

Southend University Hospital **NHS**  
NHS Foundation Trust



**Operational Plan Document for 2014-16**

**Southend University Hospital 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:

<b>Expected that contracts signed by this date</b>	<b>28 February 2014</b>
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	Jacqueline Totterdell
Job Title	Chief Executive
e-mail address	Jacqueline.totterdell@southend.nhs.uk
Tel. no. for contact	01702 385003
Date	2 <sup>nd</sup> April 2014

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

In signing below, the Trust is confirming that:

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

Approved on behalf of the Board of Directors by:

Name (Chair)	Alan Tobias
-----------------	-------------

Signature



Approved on behalf of the Board of Directors by:

Name (Chief Executive)	Jacqueline Totterdell
---------------------------	-----------------------

Signature



Approved on behalf of the Board of Directors by:

Name (Finance Director - acting)	Adrian Buggle
-------------------------------------	---------------

Signature



## 1.2 Executive Summary

Economic conditions continue to be extremely challenging. Reductions in public spending and demands for more efficient use of public health sector investment may further increase the need for competitiveness in the health economy. The Trust will come under increasing pressure as CCGs seek to achieve greater value for money and reduce cost, whilst increasing competition from the private sector will require the Trust to both protect its current services and seek growth in order to provide a sustainable and financially secure service. The configuration of the service will continue to develop as the population demographic of the local health economy continues to age. Statistics indicate that growth in older adults will exceed the national average. Currently 17.8% of the population of Southend are over 65 (though this rises to almost 27% in some wards). The proportion is set to rise to 19.7% by 2020, equivalent to 36,400 people. However, the greatest growth is envisaged in the over 85s proportion of the population which is expected to double. This will continue to add further pressure to acute services, requiring a re-assessment of admission practice. It is anticipated that (based on current admission practice) a 7% reduction in length of stay from our Benchmark Average Length of Stay of 6.2 days will be required to meet the rising demand for emergency admissions for the over 65 age bracket. At the other end of the age spectrum Southend has a birth rate substantially higher than the national average and this will add further pressure on maternity and paediatric services into the future.

The area of Castle Point & Rochford however, has a somewhat different demographic. This area has a population of circa 167,000 which is expected to grow to approximately 178,000. The age profile in this area is in line with the national average though there is variation across the wards, with a high proportion of under 20s in the west. Ethnicity levels across the area are well below national average at just over 1%. This will introduce a different set of pressures on the Trust's provision of services. The impending review and possible reconfiguration of acute services across SE Essex will require on-going active engagement with the CCGs and may present both an opportunity and a threat. It will, however, remain an on-going priority that the Trust's plans reflect the local health economy's goals and aims whereby:

*People will be enabled to live longer, healthier and happier lives by commissioning safe, high quality, cost-effective, caring and compassionate services in partnership with fellow health and social care commissioners. Patients and Public will have greater control and responsibility for maintaining and improving their own health. GPs will work more closely together and with community services to better manage long term conditions, support the frail elderly and reduce A&E attendances and admissions into hospitals and nursing homes. Hospitals in Essex will work more closely together to provide centres of excellence.*

The Trust remains under review by Monitor and will continue to develop its programme of improvement across key areas such as A&E, Cancer 18/52 targets and Board Governance. The Trust remains committed to delivering and maintaining excellent levels across all activities. As part of this, regular dialogue with stakeholder groups will continue to form a key part of ensuring planned activity and improvements are delivered while building on the base of strengths enjoyed by the Trust. The Trust's objective is to achieve full compliance across all areas and some significant progress has already been made towards this. The Trust's plans for the 2yr period and beyond are focussed on delivering improvements in providing a quality of care that reflects the Francis Report and the Keogh ambitions. Progress has been shown in a number of areas and this is reflected in the hospital's COSRR rating, pilot site status for 7 day working and a number of awards including:

- **TIA clinic in the Secondary Care Service Redesign category for patients at risk of a life changing stroke (HSJ Awards 2013)**
- **Patient Safety Award – for the care of the elderly (Nursing Times)**
- **Best use of IT to support clinical treatment and care category' (eHealth Insider Awards 2013)**
- **Best use of Business Intelligence for improved patient outcomes category' (Centre of excellence healthcare analysis awards 2013)**

The Trust will continue the work already started to address the identified key challenges to delivering its patient focussed goals. The challenges to be addressed are complex and in many cases inter-linked, falling into 5 main categories:

- **Physical resources and infrastructure**
- **Staffing levels and skill mix**
- **Systems and operational efficiency**
- **Demand management and patient flow**
- **Key services including A&E, Safe 24/7, Cancer, Stroke, Vascular**

The above all impact on the Trust's ability to meet its performance obligations in delivering safe and effective patient care within target. Delivering a compliant service by continuing to address these issues will remain the Trust's primary focus over the coming years. In order to achieve this, the Trust has established a set of outcome measures for the next 2 years which are aligned to the Trust's corporate objectives.

### **1. Patient Focus – keep getting better**

- To be the best in Essex in terms of patient care, as measured by the Friends & Family Test.
- Clinical outcomes in top quartile of Trusts in England – against the 60 measures in the national outcomes framework
- SHMI in top quartile
- Achieve the Keogh 8 Ambitions and include in the Trust Quality Improvement Strategy
- Assurances against our BAF strategic risks through both an internal and clinical audit programme
- Meet all requirements of CQC ‘Fundamental Standards of Care’
- Reducing variation in mortality/morbidity 7 days a week (safe Hospital 24/7)

### **2. Sustainability - keep the core strong**

- Meet Monitor’s Risk Assessment Framework and work towards achieving a green governance rating
- Meet contractual obligations (i.e. we do what we say we will)
- Continuity of Service risk rating of 3 or more
- Meet all requirements of the operating framework (i.e. compliant with all CQC standards as the umbrella framework for all reporting)
- Compliant with Health & Safety standards
- Meet Department of Health sustainable development strategy targets (focusing on environmental issues, economic considerations and social impacts)
- Our balanced scorecard across all national and local measures is green
- Develop new, and enhance existing, IT systems to support efficient and effective patient care including full Electronic Patient Records and Patient Administration Systems

### **3. Sustainability - grow selectively**

- £60m growth remains realistic supported by additional cost reductions from New Business JVs
- Increase in income through selective growth
- Trust-wide EBITDA to show a significant improvement by year 2020 from its current position of 5.5%
- Implement pathology JV to reconfigure and transform the service for South Essex subject to final OFT approval

### **4. Research Education and Innovation – investing in the future**

- Greater involvement of Junior Doctors in driving change to continually improve outcomes
- Develop an innovative environment that ensures high calibre staff want to work here
- Be recognised as a leader in terms of original and programmed research
- Further develop current innovations in patient pathways within Rheumatology and patient care processes within Stroke

### **5. Staff – feel proud to work here & keep making a difference**

- Engaged workforce – as measured by the National NHS Staff Survey
- Top quartile staff absenteeism (compared to Acute NHS Trusts)
- Top quartile for appraisals completed and development action plans in place (compared to Acute NHS Trusts)
- To be the best in Essex in terms of staff responses to the Staff Friends & Family Test

### **6. Partnership - our hospital, our community**

- Increase number and involvement of volunteers
- Work collaboratively on 7 day working pilot
- Pioneer site for integrated care and Better Care Fund
- Work collaboratively with other Trusts via Association of Reproductive Health Professionals and UCLP NHS Staff College
- Be strong partner in the Local Education Training Board
- Look at service reconstruction across Essex at acute trust level, supported by CCGs
- Completion of Case For Change

The Trust recognises that Cost Improvement Programmes (CIPs) need to focus not only on cutting costs but also on improvement to services and quality through transformational change. The Trust will therefore continue to develop its CIP governance structures, reporting and processes to enable delivery of savings targets in a sustainable manner which controls and manages risk. The establishment of the Programme Management Office (PMO) has shown the benefits of achieving a consistent approach to the CIP process and in supporting Business Units not only to identify but also to implement CIP opportunities. The Trust acknowledges that savings schemes require having a much higher level of recurrence moving forward, and income-based schemes in particular need to be more robustly risk-assessed. The Trust’s approach to CIPs and the operation of the PMO is being reviewed with external specialist support, in order that the Trust delivers best practice cost improvement schemes using the best available methodologies with a suitably skilled and deployed change management team.

