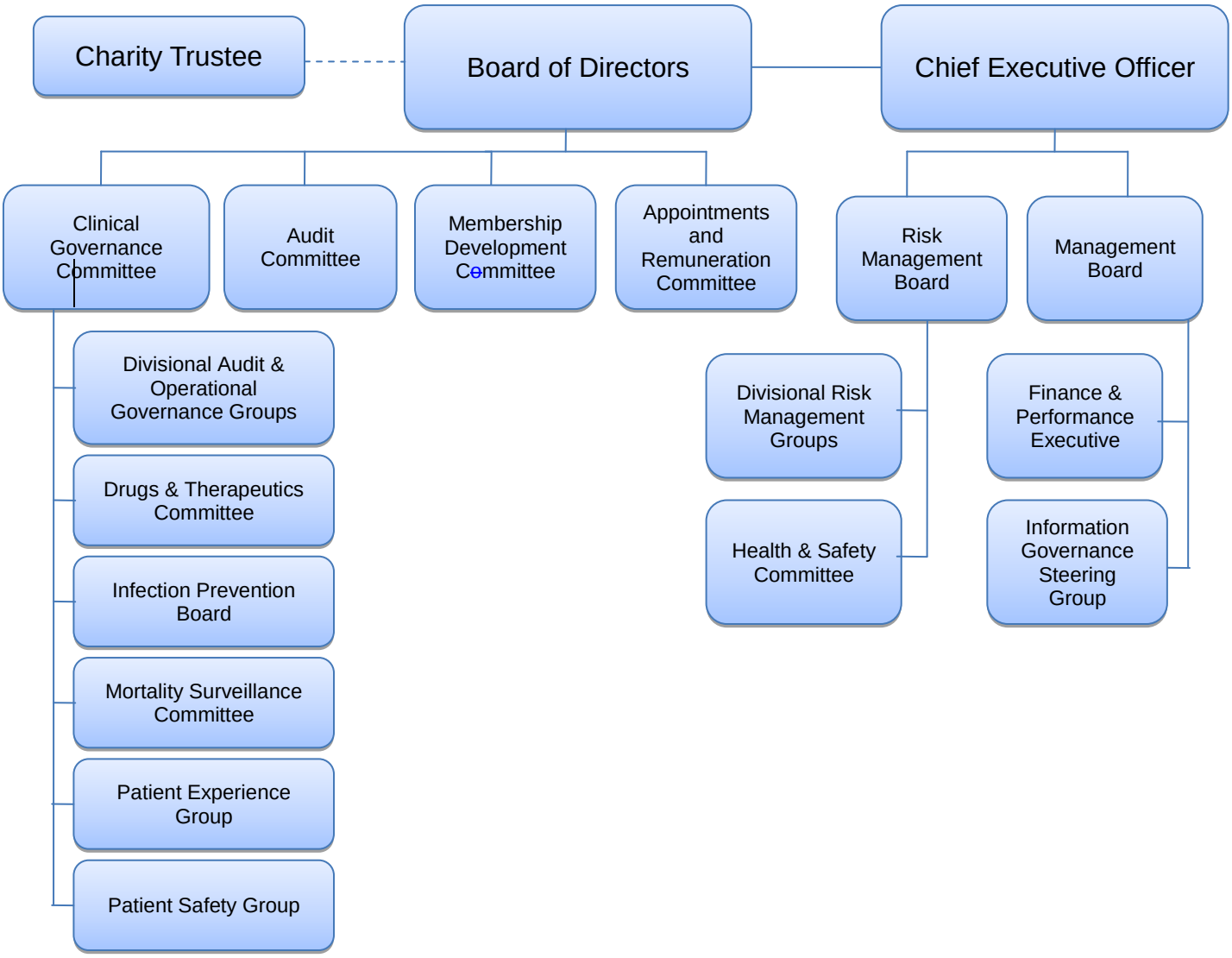
that objective. Our management and governance structure provide a mechanism for reporting progress against the priorities, for implementing change and assurance on risk.

