

Warrington and Halton Hospitals 
NHS Foundation Trust

Operational Plan Document for 2014-16

Warrington and Halton Hospitals NHS Foundation Trust

Operational Plan for y/e 31 March 2015 and 2016

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

Name	Dan Grimes
Job Title	Head of Commercial Development
e-mail address	daniel.grimes@whh.nhs.uk
Tel. no. for contact	01925 662977
Date	4 th April 2014

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

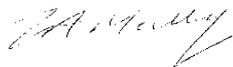
In signing below, the Trust is confirming that:

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

Approved on behalf of the Board of Directors by:

Name (Chair)	Allan Massey
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Signature



Approved on behalf of the Board of Directors by:

Name (Chief Executive)	Mel Pickup
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Signature



Approved on behalf of the Board of Directors by:

Name (Finance Director)	Tim Barlow
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Signature



Warrington and Halton Hospitals



NHS Foundation Trust

Operational Business Plan

2014/2016



High Quality,
Safe Healthcare
Quality People Sustainability

Operational Business Plan (2014/2016)

Warrington and Halton Hospitals 
NHS Foundation Trust

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FOREWORD

Joint Statement from the Chairman and Chief Executive

At Warrington and Halton Hospitals NHS Foundation Trust, our mission is to be a provider of **high quality, safe healthcare** for our patients.

We recognise that in order to achieve this we have to focus on the **QUALITY** of our services, on the **PEOPLE** who deliver them and on ensuring our organisation's **SUSTAINABILITY**. Our **QPS** framework underpins our strategic framework and is the foundation for everything that we do.

QUALITY means delivering excellence for our patients. We achieve this by making sure that our services are;

- **Safe.** That we reduce harm and focus on having no avoidable deaths and that we manage and reduce clinical and operational risks.
- **Effective.** That our services improve outcomes, they are evidence based and are delivered in the right place, first time, every time.
- **Experience.** That we focus on the patient and their experience, adopting 'no decision about me without me' as a way of life and that we get the basics right. Our patients will be warm, safe, clean, well fed and well cared for.

Our commitment to our **PEOPLE** means caring for our staff. Our people strategy focuses on three key themes;

- **Our Workforce** – We want to ensure that our teams are competent and available in the right numbers to deliver our services. We want our staff to be fit and well in work and support them to improve their working lives.
- **Our Engagement** – We will communicate openly with our teams and expect the same from them in return. We expect staff to take accountability and will support them to do so. We want to be an employer of choice and we encourage loyalty from our staff and recognise their discretionary efforts.
- **Our Leadership** – We look to reward talent, supporting the development of leaders as role models within the organisation. We will invest in the education, training and development of our teams.

Finally, our focus on **SUSTAINABILITY** means that we want to be here for our communities – now and going forward. We will achieve this by ensuring;

- **Good Governance** - This means having effective leadership and providing robust assurance to our Board of Directors. It means ensuring compliance across all areas of regulation and develop and encouraging our governors and members.
- **Financial Viability** – This means ensuring robust contracts for services are in place and the development of a Service Line Management approach. It means reviewing how effectively we use our resources, investing in IM&T and looking for opportunities to collaborate on services for reciprocal benefit.
- **Public Profile** – That we are seen as a good corporate citizen, that we market our services effectively and develop and diversify our business aligned to our strategic goals. We also pursue the collection of charitable funds to support our on-going development.

It is our belief that our **QPS** focus is the key to achieving our strategic aim to be the **most clinically and financially successful provider in Mid-Mersey by 2019**.

Allan Massey
Chairman

Mel Pickup
Chief Executive

1. Executive Summary

This document provides an overview of the operational priorities for our organisation for the period 1st April 2014 to 31st March 2016. We have referred closely in the development of this plan to the Monitor guidance on the upgraded annual planning process whilst simultaneously trying to ensure that this plan is owned and embedded at every level within the organisation. We have also consulted widely with patients and other groups through our Council of Governors and our FT Members to ensure that this plan is relevant to the communities that we serve.