### Financial Summary

The change in the national economic position has meant that in the last 3-4 years the Trust has had to alter its strategy, working within less resource and delivering greater levels of efficiency savings but still maintaining a FRR of 3 (and now 4 with the Continuity of Service Risk Rating (CoSRR) introduced from October 2013).

The summary numbers for each of the 2 years covered by this Operational Plan are shown below:

	2014/15	2015/16
	£000s	£000s
Income	268,933	266,841
Expenditure	255,601	252,602
EBITDA	13,332	14,239
Financing etc.	14,052	14,616
<b>Net surplus</b>	<b>(720)</b>	<b>(377)</b>
EBITDA %	5.0%	5.3%
Surplus %	(0.3)%	(0.1)%
CIPs	9,500	10,000
Capital	10,945	8,883
Cash	12,310	11,972

## 1.3 Operational Plan

### ***The Short-term challenges:***

#### Affordability / Sustainability Focussed Challenges:

The reorganisation of the NHS commissioning bodies and the anticipated year on year reduction in tariff rates pose a significant financial threat and could cause some disruption to the funding of services which the Trust will mitigate through greater efficiencies and commercial growth. The pressure of constrained finance and new competition can help reform the Trust's service configuration, challenge its efficiency and help improve the basic processes and structures that underpin its core services. Early stage discussions with neighbouring trusts have highlighted potential service reconfigurations. This is further highlighted by the recently announced acute service review that is about to be undertaken across Essex. Such developments which are currently at a very early stage could present both an opportunity for the Trust to develop competitive advantage and grow organically and inorganically, by absorbing the weaker services of other providers, while disinvesting services which can be better provided elsewhere. However, it may also present a threat to existing acute provision which the Trust will need to manage accordingly.

The re-configuration of pathology services to provide a class leading service in partnership with BTUH Trust and a specialist 3<sup>rd</sup> party will be transformational, delivering significant financial benefit.

New providers may offer tailored services more cost effectively than the Trust which may be delivered without the cost of the estate or the drain on resources of some services e.g. A&E. New purchasing relationships may also reduce the amount of business the Trust wins especially where its clinical record and delivery of good patient experience is not consistently high. The demand generated by the changing local demographic will also place increasing pressure in delivering more inpatient services if alternative care solutions cannot be found. If these threats are not addressed, there is a risk of losing services that the Trust currently provides to the detriment of both the Trust and the community it serves.

#### Quality Focussed Challenges:

As an organisation, we have reflected on the Francis Report, which identified the truly tragic consequences that can occur when unacceptable levels of fundamental care exist and the organisational culture does not put patients first. The follow up Keogh Mortality Reviews that have taken place, further place the spotlight on organisational culture and compassion in care. Ultimately, the changes in the political climate have driven forward the unacceptability of providing poor care, but has also aided us in our quest for providing clear and articulate plans in how we will deliver our improvements over the next 3 -5 years. We are currently reviewing our Quality Improvement Strategy, which will have these key objectives as an integral part of how we will aim to deliver high quality care. We believe this strategy will build upon the previous strategy and further support our vision for excellence in that:

- patients will feel satisfied and cared for
- carers and visitors will feel assured and supported
- our partners feel that they can rely on us
- our services are and will continue to be safe and sustainable
- we will use research, training and innovation to invest in our future
- our regulators will be satisfied that the quality of the care we deliver meets their standards

The focus of the strategy continues to be on our 3 'quality priorities' which are underpinned by the review of both the Keogh ambitions and the Francis Report but also on an organisational emphasis on embedding a culture which supports our vision of excellent care by excellent people, specifically:

- to support a focus on leadership which supports how staff can deliver excellent care
- to improve patient experience
- to Improve clinical outcomes and engender a culture of 'no harm' by ensuring that patient safety is embedded into how the Trust works

Specifically, over the next 2 years, the Trust faces 5 major challenges to delivering its patient focussed quality goals

effectively:

- a) Deficit in nursing numbers  
A shortage in appropriately skilled and trained nurses, embedded into the culture of the Trust whereby “Everybody Matters; Everything Counts; Everyone’s Responsible” will impact on the delivery of services. A number of existing vacancies and newly identified nursing posts have required an overseas recruitment plan to be put in place to address the shortfall.
- b) Safe 24/7  
Delivery of the Keogh standards for seven day working including providing a safe environment where all patients are seen by senior decision makers every day and every emergency patient is seen by a consultant within 14hrs will require a significant change in both the working practices and culture of medical and other staff.
- c) Stroke  
The challenge to achieving nominated Hyper Acute Stroke Unit (HASU) status for Essex remains primarily political, with delays to the decision making process on-going.
- d) Vascular  
The Trust aims to become a vascular hub for the area and is currently awaiting confirmation of this status. Challenges will focus on staffing and facilities.
- e) Cancer  
As with Vascular, the Trust’s desire to become the main cancer centre (hub) for Essex will demand that both staffing and facilities issues be addressed.

#### Operational Focussed Challenges

Continually improving and then maintaining performance will be a major focus, addressing a range of inter-related factors that affect the Trust’s ability to function efficiently. Consequently, the plan over the next 2 years will focus heavily on addressing these critical factors and on achieving compliance with all operational targets. Although the Trust has had a recent history of failing to achieve its obligations under the Enforcement Undertakings in a number of key target areas, significant progress has been made. The key challenges impacting on operational performance include:

A&E – staffing levels will continue to be a challenge due to the on-going difficulties in recruiting suitably experienced A&E specialists. Meeting the staffing demands will require creative approaches to recruitment, including recruitment from abroad of both nurses and doctors, taking into account the changes in the immigration and visa regulations which impact on the timeframes for such recruitment. A changing workforce will also present the on-going challenge of integrating staff into the ethos and working practices of the Trust to ensure adherence to standardised methods and practice. A Risk Summit took place on March 31<sup>st</sup> 2014, following which a SMART Action Plan was to be developed and monitored via the Trust, the CCGs, Monitor and the Local Area Team. The SMART Plan has resource implications with money flowing into and out of the Trust. At this stage it has not been possible to quantify the precise impact.

Physical Capacity – Addressing the shortage of physical space within the A&E Department will be a key priority. Some small gains will be achieved with a redesign of minors and the opening of the Paediatric cubicles when the additional nursing staff have been recruited. Expansion beyond this will require a thorough review of the current layout of the operational areas of the hospital.