The BAF is updated by the Executive Directors and is reviewed on a quarterly basis by the Risk Management Board and Board of Directors. The Audit Committee is responsible for providing independent assurance on the robustness of governance and risk management in the Trust. The BAF is the key process used by the Board to ensure that all principal risks are controlled, that the effectiveness of those key controls are assured and that there is sufficient evidence to support the Annual Governance Statement.

2.5 Corporate Governance

The SWFT Board is responsible for corporate governance of the organisation by maintaining the quality and safety of care, setting the direction and standards, and ensuring that the necessary systems and processes are in place to deliver the objectives. The Trust's structures, systems and processes are key to ensuring that standards are upheld. The value the Trust places on clinical matters is evidenced through the monthly Clinical Governance Committee meetings, which has the specific ability to request and review detailed analysis of reports. The Committee reports to the Board at every meeting and provides the Board with a level of assurance that standards are upheld or that actions are being taken where required.

The Chief Executive, as the Accounting Officer, is responsible for the operation of the Trust's functions, and is supported by a Management Board comprising the executive directors, senior managers and clinicians from across the Trust, representing both clinical divisions and corporate departments. The Trust's high-level Committee structure is set out in the diagram below. The committees reporting to the Board of Directors are chaired by non-executive directors, except for the Membership Development Committee which, as a joint Committee with the Council of Governors, is chaired by a Governor. Executive directors are invited to attend the Board Committees as appropriate, whereas other committees, groups and boards involve executive directors and Trust management, and non-executive directors may be invited to attend. Other groups may meet as needed but will report to an executive director and report into the structure below.


Charity Trustee
Board of Directors
Chief Executive Officer
Clinical Governance Committee
Audit Committee
Membership Development Committee
Appointments and Remuneration Committee
Risk Management Board
Management Board
Divisional Audit & Operational Governance Groups
Drugs & Therapeutics Committee
Infection Prevention Board
Mortality Surveillance Committee
Patient Experience Group
Patient Safety Group
Divisional Risk Management Groups
Health & Safety Committee
Finance & Performance Executive
Information Governance Steering Group

3. Clinical Strategy

3.1 Service Line Management

The Trust is planning to use service line reporting and patient level costing to enable a move towards Service Line Management over the coming years. This will enable specialties to be run more as standalone business units, which generate income and use resources. Suitable software has been procured during 2013/14 to deploy 2014/15. It is intended the software will have the functionality for clinical staff to use the patient level information to understand waste and waiting, and to reduce variation in patient care by using variances in costs to indicate where clinical practice and patient pathways have varied.

The 'top down' approach gives overall specialty performance, indicating which specialties are performing well or otherwise. This smoothing or averaging has little use for understanding *why* a particular specialty is performing well or poorly. The 'bottom up' approach of costing individual patients enables a full exploration of outliers and the variation across cohorts of similar patients. The costs for some procedures/diagnoses will be very consistent, however for others; there can be ranges of several thousand pounds per occurrence on contribution level generated.

For the first time there will be a transparent relationship between cost and income at patient level, which will enable peers in the same specialty to review and consider variations in practice. This enables clinicians to engage with the transformation and standardisation of best practice, thereby supporting the culture of continuous improvement and allowing internal benchmarking. For example;

- reviewing the variation in length of stay;
- comparing the time in theatre for patients with the same procedure or diagnosis;
- comparing clinic rules to consider differences in income earning potential per clinic, and
- considering the costs for particular cohorts of patients e.g. age groups, co-morbidities for pathway redesign work.

This can enable evidence based cost improvement targets to be set, and efficiency improvements to be really owned, by teams and individuals working in patient care. It also identifies where low volumes of particular procedures are being carried out, this will assist in assessing whether sufficient activity on certain procedures can maintain accreditation by clinicians. It can also identify where high levels of contribution are being generated by particular procedures/diagnoses, with a view to growing market share: conversely, a review of loss making procedures/diagnoses can also assist in informing future strategy. It also allows a validation of coding, so that clinical staff can have confirmation of the coding for each patient, and compare this to what they had understood it to be. Experience at other Trusts has shown that this leads to significant improvements in the quality and depth of information recorded about patients in medical notes, as clinicians then better understand the implication of co-morbidities and complications on tariff.