At the time of submission, this plan is based on us having obtained agreement on the 2014/15 contract with commissioners.

Many of the themes addressed within this two year operational plan build upon work that was started in 2013/14 and there is a continuation of the development of our strategic framework to support our ongoing **mission** to be a provider of **HIGH QUALITY, SAFE HEALTHCARE**.

In developing this plan, and our subsequent strategic plans which will be submitted in June 2014, we have considered the following primary objectives;

- To develop a robust plan in conjunction with commissioners and LHE partners
- To assess the key risks to sustainability and quality and the options to mitigate against these risks
- To develop a plan which sets out a vision underpinned by key deliverables that are aligned to our strategic framework and key values of **QUALITY, PEOPLE** and **SUSTAINABILITY**.
- To develop a robust financial plan based on credible planning assumptions

The principal objectives of this plan are to support our organisational **vision** to become the most clinically and financially successful provider in the mid-Mersey region by 2019. This will be achieved through continued focus on our values and through further development of priority schemes as identified through our Divisional planning process.

Key deliverables over this time period include;

- Achievement of £5m revenue growth through repatriation of market share across a range of specialities by 31st March 2016.
- Development of specialist *Centres of Excellence* consolidating excellent practice across a range of existing in Trauma & Orthopaedics, Spinal Surgery, Cardiology (including development of Percutaneous Cardiac Intervention Service) and Gastrointestinal Endoscopy.
- Improvements to our non-elective services and pathways including the development of ambulatory care pathways to achieve a continued reduction in non-elective admissions of 1% in 2014/15 and a commitment to work with commissioners to deliver further reductions in subsequent years.
- Achieving sustainability and enhancing quality through improved integration of services across the local health economy. The Trust is planning to continue to improve its HSMR/SHMI performance throughout this period with a stretch target to see both mortality indicators reduce to levels below the regional and national average.

More details on the specific schemes that will support these key deliverables are included in the **Divisional QPS Plans**.

We have focussed on the achievement of key quality metrics and expanded on our strategy for delivering excellent quality care which is a key component of our values framework. We have also detailed what we feel are the principal risks that we face in developing and sustaining high quality services and our proposed mitigation plans. These issues will expanded upon further as part of our Strategic Plan.

Finally, we have focused on the development of a realistic and achievable financial plan including the development of our ongoing Cost Improvement proposals. The Trust recognises the scale of the financial challenge that we are facing over the course of the next two years and beyond and as such we have detailed what we believe are challenging financial targets but that recognise our organisational capabilities, the specific challenges that we face within our health economy over this period and our previous track record in delivering cost improvements through large scale change.

Facing the Short Term Challenge

The Trust faces significant financial challenges in both the short and long term periods due to a combination of national efficiency requirements and local pressures. For the annual planning period the Trust is planning a deficit of £1.5m in 2014/15 which reduces by £0.5m to £1.0m in 2015/16

In 2014/15 the £1.5m deficit is predicated on the achievement of a £11.9m cost savings target primarily due to the national efficiency requirement (£8.4m), the impact of the transfer of vascular services to the designated centre (£1.3m), an increase in the NHSLA premium (£1.3m) and the current underlying deficit (£5.3m), partially offset by the assumed receipt of winter monies (£1.5m), a reduction in pay award and incremental drift (£0.8m) due to the recent government response to the proposed pay award and service expansion / growth. A deficit of £1.5m will deliver a continuity of services risk rating 3 by 31st March 2015.

In 2015/16 the £1.0m deficit is predicated on the achievement of a £11.5m cost savings target primarily due to the national efficiency requirement (£9.5m), full recovery of the 2014/15 winter monies (£1.5m) and partial recovery of the 2014/15 deficit (£0.5m). A deficit of £1.0m will deliver a continuity of services risk rating 3 by 31st March 2016.

Full details on our response to these challenges are detailed within this plan. We believe that these consolidated plans represent a progressive, challenging yet realistic and achievable set of objectives for our organisation to support our overall strategic aims and objectives and to position us strongly for the future.