Systems – The Trust anticipates that the current problems experienced due to spikes in demand will continue and may indeed increase as the ageing nature of the population profile develops further. The Trust will determine how to best meet these demands in terms of both physical and resource capacity in order to ensure that we can respond appropriately within targets. The Trust will be seeking means to smooth the demand for services over the course of the day / week to maintain the flow of patients through the system. One key element of this will be working with stakeholder and referrer groups to ensure a more appropriate use of A&E to better enable those patients who require it to access in-patient facilities more easily.

Cancer – The increasing demand for cancer referrals as a result of an ageing local population and greater public awareness following recent high profile campaigns will continue to put strain on the Trust’s capacity to respond in certain areas. Addressing current capacity constraints in some critical treatments such as high dosage

brachytherapy and some areas of diagnosis such as EBUS will be key priorities. The Trust will continue work on embedding timed pathways at individual tumour group level, including work to accelerate diagnosis. Work will also continue to ensure adequate tracking and escalation of patients along every step of the cancer pathway. Southend is a prostate cancer centre for the Essex region. In order to maintain high quality care as a urology cancer centre the Trust intends to install Robotic technology (especially in Prostate cancer surgery). However, the equipment will be for multidisciplinary use to maximize efficiency.

RTT – Delay across all elements of the pathway has been stabilising and maintaining compliance with RTT targets will be an on-going priority, although a number of factors will continue to impact on reducing delays even further. The need to be compliant at specialty levels is being addressed and the Trust will maintain and further improve this over the next 2 years. Particular focusses in reducing delays will be to address the capacity constraints as a result of theatre access and diagnostic delays and the complexities of pre-op elements of co-morbidities due to an ageing population. Consequently the Trust will be further developing its work to deliver tailored services that accurately reflect the changing local population profile, which shows increases in the over 65, over 75 and over 85 age brackets that are substantially above the national average.

Demand / Supply – Meeting demand will be one of the most significant challenges over the next 2 years and beyond. Key factors in this will be to educate operational teams and develop their skills of capacity/demand analysis. The Trust is undertaking the IST capacity/demand model for all specialties by the end of the current calendar year. These measures will enable operational teams to get better visibility of the relationship between demographic change and the delivery of hospital services, whilst still taking account of CCG QUIPP schemes.

#### Workforce Focussed Challenges:

Following the publication of the Francis Report, our evidence based workforce analysis has identified a skills mix and establishment gap across a number of areas of the Trust's activity. The reduction in the number of nurses being trained nationally allied to the ageing profile of our current nursing teams will continue to exacerbate the issue over the coming years – especially in relation to A&E, Paediatrics, Theatres and midwifery staff where recruitment is particularly challenging.

To meet the current and predicted future demand the Trust is focusing on developing our pre- professional nursing workforce (Bands 1 – 4) by implementing a development programme for unqualified nursing staff, and reviewing work placements for 'Return to Practice' Nurses. The Trust is investing in new roles to bridge skills gaps and staffing deficits in a more cost effective and efficient way. The establishment of 'Emergency Nursing Practitioners' for example will help to bridge the gap by providing some elements of triage and low level care – especially in relation to A&E. A further element of this strategy will be to further the work currently undertaken in the development of our pre-professional staff (typically Bands 1-4) in order for them to be able to deliver even more patient care than at present. As there is a known shortage of qualified nursing staff in the UK, the Trust will be recruiting 120 nurses and midwifery staff from overseas to address current vacancies and additional investment in staff to meet staffing ratios based on patient acuity. The campaign commences in April 2014, with an initial cohort of 44 staff who will be deployed to areas identified as high risk including A & E. The workforce challenge is not confined to nursing staff alone. The Trust is experiencing difficulty in recruiting to a number of doctor posts and will continue to do so due an increasing number of consultants who are retiring. Replacing staff at this level – particularly in A&E, AMU and Anaesthetics – will continue to present the Trust with issues. To address this, the Trust has begun an overseas recruitment campaign, which has been successful, and will continue to do this throughout 2014. The Trust's staffing strategy has a number of trainee doctor posts built into it which are critical to us delivering the levels and acuity of care to our patients. The model is based upon these posts being filled by the Deanery. However, this has not been the case and it is expected that the issue will continue into the foreseeable future. The Trust will implement new roles such as the Physicians' Assistant and Advanced Nurse Practitioners

As a result of all the above, the Trust anticipates that the current high levels of agency spend will continue until vacant posts are filled or innovative strategies are put in place, putting further strains on the overall financial position. The Trust will need to continue investing in a number of these strategies over the 2yr period (and beyond) to meet the challenge and ensure optimum levels of patient care and safety.

#### Facilities Focussed Challenges:

The on-going challenge of maintaining a site that dates from the 1930s to the 1990s will be a major focus. The

maintenance backlog from such a site will continue to slip due to financial pressures. At present 20% of the site is statutory non-compliant in number of key areas. The number one priority for Facilities over the next 2 years will be to continue work already started to address these statutory issues. A detailed Estate Strategy was submitted to the Board for approval and this has been followed up by a high level version detailing the key priorities. This will be used to develop an Estates Control Strategy for the immediate 2yr period and beyond. Following on from the statutory compliance requirements this strategy will focus on improving the estate to facilitate greater operational efficiencies (including resourcing), reduce maintenance demands, and improve patient experience.

The estate currently has over 98% occupancy. This has a major impact on the Trust's ability to make major improvements and to re-configure the site in order to co-locate common services which are required to deliver more efficient services and reduce cost wastage. This includes in the medium term the requirement for a new ward block and during the course of the 2yrs on-going planning will be undertaken to identify the most cost effective ways of delivering an improved estate and for funding the major improvements that have been identified.

Risk Assessment and Management:

A number of risks stemming from the key challenges and initiatives along with their associated mitigations have been identified as set out in the table below:

Issue	Key Risks	Mitigation(s)
Contracts with local CCGs	Reduction in revenues  Non – conformance fines	Joint action plan to reduce activity supported by agreed transitional arrangements. The Trust may need to use cash balances or reduce investment depending on the size of the gap.  On-going performance management, capacity and demand management
Contracts with CCGs remain unsigned	Financial impact of contract gap	Agree heads of terms and/or sign contract by end April  Arbitration
Pathology Joint Venture	Lack of approval from OFT	Work collaboratively with Basildon to reduce costs and share services as far as possible or allowed.
Changing local demographic	Changing demand for services – increase in some, reduction in others	Continuous monitoring and review of demand and service structures  Liaison with CCGs regarding commissioning planning
Safe 24/7	Failure to deliver change in working practices          Potential to increase costs	Part of the NHS Improving Quality Pilot sites (one of 13) which will support and help to drive change  Support from PMO to ensure well-structured and measured  Part of the Pioneer Site Status with whole health economy input  Led by Medical Director with enthusiasts  Already achieving some of the Keogh 10 standards    Consultants already on 10 plus 2 PA's which reduces additional costs
Increasing demand for Cancer referrals	Failure to diagnose and treat patients quickly  Failure of the cancer standards	Development of real time data with better forward look  Identify when national awareness programmes are starting and adjust capacity in advance  Work with local network in relation to other hospital issues and plan to increase capacity to align