This will be primarily driven at contribution level (i.e. direct income, less direct costs), to enable clinical staff to focus on costs they can influence, although overall Trust overheads will also be applied to give the fully absorbed profitability level of each specialty. Ongoing, service line reports will be produced quarterly from quarter four, enabling a closer match between income and activity with costs by specialty/point of delivery. The procurement will include the user interface, to enable clinicians to 'self serve' by drilling down into the data themselves. Ease of use will be a major influence in the decision as to which product is recommended for procurement.

One of the functions of this deployment is that the data quality of the feeder data systems can be assessed, indicating how much of the costs have been directly matched to the patient and how much has had to be apportioned. For example, theatre time, bed days, prostheses, blood products, radiology, pharmacy. Again, this has been shown to have led to major improvements in data quality at other Trusts, as the link between what happens to patients and what is recorded is better understood.

This is a major information project, and will be closely managed by the Director of Finance and involve clinical, finance and information staff in its deployment.

3.2 Clinical Education

South Warwickshire NHS Foundation Trust has a long and productive experience in the delivery of high quality education to its staff. The key mechanism developed by the Trust to do this is the Trust Learning Board. The Learning Board provides a strategic focus to Learning and Development and is responsible for the management of all educational budgets which total over £8.5m. This not only ensures fairness and equity of access, but also helps to support the delivery of Trust objectives as well as ongoing operational development needs. Additionally it is able to target funding for new Trust initiatives, for example enhanced clinical skills training for Community Nursing staff. The Trust also recognises the importance of aligning educational needs with operational activity, so that training placements at the Trust receive a good training experience.

The Trust has robust reporting and recording mechanisms to ensure compliance from a governance perspective. This has allowed the Trust to achieve consistently high standards of compliance which is reflected by achievement of NHSLA and CNST (maternity) level 2. The Trust complies with CQUIN targets set by Commissioners and also meets the CQC standards in relation to training standards assurance.

3.3 Clinical Workforce

The Trust will continue to review skill mix in the development of new and extended roles to support service delivery. This work will primarily focus on the transition from secondary to community care and includes initiatives such as admission prevention and discharge to assess pathways. Different medical models of cover will be designed to meet both service delivery and education, particularly in relation to out of hours and rota cover.

The accreditation to level 1 status for the Trust's Acquired Brain Injury Unit and the associated provision of community neuro rehabilitation services will require skill mix review to deliver this new national service. The Trust will increase maternity provision to increase the midwife to birth ratio in line with national recommendations. The expansion of weekend working to support increased clinical demand will require increased resourcing together with skill mix review. The Trust will build upon existing weekend working models where indicated. It is anticipated there will be an increase in demand for ophthalmology and cancer care provision both from a resourcing and facility perspective, with work underway to address both these issues. The Trust will work to achieve the Health Visiting targets set nationally and by Health Education West Midlands. The target for 2013 has already been met. These workforce initiatives will be funded by the demand this additional work generates.

To meet the sustained increase in emergency care demand, the Trust will be increasing its on site facilities together with appropriately trained staff to support this. This is built into the Trust Capacity Plan and will need to be funded from Trust cost improvement plans (CIPs).

As one of Warwickshire's biggest employers, we aim to be the employer of Choice in our sector as

demonstrated by our NHS Staff Survey results which continue to be in the top 20% of trusts.

We will invest in Leadership development in clinical and non-clinical areas and we will appoint the best staff who will demonstrate that they will uphold the Trust's values. We will also ensure that our workforce profile supports the delivery of safe care.

We will expand career opportunities for Health Care Assistants and extend the roles of Nurses and Allied Health Professionals.