2. Mission, Vision and Values

Our **mission** sets out our ultimate purpose for our organisation and identifies why we are here.

Our **vision** sets out the ultimate aim for our organisation and answers the question of what we want to be.

Both our **mission** and our **vision** are underpinned by our **values** which inform our behaviours and our approach to effectively delivering our services. It is through a focus on our values that we identify how we as an organisation want to engage with our patients, their families, our local health economy partners and the wider community.

Mission

Our mission is to be a provider of **HIGH QUALITY, SAFE HEALTHCARE.**

We have four strategic objectives. They are:

- To ensure all patients are safe in our care.
- To give our patients the best possible experience.
- To be the employer of choice for the health care we deliver.
- To provide sustainable local health care services.

Vision

Our vision is to be **the most clinically and financially successful healthcare provider in the mid-Mersey region by 2019.**

Values

Our values are focussed around our QPS Framework;

QUALITY		PEOPLE		SUSTAINABILITY	
SAFETY	-We will reduce harm	WORKFORCE	-We will develop the competency of all our staff and provide them in the right numbers	GOOD GOVERNANCE	-We will be complaint across all areas of regulation
	-We will have no avoidable deaths		-We will be 'European Working Time Directive' compliant		-We will provide robust assurance to our board of directors
	-We will manage and reduce risk		-We will support our staff to be 'fit and well' to work		-We will be an effective board of directors
EFFECTIVENESS	-We will improve clinical outcomes	ENGAGEMENT	-We will communicate with all our staff	FINANCIAL VIABILITY	-We will develop and encourage our Governors and members
	-We will use evidence based practice		-We expect all our staff to take accountability		-We will agree robust contracts for services
	-We will support research and development, audit and innovation		-We aim to be the employer of choice		-We will develop service line management
EXPERIENCE	-We will deliver right care in the right place and at the right time	LEADERSHIP	-We encourage staff loyalty and recognise their discretionary effort	PROFILE AND PERCEPTIONS	-We will review how we use our estate
	-We will have an ethos of good customer care and personalisation		-We will develop and reward talent		-We will look to collaborative working with other healthcare providers
	-We will support 'No Decision About Me, Without Me'		-We will support the development of good leaders and role models		-We will invest in IT to support innovative working
	-We will get 'the basics' right (warm, safe, clean, fed, cared for)		-We will invest in education, training and development		-We will be a good corporate citizen
					-We will effectively market our services and look to grow and develop commercially for strategic advantage
					-We will pursue the collection of charitable funds to support our development and enhance patient care.

3. Context

This document sets out the Operational Plan for our organisation over the next two years. This document is supported by the development of our Strategic Plan 2014 to 2019 which will be available for publication later this year.

This five year period is likely to be one of the most turbulent and transformational in the history of the National Health Service. The key issues to be addressed that contribute to the unprecedented affordability challenge within the service; changing demography and an increasingly elderly and comorbid population; heightened patient expectations and low levels of tolerance for sub-standard care in light of recent scandals such as those at Mid-Staffordshire; and the continuing advancement of medical technology combined provide the strategic context for this plan.

How this combination of issues manifests at local level is the focus of this operational plan and in the plan we will detail how, as an organisation, we will face the challenges posed by these factors in the

coming years. Local commissioners indicate a sharp increase in the +65 populations across the boroughs of Warrington and Halton over the next 10-20 years with the population +80 doubling over that time period. The recurrent affordability challenge for the NHS will see our organisation start each year over the next five years with a 4% cost improvement target as a minimum. This excludes the impact of service reconfigurations, specifically the relocation of specialist services into tertiary centres and the better co-ordination of locally delivered community services which also represent a key financial risk to the Trust with the potential to see legacy costs impact the organisation as services transform.

Warrington and Halton Hospitals is proud of its long standing reputation for delivering high quality services that meet and often exceed nationally mandated targets. As a Foundation Trust we are committed to ensuring that we remain a high performing organisation focussed on achieving high quality but also on ensuring our future sustainability within a challenging market. We will achieve this by working to achieve reform of Community, Elective and Emergency Services, underpinned at all times by our consistent focus on **QUALITY, PEOPLE** and **SUSTAINABILITY**.