A&E	Failure to see and treat patients quickly and therefore failure of the standard due to;  - inability to recruit to clinical and nursing staff in A&E  - increased admissions and therefore increased pressure on beds	Continue daily focus on recruitment. Offer 1 year contract and overfill if required. Recruitment overseas for nurses.  Improve capacity in A&E initially by developing a Clinical Decision Unit run by A&E
Physical Capacity	Inability to treat patients in a timely manner	Re-configuration of estate to deliver improved efficiency  Build in contingency bed capacity though improved flexing
Failure to meet C-Diff and MRSA targets	Financial penalties and reputational risk	On-going monitoring  Zero tolerance policy
Fluctuations in capacity demands	Impact on target compliance	Flex capacity  Improved capacity/demand modelling
Compliance with RTT targets	Loss of key personnel in critical specialties  Significant infrastructure failure in theatres  Increase in demand	Link with other hospitals where necessary  Outsource when required  Full improvement & maintenance programme in progress  Waiting list initiatives  Constant review of demand and capacity with possibility of increasing capacity on a permanent basis for some socialites  Outsource
Bridging the workforce skills gap	Failure to match operational requirements	Implement new roles and develop pre-professional staff to deliver greater levels of care
Staffing deficits in: Nursing Consultants in key specialties Junior Doctors	Failure to recruit at an adequate level to meet operational demands	Board agreed to source nurses from abroad  Development programme to mitigate the gap
Maintaining site facilities	Lack of available funding to meet both on-going maintenance and site reconfigurations	Re-assessment of priorities in light of available funding  Investigation of alternative funding sources
Change Management	Limited management capacity	Defined ownership and accountability  Clear prioritization  Detailed process and monitoring  Appropriate levels of support (PMO)

### **Quality plans:**

The quality goals set out in last year's Strategic Plan have been achieved or are progressing towards achievement and continue to be priorities. Our key quality objectives remain Patient Focussed – a philosophy and objective of "Keep getting Better".

Following the publication of the Francis and Keogh reports, the Trust's Quality Improvement Strategy is being adapted to reflect in particular the Keogh 8 ambitions of leadership, engagement with academic networks, improved patient experience, greater staff involvement in the audit process, improved clinical outcomes, appropriate staffing levels / skills mix, greater engagement with junior doctors and improved staff engagement for better patient care.

The 2yr plan lays the foundations to address the 4 key challenges of staffing, safe 24/7, stroke and vascular.

In order to facilitate quality service provision and improved clinical outcomes, the Trust will continue to develop efficient ways of collating and analysing both quantitative and qualitative data. This will enable us to better assess performance and risk and react quickly to make any necessary improvements. The on-going refinement of the recently implemented single source for all patient related data will enable medical staff to treat patients more

efficiently as a result of having a single access point for accurate real-time patient data.

Safe care can only be delivered when there are appropriate levels of staffing with the right skills and to this end a programme of overseas nurse recruitment to meet the current resource deficit will be implemented. It is envisaged that this plan will take 12-18 months to implement fully in order to ensure that the newly recruited nurses are effectively supported and embedded into the hospital and its culture.

By adopting an open and transparent approach to the monitoring of nurse staffing levels, reported to the Trust Board on a monthly basis, the Trust will be better able to ensure that patient safety is not breached and patient experience is safeguarded. The early recognition of deteriorating patients, supported by appropriately developed IT systems will play a significant role in reducing mortality and morbidity. The target is to ensure that all emergency admissions are seen by a consultant within 14hrs substantially in advance of the time frame set by Keogh as 2016. The Trust has been identified as an 'early adopter' for the delivery of 7 day services and a delivery plan will be developed to achieve this ahead of other organisations.

We will continue with our work on monitoring HCAs, further reinforcing actions implemented in 2012-14 and undertaking investigations for every incidence. This in turn will reinforce our clear focus of a zero tolerance approach to HCAI and in particular MRSA and C-Diff. The Trust will also focus on maintaining SHIMI and HSMR at an appropriate level and will continually work towards improving them. Maintaining clinical standards at a safe level and achieving compliance across all clinical areas will be a major focus and reflects the Trust's aspiration to be in the top quartile of all trusts in this regard.

Our newly formed Mortality Review Group is best placed to ensure we learn from any unexpected deaths as part of a defined process that highlights any area for a 'rapid learning response', as well as supporting our staff in delivering our duty of candour that patients and relatives have an absolute right to expect. The Trust will continue the work already started on reducing potentially avoidable deaths by ensuring that there are systems in place to provide early indicators of at risk and deteriorating patients. This will enable staff to respond quickly and effectively based on readily accessible patient data.

The Trust has achieved 'early adopter' status in respect of Safe 24/7 and has established both its current baseline and an overseeing group to develop clinically led work streams. The objective is to deliver this substantially in advance of the Keogh set timeframes, in particular with reference to emergency and deteriorating patients. The Trust will be working as a priority towards meeting this objective. However, the associated implications for job planning and contracts as well as changes to working practices will impact on staffing levels and make efficiency demands in order to meet the related financial constraints.

The Trust is recognised as having a very high quality Stroke service and has been nominated as the Hyper-acute Stroke Unit (HASU) for South Essex. The process towards this is drawn out and timings for the process are outside the Trust's control. Independent clinical and financial evaluations do clearly indicate that the Trust should become the South Essex HASU. However, failure to achieve this could potentially lead to loss of recognition of the service, resulting in possible further difficulties in recruiting quality staff.

Similarly the Trust is currently awaiting a decision on its aim to be the nominated vascular hub for the area. Again the process is well advanced. In order to deliver this the Trust will implement plans to address adequacy of staffing – in particular with regard to interventional radiologists – as part of its wider staffing strategy. The Trust has plans to develop a specialist hybrid vascular theatre within year 1 and work is on-going on the sourcing of funding for this.

The Trust is vitally aware of the benefits that the regular turnover of Junior Doctors brings and will continue to find ways of enabling them to have a role in management and in influencing the development of clinical services. Junior Doctors will be encouraged to bring fresh ideas based on their direct experience within other Trusts and mechanisms will be developed to both capture and, where appropriate, implement such ideas.

Real-time feedback from friends and family for all of our patients is seen as a critical element in our goal for continually improving patient experience. Our objective over the next 2 years is to continually improve on our Net Promoter Score (NPS) in all the nationally defined areas (In-patients, A&E and Maternity) and then extend this methodology to our out-patients areas as well.

The Trust will also continue the work already begun on improving the experience of dementia patients through

enhanced training of staff to proactively recognise the condition and through the identification of and support to carers.

The programme of local audits against CQC standards will be developed further as time and resource allow. Our aim is to encourage our staff to participate in the national CQC inspections, thereby utilising their skills and expertise back within the Trust to create an internal inspection team which ultimately will conduct regular inspections as part of our 'business as usual'. The active engagement of staff in an open and transparent audit culture will enable the trust to identify quickly opportunities for improvements to various aspects of the delivery of patient care. The process will provide analysis from staff already actively engaged in the delivery of services and who can draw on their direct operational experience.