We will be recognised as a centre of excellence for training including Nursing and Medical Students recording excellent ratings for their placements and demonstrating this by choosing to return to work for us substantively.

We will develop local terms and conditions for staff which reward quality.

3.4 Clinical Sustainability

Work will be undertaken with other local healthcare providers in the implementation of changes to the stroke pathway. This will impact on how stroke services are currently being delivered and may mean reorganisation of this service within the local health economy. It is planned to increase midwifery provision to meet the birth to midwife ratios in line with national guidance and to review obstetric medical staff resourcing to provide extended working during weekdays and at the weekends in line with Royal College guidance. Work will continue with UHCW to align neuro-rehabilitation services in Coventry and Warwickshire thus enabling a seamless approach in the provision of this service.

Increased demand for emergency care will require review of the existing medical cover to meet this. There will be a review of skill mix and cover across the medical/nursing and allied health professional workforce to address the new models of care required to meet this demand.

The impact of an ageing population combined with increasingly complex long term conditions, will require some increase in the resources required to provide care both in the acute and community settings. New models of care will be continually reviewed and refreshed to ensure the best quality of care is being delivered.

Our strategy will be to continuously operate within national tariff and to maintain a Monitor continuity of service rating of at least 3.

Through incremental and strategic growth we will have increased our organisational critical mass to be greater than £300m in annual turnover.

We will continue to exploit opportunities to use our existing organisational capability and skills to generate alternative sources of income using the flexibility offered by our arms- length company, SWFT Clinical Services Ltd to quickly put these ideas into practice.

We will expand the range of NHS contracts, so that we are less dependent on a single commissioner. We will also seek new and innovative sources of capital.

We will maintain high levels of productivity based on right first time approach and through the implementation of best practice both inside and outside of the public sector.

Our Carbon reduction targets are met through a range of energy saving initiatives, delivering care locally to patients and working in a paper-light fashion

4. Productivity, Efficiency and CIPs

4.1 Overview

Successful integration will be founded on the necessary enablers being in place across the local health and care system. We will use best practice models to ensure we use our resources in the best way to deliver safe, effective and compassionate care for our patients and service users. Operational managers will be supported to improve productivity and efficiency through traditional CIPs schemes, focusing on better procurement, incremental improvements and reducing variation. This will be aided for years 2015/16 onwards by embedding service line reporting/patient level costing during 2014/15 to enable a better understanding of where the opportunities exist to streamline services.

Alongside this the organisation has already developed and continues to focus on transformational CIPs. The discharge to assess scheme is an example of this. This scheme, in conjunction with commissioners is aimed at providing community based 'discharge to assess' beds which speed-up the discharge of frail elderly patients from the hospital setting, reducing their long term need for higher supported care and enabling savings relating to length of stay.

The transformational savings available from better use of technology represent a key goal for the organisation. The wider roll out of e-rostering in 2013/14 has helped the Trust to reduce agency spend by circa £1.8m between 2012/13 and 2013/14.

The Trust continues to pursue its strategic goal for an electronic patient record, with the Trust recently approved for the deployment of Lorenzo over the next two years. This will enable better quality care whilst also releasing cash releasing savings from 2016/17 onwards to support the required level of efficiency.

Investing to target opportunities to increase our market in services where the Trust has a competitive advantage and can be profitable is another key area of focus for the Trust to deliver the ongoing efficiency required. These schemes include the development of Stratford Hospital, Central England Rehabilitation unit and a new ward block on the Warwick site. These are covered in more detail in service developments section and in the financial commentary in Appendix A.

We will also encourage patients to manage their own care. This will be supported by technology and backed-up by clinical expertise and first class acute and community services working in partnership with primary care.

As well as delivering more effective services, the Trust is supporting the partnership arrangement where NHS organisations and local authorities contribute an agreed level of resource into a single pot that is then used to commission or deliver health and social care services, known as the Better Care Fund. It is not new money but comes from funding streams already in the health and social care system. It is a pooled fund enabling patients to experience a seamless service with a single point of access for their health and social care needs.