4. Process

This Operational Plan (and subsequent Strategic Plan) has been developed through a robust process of engagement with clinical, operational and corporate teams and consultation with our Board of Governors, Foundation Trust Membership and Local Health Economy stakeholders.

We have taken into account the planning assumptions of our commissioning partners and reflected their priorities in this document, alongside our own. We have also been successful in agreeing our 2014/15 contract with our main commissioners in advance of this plan being submitted.

We have developed key priorities for our organisation to equip us to face the challenges that we will encounter over the course of the next two to five years. These priorities have been determined with reference to key stakeholders according to **QPS** principles to ensure a balanced approach to our strategic development.

5. Local Health Economy and Partner Engagement

The Trust is an active participant in wider strategic forums that are responsible for driving the agenda on system wide change across our local health economies and has been working closely with its commissioning partners in the development of their strategic plans over this period. Examples of interagency forums that have been established to progress this agenda include;

- Health Summit
- Integrated Transformational Change Board
- Quality Meeting
- Contract and Performance Meeting
- Various Clinically-led Project Specific forums (for example Paediatric Acute Response Team Steering Group and Halton Urgent Care Board)

The local Health Summit includes representation from the principal players in the local health and social care economies and the Trust is sufficiently represented on this forum along with two local clinical commissioning groups (Warrington CCG and Halton CCG), Warrington Borough Council and Bridgewater Community Healthcare NHS Trust. It will be through this forum and its constituent sub-committees that pathway and system redesign will be conceived and progressed in the medium to long term, which will help to inform our five year strategy.

The Trust also has an active Memorandum of Understanding in place with St Helens and Knowsley Teaching Hospitals NHS Trust. In recognition of the fact that specialist services are increasingly transferring out of the District General Hospital sector and into specialist units and that both of our local commissioners have expressed firm intentions to commission more care closer to patients homes in the future it is extremely unlikely that the current configuration of acute and community providers will remain unchanged over the next two to five years. For this reason, The Trust recognises the importance of maintaining an active dialogue with all local partners and agencies to allow us a degree of agility when working to deliver large scale transformational change programmes.

As indicated in the Quality section, local commissioners have indicated a preference as part of their strategic plans to move away from hospital based models of care with a strong focus on integration of services across the health and social care spectrum. Whilst commissioners remain clear that local people need their local hospitals they articulate longer term visions where the Trust operates at the centre of an integrated health and social care system with a greater role to play in out of hospital care. There is also a desire to redesign care pathways around the needs of the patient and their carers so that they are easier to navigate, promote high quality, equity, accessibility and choice.

Whilst these key strategic aims are fully supported by the Trust, a key risk is in managing the transition from hospital based models of care without destabilising continuity of care in the transitional phase. The Trust will be looking to commissioners to support us in delivering that continuity through identified transitional funding arrangements and through taking a pragmatic approach to awarding contracts via the “Transforming Community Services” agenda when contracts are eligible for renewal.

Further details on the proposed future configuration of health services within our local health economy will be discussed in our Strategic Plan to be published later in the year.

6. SWOT Analysis

The following high level SWOT analysis has been undertaken to provide some local context to the development of these plans.

STRENGTHS	<ul style="list-style-type: none"> • Excellent performance track record across all KPIs. • Sound clinical quality metrics and good patient experience scores. • Good and improving staff survey results. • 2 site configuration limits operational risks in terms of managing elective and emergency capacity. • Strong performance with regard to Urgent Care. • Strong clinical reputation for specific services (e.g., Trauma & Orthopaedics) • Track record of working collaboratively with Local Health Economy partners to deliver transformational change in clinical pathways. • Delivery of a broad range of clinical services. • Designation as a Major Trauma Unit as part of the Cheshire and Merseyside Major Trauma Network
WEAKNESSES	<ul style="list-style-type: none"> • Urgent care services centralised on Warrington site. • Loss of major vascular services in 2014/15 as part of local reconfiguration • Increasing sub specialisation and lack of junior medical staff.