## 2yr Summary Overview

Challenge	Description	Actions	Outcome Measures
Nursing Deficit	Identified nursing shortfall of 57WTE	<ul style="list-style-type: none"> <li>Appoint specialist Recruitment Management company</li> <li>Induct and integrate recruited nurses into culture/ethos/working practices of the hospital</li> </ul>	<ul style="list-style-type: none"> <li>1 RN to 8 patients</li> <li>Improved patient experience</li> <li>Reduction in the number of patient safety incidents (harms as measured by the safety thermometer), hospital acquired pressure ulcers</li> <li>Reduction in medication administration errors</li> <li>Nurse provision on Consultant ward rounds</li> </ul>
Safe 24/7	Meeting the 14hr goal for emergency patients to be seen by consultant  Move towards meeting 14hr goal	<ul style="list-style-type: none"> <li>Review by specialties of existing provision.</li> <li>Address deficiencies in existing provision. Sharing of good practice and identify innovative ways to achieve within existing resources.</li> <li>Identify areas where staffing and funding will need to be increased.</li> </ul>	<ul style="list-style-type: none"> <li>Regular audit of time of admission to time seen – Consistent achievement of target 100% within 14hrs</li> </ul>
Stroke	Development of SUHFT as HASU for the region	<ul style="list-style-type: none"> <li>Maintain and develop existing stroke service</li> </ul>	<ul style="list-style-type: none"> <li>Confirmation of HASU status</li> </ul>
Vascular	Development of SUHFT as Vascular Hub for the region	<ul style="list-style-type: none"> <li>Appointment of sufficient vascular interventional radiologists</li> <li>Fund, build and adequately staff hybrid vascular theatre facility</li> </ul>	<ul style="list-style-type: none"> <li>Consultant in place</li> <li>Facility built and working</li> <li>Confirmation of Vascular hub status.</li> </ul>

## Care Quality Commission (CQC)

The CQC carried out an unannounced inspection in May 2013, and the Trust was found to be non-compliant with 6/8 outcomes assessed. A subsequent action plan was devised and implemented to remedy areas of poor practice which were identified. A second inspection was undertaken by the CQC in October 2013 to assess whether the Trust had been successful in addressing concerns identified during the first inspection. The CQC found the Trust to be compliant with all 6 outcomes assessed.

Outcomes inspected	Routine inspection: May 2013	Routine inspection revisit: October 2013
1: Respecting and involving people who use services	Moderate action	Compliant
4: Care and welfare of people who use services	Moderate action	Compliant
5: Meeting nutritional needs	Compliant	Not inspected

6: Cooperating with other providers-	Compliant	Not Inspected
10: Safety and suitability of premises	Minor action	Compliant
13: Staffing	Moderate action	Compliant
14: Supporting workers	Minor action	Compliant
16: Assessing and monitoring the quality of service provision	Moderate action	Compliant

Maintaining compliance across all areas will remain a key priority.

***Operational requirements and capacity:***

Enforcement Undertakings - The Trust has already established a number of initiatives designed to address target breaches and is making progress in this regard. Addressing this continual issue will be a key priority for the Trust over the period. The stated objective is to be compliant across all operational areas before the end of the calendar year and for these compliant levels of performance to be maintained on-going.

Demand / Supply - The Trust will complete the IST capacity model during the course of the year and identify and address any shortfalls in elective capacity.

18RTT – The RTT level has reduced to a sustainable level and we expect to maintain compliance with all three RTT targets both at a specialty and organisational level from Q2 2014 onwards. Unless restrictions are applied through the contracting process we plan to further reduce stage of treatment waiting times to a 4:4:6 model (4 weeks to outpatients, 4 weeks to diagnosis, 6 weeks to admission) to provide greater resilience. The biggest risks are the loss of key personnel in hard pressed specialities and serious infrastructure failure particularly in the operating theatres.

Cancer - There has been a significant rise in two week wait referrals following recent publicity campaigns and we expect this trend to continue. We will work with network partners to flex capacity where possible to manage variation in demand and reductions in capacity particularly over holiday periods.

Because of the relatively small number of patients there will inevitably continue to be variations in performance on a weekly and monthly basis but we expect to maintain compliance for all the cancer standards throughout the period covered by this plan for patients referred directly to Southend and for those referred within 42 days of their pathway starting. We will finalise, agree and implement a network wide Reallocation Policy for patients referred after day 42 for non-clinical and non-patient choice reasons.

We will review all the network tumour group timed pathways and improve the monitoring of stage of treatment waiting times and internal escalation to reduce unnecessary delays and avoid breaches where possible. In order to continue as a specialist urology cancer centre the Trust will be investing in robotic equipment specifically in relation to prostate cancer, although it will also have multi-disciplinary use for optimum benefit.

The major risks are the loss of key specialist expertise, any sustained infrastructure failure and significant demand increasing above current levels particularly if other network providers are struggling.

Emergency Pathway - We will continue to work with our partners to improve the emergency pathway, provide alternative fast track access to specialist opinion where appropriate and reduce the number of minor cases attending the A&E Department. The Trust is joining the next phase of the national Ambulatory Emergency Care Network drawing on the experience of other hospitals to improve emergency access.

Within the hospital we will develop new recruitment strategies to address the shortfall in A&E medical and nursing staff and increase the number of Emergency Nurse Practitioners to expand the physical capacity of the A&E Department, revise our triage process and introduce a routine 'see and treat' model at times of peak demand. Over the course of the next few months we will revise all of the internal specialty standards to better support the emergency pathway and provide greater resilience at times of peak demand.

The major risk is an inability to address the current staffing shortfalls which at times have been significant. There is a serious national shortage of these staff groups. Consequently recruitment will be targeted both in the UK and abroad. All the above issues (and others) are being pursued via the SMART Action Plan arising out of the Risk Summit.

## Operational Summary Overview

Issue	Key Actions	Outcome Measures	Target Timeframe
Capacity Modelling	<ul style="list-style-type: none"> <li>IST model implemented</li> </ul>	<ul style="list-style-type: none"> <li>Improved patient throughput, reduction in unnecessary delays by addressing capacity shortfalls at specialty level.</li> </ul>	<ul style="list-style-type: none"> <li>Q3 2014</li> </ul>
18RTT	<ul style="list-style-type: none"> <li>Address capacity shortfalls and productivity improvement opportunities across outpatients, diagnostics and surgical pathway</li> </ul>	<ul style="list-style-type: none"> <li>Reduce stage of treatment waiting times through improved clinic throughput, reduction in diagnostic delays and surgical productivity improvement.</li> </ul>	<ul style="list-style-type: none"> <li>Q2 2014</li> </ul>
Cancer	<ul style="list-style-type: none"> <li>Update and implement revised timed tumor specific pathways and strengthen internal escalation process.</li> </ul>	<ul style="list-style-type: none"> <li>Reduce unnecessary delays and the number of avoidable breaches - maintain compliance with all cancer standards.</li> </ul>	<ul style="list-style-type: none"> <li>Q2 2014</li> </ul>
Emergency Pathway	<ul style="list-style-type: none"> <li>Address staffing and capacity shortfalls, revise all emergency pathway protocols to include clear actions and escalation points.</li> </ul>	<ul style="list-style-type: none"> <li>Achievement of 4 hour waiting time standard and improved resilience to cope with surges in demand</li> </ul>	<ul style="list-style-type: none"> <li>Q3 2014</li> </ul>

Pathology – A desire (shared with BTUH and IPP, a third party provider of pathology services) to deliver a best-practice pathology service with outstanding capability and capacity is founded upon a number of key concepts which will support the Trusts' vision to become a clinical pathology service of choice in the region. The pathology services will be configured as a Carter-type 'hub-and-spoke' operation which separates rapid response activities from routine workload, and is optimised to provide a responsive service to all stakeholders. Investment in this project will provide the foundation for a world class high quality pathology service, which will:

- Provide services 24 hours a day, every day of the year
- Provide diagnostic tests to support patient clinical management, interpretation and reporting of results as well as clinical advice on further investigation and treatment of patients.
- Integrate pathology services across the Trusts, informed by the separation of routine and rapid response services, to achieve an optimal service configuration that is responsive to service users' needs

Both Trusts' consultant pathologists will continue to provide professional and medical direction to the JVs and will ensure a consultant-led and professionally directed service. Appropriate plans will be in place to ensure a continuous pathology service throughout the year by having in place all necessary arrangements to respond to emergencies and to avoid disruption to the pathology service. These will include increasing its testing capacity to satisfy unplanned operational demands such as a major incident or communicable disease outbreak.