The fund is intended to facilitate more efficient services crossing over organisational boundaries achieving a number of objectives:

- To deliver better services to older and disabled people who have multiple and complex needs
- To keep people out of hospital
- To avoid people staying in hospital for long periods

We intend to work closely with our local CCGs and local authorities to ensure sustainability across the whole health and social care economy and anticipate plans developed this year to be refreshed and refined during the planning process for 2015/16. This will provide more time to discuss and consult on local plans across the whole health economy. The government's aim is that the fund will have a minimum value of £3.8bn in 2015/16 that will be deployed through pooled budget arrangements

4.2 CIP Governance, Profile, Enablers and Quality Impact

The Cost Improvement Plan (CIP) process is well governed, with schemes being derived at a cost centre, or divisional level. The Trust has received an opinion of 'significant assurance' on the recent (January 2014) Internal Audit report on CIP governance. Schemes are developed using a governance form, which fully describes the nature of the scheme and impact on £ and WTE budget. This form, once completed, is then signed to evidence approval by the originator and the Executive Lead- if there is any impact on Nursing or Medical Staffing then the Director of Nursing or the Medical Director will also sign to evidence their approval that there is no adverse impact on patient safety as a result of implementing the scheme. Schemes, once fully worked through, are then presented at the bi-weekly Management Board, for approval and acceptance. Only once a scheme has been approved at Management Board does it become declared at Board.

The Trust has implemented the use of 'Aspyre' project management software during 2013/14 and is expanding the use of this to include the monitoring and tracking of cost improvement schemes. This ensures that we are focused on delivering the schemes and taking prompt action where schemes are not delivering, as planned, to put in rectification plans and identify mitigations.

The planning assumption is for £8.7m of CIPs in 2014/15 and 2015/16. At the time of the submission of the annual plan £3.2m of the £8.7m target has been identified with £1.45m formally approved through the Trust's governance process. The successful identification and delivery of CIPs is critical to the successful delivery of the overall plan, in our mitigations analysis consideration has been given to the likely impact of under delivery in the next two financial years (see financial commentary).

5. Financial and Investment Strategy

The Trust has been working to a deliberate choice of financial strategy, aimed at investment and maintaining an acceptable financial position, rather than building up reserves of surplus liquidity. This strategy has served us well in the last five years. There is no evidence that a strategy focused on consolidation and cost-cutting for its own sake could be delivered in the present environment. On the other hand, there is considerable evidence that the Trust needs to invest in the face of growing demand, has many opportunities to invest profitably, and also has opportunities to improve productivity on areas where investment is unlikely to be profitable.

The following goals will govern our strategic financial management.

- To invest where needed to allow the Trust to maintain and improve quality in an environment where our services are in demand;
- To identify, in both the short and the medium term, CIP plans that maintain our financial position, led from a perspective of service improvement;
- To use the Emergency Pathways Project, the Transformation Project, and the service improvement projects linked to IT developments, to innovate in order to maximise efficiency and quality;
- To invest to target opportunities to increase our market in services where the Trust has a competitive advantage and they provide a positive contribution;
- To work with commissioners to ensure that we are paid equitably for the healthcare we deliver while transforming our services to support the needs of patients and the health economy;
- To maintain a financial position that gives the Trust a financial continuity of services risk rating of 3, with an acceptable margin of safety and contingency plans in place in the event of downsides.

5.1 Summary Financial Position

The table below shows the forecast outturn position for 2013/14 together with the planned figures for the period of the operational plan 2014-16. A more detailed financial analysis, including assessment of the key risks and mitigations, is provided in the commentary included in Appendix A.

	2013/14	2014/15	2015/16
Turnover	£221.3m	£226.8m	£225.9m
EBITDA	£7.7m	£8.2m	£9.0m
Surplus excluding impairments	£2.1m	£1.1m	£1.4m
Financial continuity of service risk rating	3	3	3
CIP Target	£7.5m	£8.7m	£8.7m