	<ul style="list-style-type: none"> • Future viability of certain services remains questionable due to long term sustainability issues. • Lack of integration with community based services. The Trust did not successfully secure all community services as part of Transforming Community Services. • Short, medium and long term financial challenges • Large estate with high backlog maintenance costs • Strong historic reliance on temporary staff resource drives up pay costs.
OPPORTUNITIES	<ul style="list-style-type: none"> • Physical capacity to accommodate future service growth on Halton Campus • Strategic aim to develop specialist centres of excellence and repatriate activity from neighbouring providers • Collaboration with other providers on formal service tenders • Increase partnership working with primary and community care providers to establish enhanced clinical pathways • Market share analysis shows growth potential within existing referral markets • External reviews have highlighted future efficiency savings to be released. • Future service reviews for Women's & Children's services
THREATS	<ul style="list-style-type: none"> • Organisational size – population base c.350k. • Profile of local competitors. Similar sized DGHs all with similar catchment populations. • Specialist services likely to gravitate toward existing centres based in major conurbations (Liverpool and Manchester) • Long term commissioning intentions to divest in hospital based services. • Scale of cost improvement challenge over next 5 years. • Ability to attract high quality personnel given relative size of organisation. • Potential impact of local service reconfigurations (i.e. vascular) on other services yet to be fully understood.

7. Corporate Strategies

The following section describes the various corporate strategies that we see as being crucial enablers to supporting the delivery of this operational plan for 2014/16 and beyond.

IM&T Strategy

The Trust is progressing its four year IM&T strategy implemented in 2013. This strategy is focussed on achieving improving the ability to integrate services whilst providing better value for money. The following are examples of projects that will be delivered throughout 2014/15 and 2015/16;

- Improved wireless infrastructure
- Roll out of mobile hardware to support paperless processes
- Electronic Ordering and Results system for Diagnostic Services
- Electronic Document Management
- E-Prescribing and electronic medicines management
- Improved patient interface
- Integrated Patient Administration System (PAS) and Integrated Electronic Patient Record (EPR)

Workforce Strategies

The Trust is focussed on the delivery of key workforce objectives as well as being committed to the learning and development of its staff.

As well as supporting the Clinical Divisions in the management of change as a result of organisational design projects, key workforce objectives for this period include;

- Competency based workforce review
- Electronic Staff Rostering
- Implementation of 12-hour nursing shifts
- Waiting List Initiative payments review
- Review of on call payments
- Review of Administrative and Clerical functions

Key Learning and Development objectives include;

- Medical Appraisal Training
- Leadership Development mapped to the NHS Leadership Model
- Development of a behavioural framework based on analysis from the 'We Need a Word' campaign.
- Service Line Management development
- Further development of advanced and assistant practice to support a competency based workforce model.
- Further development of apprenticeship programmes.

Commercial Development Strategy

In 2013/14 The Trust has invested in the creation of a new Commercial Development department.

The function of this department is to support the Trust in the following three areas;

- **STRATEGIC PLANNING** – Developing comprehensive plans for commercial benefit.
- **BUSINESS DEVELOPMENT** – Identifying and understanding opportunities by working with clinical teams and analysing market analysis data.
- **ENSURING DELIVERY** – Working to deliver sustainable growth through developing strategic partnerships and embedding a commercially focussed culture throughout the organisation.

Estates Strategy

The Trust is currently progressing its short, medium and long term estate strategy which will allow it to ensure its future is sustainable in terms of its size and building stock, as well as working in conjunction with the Carbon Energy Fund to reduce its carbon footprint in line with Department of Health guidelines by 2015.

8. Quality Plans

Over the last few years, the Trust has successfully delivered significant changes to the way in which we provide services which has allowed us to both improve the quality of services to our patients and to ensure that we use the resources available to us as efficiently as possible.