Workforce - The Trust's HR Strategy sets out in detail how the Trust will enable our staff to:

- feel proud to work for Southend University Hospital;
- feel that they can keep making a difference;
- be equipped with the skills to shape and lead an excellent organisation.

The objectives are captured below:-

*Staff Engagement* - We will undertake a listening exercise in 2014/15 to identify actions to improve staff satisfaction levels as reported in the 2013/14 survey. The 'Have Your Say' panel will be refreshed and participants will monitor the action plan and support the Trust in developing behaviours aligned to the Trust Core Values 'Everybody Matters, Everything Counts and Everyone's Responsible'.

*Workforce Development and Recruitment* - Similar to other NHS Acute Trusts, we have a number of hard to fill vacancies in specific specialities and occupational groups. Investment will be made on implementing innovative solutions to meet current and future demand which includes investigating new roles, and attracting candidates through contemporary methods. The Trust will be implementing values based recruitment so that we hire staff with values and behaviours that support the hospital providing the best possible care to our patients.

As part of our programme for Developing our Staff and Building Leadership Capability the Trust will implement the Leadership, Learning and Organisational Development Strategy.

*Sickness Absence* - The Trust seeks to improve on its already low sickness absence levels, with a year on year improvement. The target is 3.5% for 2014/15 and 3.3% thereafter.

*Employee Productivity* - The Trust will continue to implement e-rostering throughout the organisation with all areas completed by 2016. The Operational Group will continue to focus on releasing efficiency savings from e-rostering and ensure staff are rostered effectively so that staff can continue to deliver high quality care. In addition, it is expected that 95% of consultant staff have a signed job plan on the Trust's electronic job planning system, MyJobPlan.

*Equality and Diversity* - The Trust will implement the agreed recommendations and actions of the strategic review of the equality and diversity function. The Trust will as part of the review, adopt the refreshed Equality Delivery System that was launched in November 2013.

*Reward and Recognition* - The Trust expects to complete the review of local terms and conditions in 2014/15, and implement any changes in line with the Trust's financial strategy. A review of the Trust recognition scheme 'Hospital Heroes' will also be completed and recommendations implemented.

IT Systems – In January 2014, the Trust Board approved the Information Management and Technology Strategy. It presents the future strategic vision for return on investment in information management and technology towards a full Electronic Patient Record (EPR) by 2018.

A reduction in available funding and increased competition will require greater efficiency of back office services and technologies. Significant steps have already been taken to restructure, simplify, disinvest in poor value services/assets, and implement new scalable and efficient technologies and this process will continue. This includes the strengthening of IT procurement procedures.

The Trust invested £2.16m in new IT systems in 2013 /14. This included a new Patient Administration System (PAS) and on-going investment in Electronic Rostering, plus a new Radiology Information System (RIS) and initial work on Trust-wide e-Prescribing. The Trust has been successful in bids for funding from the Safer Hospitals, Safer Wards Technology Fund and were awarded £560,000 for e-Prescribing which will be fully implemented in 2014 /15.

An N3 wireless network was deployed which allows external organisations registered on the national N3 network to access their systems remotely when based at Southend Hospital. This is currently being used by social workers from Southend Borough Council and Essex County Council.

The Trust is now ranked highest in the Essex region 52 out of 160 in the nationally regarded Clinical Digital Maturity Index (CDMI).

Capital investment in IT for 2014/15 will be £2.860m (which includes external Technology Funding of £0.536m) and £2.212m for 2015/16 (which includes external Technology Funding of £0.024m). The Trust will be focussing on harnessing the benefits of the new PAS in 2014 /15 by implementing:-

- Real time bed management
- e-Correspondence for patients electing to receive communications by email
- Improved report and management dashboards
- Lean process re-design harnessing features in the new system
- Clinical Portal to present information from third party systems in the context of the patient

Board Governance - A Deloitte LLP review (commencing early 2012 and concluded in November 2013) has led to a number of changes being made to the Trust's board governance structures following a red governance rating in 2011.

A number of integrated strategies have been introduced against which KPI's will continue to be monitored. These cover IT, finance, workforce, data quality, risk management, communications, quality, clinical and estates strategies.

The Trust will continue its programme of bi-monthly reports on one of each of the six corporate objectives. This ensures that the Board as a whole tracks performance against those objectives, and the Board members input as necessary, allowing the Trust's strategies to remain dynamic and robust against external pressures. The Board would like to strengthen its Strategic Planning processes to ensure that long term goals are more specific and that they stretch to cover financial, quality and commercial aspects. Developing this more robust approach will be a major priority in the immediate short term.

The Trust continues on its journey of cultural change with appropriate leadership and external engagement that is supportive of and committed to the strategic planning process. The use of frequent 'development days' with senior managers [corporate team] will continue, ensuring that those responsible for performance issues also have appropriate input into strategic plans.

An in-house Governor training programme has been running for a year using the skills of in-house professional and experienced trainers and this will continue to be developed to ensure that the governing body has the appropriate skills and education to support the Trust's governance processes.

Greater oversight of trends and forecasting of future performance, through the presentation of a monthly integrated performance report, has led to improvements in the extent of challenge offered by Board members at meetings. Increased robustness in the reporting of operational performance has increased transparency throughout the organisation and there are plans to further improve the IPR in response to external reports such as Francis and Keogh.

Following recommendations from the Deloitte LLP review the Board recognised that the framework for the annual review of Business Units could be more robust, and as per best practice, the new COO is in the process of developing a policy which will be subject to annual, formal sign off. From 2014 onwards, annual performance monitoring reports will be provided to the Board in May, for the period ending 31 March of the same year and this will ultimately be expanded to include support services within the Trust.

Monthly board development sessions, which include internal and externally led seminars on pertinent subjects, are held for all Board members. Workshops aimed at developing the Board as a team are also held on a regular basis and will continue.

The board assurance framework has been strengthened, is more evidence based, and continues to be developed to meet the changing needs of the organisation. In addition, a review of the risk management processes at the Trust was reported by internal audit in October 2013 and demonstrated clear progress in this area. The Trust will continue to embed the risk management process, further reinforcing oversight to the risk management process.

Estates – The strategy in regard to addressing estate related clinical service issues focusses on the re-configuration of the estate and the instigation of a multi-faceted development control programme, addressing both new development and existing stock that is no longer fit for purpose. Although being instigated, this process will be on-going throughout the planning period and beyond and will be heavily influenced by the level of available funding. Funding gaps mean that priorities will have to be set.

Changing referral pathways will see increases in demand from Essex health care providers, with increases particularly in patients diagnosed with cancer, chronic diseases and those seeking emergency care. The plan will therefore focus on:

- The co-location of services into one area
- The co-location and provision of additional capacity for critical care services
- The co-location of day stay services with theatres
- The co-location and provision of appropriate environments for OPD services
- The co-location of clinical specialities (Medicine and Surgery)
- The move of in-patient services out of wards that are no longer fit for purpose
- Additional capacity for new medical and IT technologies
- Modernisation of mortuary facilities

It is anticipated that a significant rationalisation of the Hospital Site through the re-configuration and refurbishment of premises over the full planning period and beyond, as well as vacating off-site leased premises, would provide substantial opportunities for improved efficiencies and revenue savings. Once again, identified funding gaps will mean that such works will need to be clearly prioritised.

### ***Productivity, efficiency and CIPs:***

#### CIP Schemes 2014-15

These schemes focus on the delivery of savings across the 6 business units of the Trust as well as the corporate trust-wide departments, with emphasis on avoiding initiatives that have a negative impact on patient experience or patient care. To that end, all schemes require to be put through a formal Quality Impact Assessment led by the Medical Director and Chief Nurse, using established and compliant methodologies. The emphasis within the schemes is to remove waste and improve both efficiency of resource utilisation and effectiveness in delivering an excellent patient experience. Non-patient facing areas and aspects are targeted within CIPs as the initial priority.

Procurement, expenditure on drugs, administration and clerical functions, IT, corporate back office functions

including Finance, HR and Estates/Facility are priority areas. Thereafter, savings through improved efficiency across the many operational processes of the Trust including outsourced arrangements, third party contracts, agency staff and contractors, have been targeted.

Schemes continue to scrutinise the use of our estate and asset base, assessing and implementing opportunities for improved commercialisation and leveraging the use of assets. Services within MEMS, Pharmacy, HR among others are developing plans to increase income outside the normal NHS commissioning envelope. Joint working arrangements with other trusts will be reviewed in terms of equity, risk and sustainability. The significant joint venture for Pathology developed in partnership with Basildon & Thurrock and a private provider, referred to earlier, is an example of the Trust's plans to drive significant long-term cost savings and revenue benefits.

Workforce costs are the biggest overhead of the Trust and a number of schemes will address areas where services can be delivered to the required standards but at lower cost using fewer inputs. This process involves harnessing innovation, new learning and fresh approaches to develop new and better patient pathways, procedures and back-office functionality. CIP schemes, some of which are being finalised, financially validated and quality impact-assessed, include certain administrative and clerical staff categories, specific clinical non-medical staff, and staff both in the business units and corporate areas. Management arrangements specifically will be reviewed in order that supervisory arrangements support better management of the delivery of patient care and the workforce. The Trust will further challenge and target reductions in the use of agency staff and foster innovation in smarter working arrangements to accommodate surges in patient requirements/activity whilst taking into account the work life balance of our staff. These savings programmes will be underpinned by robust workforce establishment recruitment controls whilst addressing retention issues, truly leveraging the technical capacity and functionality of our Electronic Staff Records and E-Rostering systems.

The annualised value of schemes planned for 2014-15 is around £13,500,000 to provide some contingency against a budget target of £9.5 million. Of necessity these schemes are going through various stages of further scrutiny, financial validation and quality impact assessment. This bank of schemes, most of which are inherently recurrent and remove cost, mitigates both the risk of shortfalls and reduced recurrence. The importance of this is illustrated by the level of carry forward of full year effects from this year's 2013-14 schemes into next year's schemes, which is £1,375,000 for the Business Units.

#### Transformational Savings Schemes

The CIP schemes described above are, by their nature, transactional. These are planned for part- or full implementation over a first year, which a carry-forward effect into CIP schemes for year 2 or are otherwise consolidated into budget-setting. However, as cumulative tariff deflation continues in its growing regressive impact, the availability of 'low-hanging fruit' is dissipated through successive rounds of CIP-setting. Transformational schemes which drive future CIPs are therefore essential to maintain the momentum of cost improvement and efficiency gains upon which the national tariff is predicted. Currently, tariff assumes 4% CIPs annually, and the Trust's programme as described reflects this.

The Trust has identified a number of transformational themes to be governed by dedicated programme boards and reported against using the existing PMO systems. These presently comprise:

- Workforce development
- Systems transformation
- Estates transformation
- Commercial transformation
- Patient flow (LOS)
- Outpatients efficiency
- Theatres efficiency

Clearly, these are large and complex programmes in their own right, informed and directed by Trust strategy. Patient Flow (LOS), Theatres efficiency and Outpatients efficiency are the key transformational CIP schemes, although all of these long-term schemes will contribute to CIPs over future years as they earn-out.

It must be remembered that patient care and safety is the first consideration in the cost improvement agenda of the Trust. CIP schemes cannot proceed without prior robust quality impact assessment, and regular QIA monitoring

during implementation. Nevertheless, and only from a financial and efficiency perspective, the key schemes are further described below:

Future CIPs from 2015-16 onwards will be constructed upon the bedrock of these Transformational programmes listed above. These will be specifically programmed and tracked within PMO and will be governed appropriately by a dedicated programme board. Other CIPs will continue year on year and will typically include:

- Targeted Pay savings informed by intelligent use of benchmarking, and analysis of performance data including SLR
- Procurement and supply chain savings
- Pharmacy and drugs savings
- Facility & Estates efficiency gains and cash savings
- Savings in service contracts, hardware and software rentals/licences and outsourced activities
- Savings on locum, agency, non-direct pay and other 'premium' pay costs
- Clinical and non-clinical income gains
- Commercial income from incremental activities and partnerships/joint ventures, which share risk and reduce fixed cost structures
- Savings from activity rationalisation and inter-trust agreements

#### ***Financial plan:***

The following section sets out the Trust's financial position for the next 2 years.

#### **Current financial position**

The financial and economic environment has changed dramatically since Southend became a Foundation Trust in June 2006. The Trust's original strategy was to reinvest its surpluses in its infrastructure and medical equipment. In the first few years the Trust generated surpluses of £6m-£7m underpinning a Financial Risk Rating (FRR) of 5 (under the previous risk rating methodology) and thereby delivering substantial reinvestment in the first 2 stages of its then estates' strategy. As a consequence the Trust held the minimum levels of cash that provided sound working capital balances.

The change in the national economic position has meant that in the last 3-4 years the Trust has had to alter its strategy, working within less resource and delivering greater levels of efficiency savings but still maintaining a FRR of 3 (and now 4 with the Continuity of Service Risk Rating (CoSRR) introduced from October 2013).

In doing so the final 2 stages of the estates strategy were put on hold pending a review of that strategy. This is now being finalised and is likely to impact from year 3 (2016/17) of the strategic period.

For 2013/14 the Trust forecasts it will deliver a surplus of £0.5m which is £1.8m below the plan of £2.3m. Again the Trust has seen higher levels of activity particularly for non-elective (where the 30% marginal tariff applies), is incurring significant increases in agency costs through staff shortages particularly in A&E and is expected to deliver £8.5m (82.5%) of its cost improvement programme of £10.3m. Cash balances have largely been maintained although the capital programme has seen some slippage into 2014/15.

Significantly the wider financial position is affecting the 2 local Clinical Commissioning Groups (CCGs) such that both are facing deficits and have indicated to the Trust that they cannot afford the current level of activity. Whilst this potentially might have some impact on the current year (2013/14) the information received from the CCGs was relatively late in the year such that its impact is likely to fall in the coming years.

#### **Key financial priorities and investments links to the Trust's overall strategy**

The Trust is in the process of reviewing its 5 year strategic plan to prove sustainability for approval and submission by the end of June. The operational plan, therefore, concentrates on the first 2 years and sets out the financial targets for those years.

The Trust Board agreed a headline plan for the next 5 years as shown below.