The development of **QPS** gives the Trust a framework through which we can ensure the future quality and sustainability of our services and the development of our workforce. It has also provided a mechanism through which quality plans can be easily disseminated to all staff working throughout the organisation. Regular briefings are provided to staff presented by members of the Trust Executive team.

For those staff unable to attend, a team brief is produced on a monthly basis and circulated to all staff electronically.

During 2013/14 we have continued to strengthen and perform well on quality by investing in our staff in key areas, by strengthening our clinical teams – more doctors, more nurses and more allied health professionals. Leadership programmes are in place including more devolved management through the divisions. We also introduced the *Bright Ideas* scheme in order to work in partnership with staff to avoid redundancies and develop ideas that enhance quality and reduce costs.

Importantly in terms of quality the Trust invested in new services including maternity, dementia and the use of IM&T to support enhanced clinical delivery. We have developed new strategies for nursing, dementia and quality. We have performed well in relation to external assessment by the Care Quality Commission and have implemented the Friends and Family initiative across inpatient; accident and emergency and maternity services, investment in an infrastructure to support this initiative has resulted in a substantial increase in service user participation.

In 2013/14 we introduced the *Improving Quality: Patient Safety; Experience and Clinical Effectiveness Strategy*, which includes within its framework essential indicators which will require consistent review and monitoring to ensure a safe, high quality organisation. These indicators will be monitored closely throughout 2014/15 and beyond.

Quality performance information is reviewed and discussed within our governance structures at the following forums:

- Clinical Governance, Audit and Quality Sub-Committee
- Patient Safety and Experience Action Group
- Quality in Care Committee (Governors)
- Infection Control Sub-Committee
- Safety and Risk Sub Committee
- Meetings of the Board of Directors
- Meetings with the commissioners of the Trust's services

An overview of the Trust's Governance Assurance Framework is provided as an appendix to this plan.

Assessment of current quality performance

In 2013/14, the Trust's improvement priorities were:

- Reduction in medication errors that are related to insulin.
- Zero tolerance to hospital acquired MRSA bloodstream infections
- Reduction in catheter associated UTI's
- Reduction in incidents that result in severe or catastrophic harm
- 62 day cancer access target
- SHMI – Mortality Rates
- Pressure Ulcers – reduction

The Trust is pleased to report an improving performance across each of these areas for 2013/14 with the exception of the number of reported hospital acquired MRSA bloodstream infections where the Trust is reporting 3 cases against a threshold of 0 (an increase from 2012/13 when performance was 1 MRSA against a threshold of 3). Reducing hospital acquired infection remains a high priority and the Infection Control team continue to review processes to support the further reduction of HCAs.

The Trust is also pleased to report its continued excellent performance against national access targets in spite of a deteriorating national position. The Trust successfully delivered the 18 week waiting time target performance for both admitted and non-admitted patients throughout 2013/14 as well as maintaining high levels of performance against the 4-hour A&E assessment to treatment target, achieving in excess of the required 95% performance for each quarter throughout 2013/14.

Furthermore, when assessed by the Care Quality Commission as part of the Hospital Intelligent Monitoring initiative, the Trust received an inspection priority banding of 5 based on the likelihood that people may not be receiving safe, effective, high quality care (where 1 is the highest risk and 6 is the lowest). This reflects an excellent performance for our organisation and one that we were extremely proud to achieve.

Improvement Priorities for 2014/15

The Trust Board, in partnership with staff and governors, is scheduled to review data relating to quality of care and agree our improvement priorities for 2014/15. These priorities remain subject to final Trust Board approval at the time this plan is to be published.

Local Quality Indicators 2014/15

The Trust Board, in partnership with staff and governors, is scheduled to review performance data relating to quality of care and agreed that our quality indicators for 2014/15. These priorities remain subject to final Trust Board approval at the time this plan is to be published.

How we identify our priorities

Priorities are identified through receiving regular feedback and regular engagement with staff, patients, the public, and commissioners of NHS services, overseeing scrutiny groups and other stakeholders. Progress on the planned improvements is reported through the Trust's assurance committees, via Quality in Care - Governors and ultimately through to Trust Board. Divisional Annual Planning 'Strategy' events have also been held to discuss and agree priorities and to discuss the quality aspects of the priorities.