I&E surplus	Breakeven - or a small deficit in 2014/15, with deficit rising to £2m in 2018/19
CIPs	Set a realistic level of £10m per year. Non-recurrent CIPs from 2013/14 reduced to £1.5m.
Cash floor	Maintained at a minimum working capital level of £10m
Agency spend	Reduced to a controllable level of 4% but not to exceed the full establishment pay budget in overall terms by 0.5%
Contingency	Set at £1m for general change
Nurse staffing	Provide £2.45m over 2 years with the majority in 2014/15.
Pay restructuring	No provision. Pay award assumptions unchanged at 1% in 2014/15 and 2015/16, 1.5% in the year after and thereafter 2%.
Activity	Based upon 2013/14 outturn levels and assuming that the funding for Princess Anne ward is covered by tariff for those patients.
Other new developments	Not included at this stage.
Capital programme	Reduce programme by 5% from that original set a year ago. Lease larger items of equipment
Estate development	Plan for a new ward block in 2017/18 funded either by private investment or cash/borrowing. Close Britannia in 2017. Reduce backlog maintenance as a consequence.
New business	Contained within 5yr Strategic Plan

The headline plan aims to deliver a COSRR of at least 3.

### Income and expenditure position

The forecast outturn used in the Annual Plan is £1.4m surplus which was presented to the Trust Board in December 2013. Since this point in time, the Trust's forecast has reduced and currently stands at £0.5m although, for consistency purposes, the original projection has been maintained in the Annual Plan. The main reasons for the movement of £0.9m are as follows :

- Reduction in Clinical Income forecast of £0.6m
- Increase in Drugs forecast of £0.3m

The movement on these has been reflected in the position for Year 1 as part of the financial modelling.

The Trust is planning for a small deficit in 2014/15 and 2015/16 of £720k and £377k respectively and is based upon the following income, expenditure and cost improvement programme (CIPs) assumptions.

#### Income

Clinical income is largely based upon 2013/14 outturn activity with adjustments as follows:

- the actual PbR tariff reduction in 2014/15 and lower by 1.8% in 2015/16 years;
- a number of adjustments for commissioners' challenges, potential fines and readmissions;
- no change to the emergency threshold level of 2008/09 outturn
- all payments in line with PbR rules.

At the time of writing agreement had been reached in principle with the specialist commissioners but no formal agreement had been reached with Southend CCG (which acts on behalf of the other local CCG - Castle Point and Rochford and a number of other Essex CCGs and local authorities). The situation with the local CCGs is affordability with a gap of approximately £4.3m (as at 24<sup>th</sup> March) and no firm plans to reduce activity.

It is also recognised that the Better Care Fund which comes into real effect in 2015/16 will potentially have a further

impact on activity especially if hospital admissions are avoided. At this stage it has been impossible to assess its effect and as such no adjustments have been made.

### Expenditure

The base-line for expenditure is also the cost of delivering the current activity level with further adjustments for expected changes. The main assumptions are as follows:

- pay inflation is largely in line with the expected national position for 2014/15 of 1% with 1% in 2015/16;
- incremental drift of £0.302m for 2014/15 is based on detailed pay costing with an estimate of £0.227m for the following year;
- inflation is applied in 2014/15 where it has been specifically identified e.g. electricity and gas prices. Otherwise a general assumption of 5% has been applied for drugs, 0.30% for clinical supplies and 1.9% for other non-pay;
- budgets are aligned with activity levels reflecting the increased costs seen in 2013/14;
- additional investment is included in 2014/15 for additional A&E medical and nursing staff of £763k;
- additional investment phased over both years is included for ward nurse staffing of £2.451m plus an additional one-off sum of £569k for recruitment;
- a recurring contingency reserve of £1m for 2014/15 and a further £700k has been created to provide for any unknown in-year events and to provide for some investment e.g. for the 7 day hospital
- costs for leasing medical equipment previously funded through cash balances.

### CIPS

The cost improvement programme is set such that it delivers close to the national efficiency target in both years (£9.5m in 2014/15 and £10m in 2015/16). The target includes a number of cost cutting savings such as clinical pathways and those that fall to both business unit and corporate directorates including a 10% reduction in back-office costs. For both years the programme is being supported by an external consultant to create new ideas and bring renewed focus and energy to the process.

### Cash

The Trust operates a cash floor for working capital purposes. This has been set at £10m for both years. Cash is generally used to fund capital investment but provides a small degree of resilience in a downsides situation. In addition the Trust has an overdraft facility of £4.5m, which to date it has not needed to draw down.

### Capital Expenditure

The capital programme is risk assessed based upon operational priorities and reflects the need to provide replacement medical and IT equipment and to maintain the estate. It also provides some development and is support by national and charitable funds as appropriate. The programme for 2014/15 contains some slippage from 2013/14 and excludes items of medical equipment to be funded from leasing. The value of the programme is £10.945m in 2014/15 and £8.883m in the following year. Both years' sum includes a contingency of £0.5m to provide some in-year flexibility for unforeseen or urgent need.

### **Summary numbers**

The summary numbers for each of the 2 years are shown below:

	2014/15 £000s	2015/16 £000s
Income	268,933	266,841
Expenditure	255,601	252,602
EBITDA	13,332	14,239
Financing etc.	14,052	14,616
<b>Net surplus</b>	<b>(720)</b>	<b>(377)</b>

EBITDA %	5.0%	5.3%
Surplus %	(0.3)%	(0.1)%
CIPs	9,500	10,000
Capital	10,945	8,883
Cash	12,310	11,972

## Key risks to achieving the plans and mitigations

The main risks are summarised below with the mitigations considered at part of a downside scenario:

### Commissioners' Affordability

The local affordability position only became clear during the contract negotiations for the coming year and as such needs to be underpinned by activity reductions over a period of time supported by transitional arrangements. That risk extends into the year if activity does not reduce or increases as the pressures on the NHS with an ageing population continue.

### CIP Delivery

The successful delivery of the cost improvement programme is a critical part of the financial plan. Although the Trust has delivered significant savings in the last few years it has not delivered the full programme for the last 2. With the help of an external consultant the Trust is targeting additional savings with a view to more than delivering the target in 2014/15 and providing some contingency for 2015/16.

The competing pressures of meeting operational targets present a risk with CIP delivery and it is therefore imperative that the initial plans are robust and signed off. The responsibility for the delivery of the programme lies with the Trust's business units and corporate directors. Nevertheless the challenge in every year (with a target of £9.5m in 2014/15) remains but is achievable. In setting the programme the Trust aims to identify a contingency of some 30% above the target to cover the possibility of schemes not delivering in-year in full. At the time of writing, the identified schemes were some 61% (£5.8m) of the first year's target but with work continuing, with external assistance, to fully identify that target.

### Tariff Deflation and Changes

Substantial change is likely to the structure and pricing of the tariff in 2015/16 and potentially the deflator being higher than forecast. Unlike activity reductions, there are no corresponding opportunities immediately arising from spare capacity and therefore, further general efficiencies would need to be identified.

### Expenditure Overspends

Notwithstanding the achievement of cost improvements the remaining pay and non-pay budgets will be closely managed in-year and remedial action taken if exceptions occur. Budgets were set as prudently as possible and based upon forecast activity levels. Budgetary management is delegated to business unit and corporate directors with appropriate financial support. The financial position of each business unit is reviewed monthly with the executive team. Some flexibility is provided by a contingency reserve of £1m for 2014/15 and a further £700k in 2015/16.

### Pressures on the Capital Programme

The main risks to the capital programme are from unforeseen issues that might arise which would require a change to the priorities that have already been set. The £0.5m capital contingency provides some mitigation and if this proves to be insufficient, a further review of priorities will need to take place and consideration given to slipping some existing schemes. In addition, there may be some opportunities from charitable funds but as yet these are not reflected in the plans.