The Trust held a Forward Planning event with all key stakeholders including governors; LINKs; Overseeing Scrutiny Committee and commissioners on the 7th February to discuss and agree quality priorities for 2014/15. Our staff, governors, members and patients are the eyes and ears of the organisation their views are constantly sought to ensure that we are focussing on the things that will make the most difference.

Response to National and Local Commissioning Priorities

The Trust has been working with local commissioners on the agreement of their two to five year strategic plan. The Trust's lead commissioners, Warrington CCG, has indicated its long term ambition for transformation over this time period;

"To move from a reactive hospital based system of unplanned care to a preventative, anticipatory, whole person approach to care."

The commissioner's strategic plan is broken down into 10 key priority areas covering;

- Preventing premature deaths (with Public Health)
- Frail / Complex Elderly
- Long Term Conditions
- Urgent Care
- Mental Health
- End of Life
- Planned Care
- Children
- Primary Care
- Prescribing

These strategic priority areas are linked to achievement against metrics within the national outcomes framework as well as being aligned to the delivery of key national quality and performance metrics.

The Trust will be actively involved in supporting this change through progressing change management initiatives in line with NHSI Large Scale Change approaches and through the development and implementation of multi-organisational transformation boards.

Trust Response to Francis Report

The Francis Report focussed national attention on some high profile and extremely serious failings within the NHS. This final report of the Public Inquiry into the failings in care at another Trust provided a detailed and systematic analysis of the factors contributing to those failures. It identified that warning signs existed and they could have revealed the issues earlier. Francis has provided the foundations for all health care providers to look at their existing policies and strategies in a different light, to ensure that similar failings are never repeated.

The Trust has responded to the Francis Report and its 290 recommendations have been developed into an action plan which the Trust Board has reviewed and monitored throughout the year. In line with these recommendations we have also reviewed and aligned two of our key strategies, Quality Improvement Patient Safety Strategy and our Patient Experience Strategy to provide a single strategy "Improving Quality: Patient Safety, Experience and Clinical Effectiveness Strategy."

Trust Response to Keogh and Berwick Reports

The Trust issued a response to the recent Keogh and Berwick Reports in October 2013. This response highlighted that the Trust was compliant with all but two of the ambitions highlighted in the Keogh report. These related specifically to reducing avoidable deaths in hospital and nursing establishment and skill mix.

The Trust Board recognised that compliance against each of the Keogh report ambitions is a key driver for the Trust's *Reducing Mortality Action Plan* which is monitored by the Trust's Clinical Effectiveness Group. Since the report went to board the Trust has made significant improvement in reducing avoidable deaths and both HSMR and SHMI indicators now show the Trust within the expected range. This is a position that we intend to build upon for 2014 and beyond.

Nurse staffing levels are kept under constant review by the Director of Nursing and Organisational Development supported by the Associate Directors of Nursing. A review of nursing establishments is currently in development and will be subject to final sign off in 2014.

Governance

Governance is about how our Trust is managed and how decisions are made. In particular governance focuses on:

- Organisation – How decisions are made by our Trust Board and committees
- Management – The roles and responsibilities established to manage our services and to help our Trust achieve its objectives.
- Policies – Providing our staff with guidelines to help them when making decisions while carrying out their tasks
- Risk Management – Ensuring that robust risk management frameworks are in place to effectively mitigate against key risks and to support effective delivery of services
- Monitoring that standards in place and to ensure the care provided is safe and Effective
- Learning and Improving as part of the Governance culture

Our Governance Department continues to work to ensure the system, processes and Learning becomes fully embedded into the day to day activities of the Trust

The next two years the department aims to:

- To prepare the Trust for the Care Quality Commission (CQC) new Inspection (Keogh) Regime with an agreed action plan
- To undertake Governance reviews in all Specialties based on the CQC Framework
- To support the development of evidence based guidelines and pathways of care with audit and monitoring to their effectiveness
- To gain a Royal Society for the Prevention of Accidents (RoSPA) Award in recognition to the work the Trust has done in the field of Health and Safety
- Develop the manual handling department within health and safety to include bariatric training
- Train all local managers to CIRIS, the Trust's web-based integrated governance system.

9. Strategic Themes

The strategic focus of the Trust is centred on our organisational vision and the achievement of our organisational mission.

We see our vision as being at the core of our strategic framework. The way in which we will achieve this vision is by focussing on our three key strategic reform pillars of;

COMMUNITY REFORM	Looking at our role in helping prevent patients needing hospital admission and improving discharge. This includes working with commissioners and LHE partners to speed up the development of community based services that reduce the dependency on acute hospital care for patients.
ELECTIVE REFORM	Making best use of the two hospital sites and balancing elective and emergency care. This includes changing the elective and non-elective mix across our two sites, and optimising the use of the Halton campus.
EMERGENCY REFORM	Allowing us to better deal with demand on our front end services. This includes investment in our 'front-end' services to allow us to better manage the demand on A&E and emergency/acute medicine as well as a programme of pathway reform.

Our focus on these reform themes is underpinned at all times by our QPS values.

In preparing this annual plan, the Trust Management consulted widely with our Foundation Trust Governors and Members, Commissioners and LHE partners on what should be the key focus for our organisation aligned to this core strategic framework. We also consulted with clinical and operational management teams within the organisation.

The following key strategic themes emerged through this process. These themes have been used as the basis from which our clinical divisions' operational plans for 2014-2016 have been created.

Priority Area	High Level Description	Identified Metrics
Increasing Market Share	Looking to grow new opportunities either by better promoting our services to existing referrers or by seeking new referral sources from	2.5% increase in revenue through growing market share by 31 st March 2016.

	surrounding areas such as Widnes and Frodsham and Helsby.	
Maximising the Utilisation of the Halton Campus	Expanding the scope of current service provision at our Halton Campus (Halton General Hospital and Cheshire & Merseyside Treatment Centre) by reviewing current clinical criteria and developing enhanced urgent care services from Halton General Hospital site.	Transfer of activity to Halton Campus equivalent to 12,000 procedures per annum.
Improved Integration of Services	Working more closely with other providers of health and social care services in the community and in other acute settings to better integrate pathways for patients and for greater reciprocal benefit.	Metrics to be determined via Better Care Fund
Improving Emergency Flow	Work with commissioners and primary and community care providers to better manage emergency demand into the hospital and improve access to services to facilitate earlier discharge, especially for patients with complex needs.	Reduction in non-elective admissions of 1% in 2014/15 and a commitment to work with commissioners to deliver further reductions in subsequent years.
Better Pathway Management	Looking at our clinical pathways to ensure that they are designed with patients' needs in mind to deliver optimum care and outcomes.	Reduction in non-elective re-admissions with improvements to be seen incrementally on a quarterly basis.
Enhanced community based provision of services	Actively seek out opportunities to extend our role as provider of services within the community.	Successfully winning new community services with value of £3m over this period.
Develop Partnerships	Look to develop business partnerships with other NHS or private providers where there are clear clinical and commercial benefits to doing so.	New organisational alliances formed with local GP consortia and joint ventures or formalised partnerships in place with other providers to deliver services.
24/7 Model for Emergency Care	Extend current care provision for emergency patients to ensure equity of access to decision making and diagnostic support 24/7	Reduction in variation against key quality metrics over a seven day period.
Developing Specialist "Centres of Excellence"	Develop specialised services such as enhanced Cardiology interventions, Spinal Surgery and Gastrointestinal Endoscopy to provide better access to our patients and improve our competitive advantage.	Increased market share performance in <ul style="list-style-type: none"> • Orthopaedic • Spinal • Cardiology • GI Services

Further details of the specific development opportunities that have been generated from these key themes are provided in the Divisional QPS Plans below.

FT Engagement

Foundation Trust Members and Staff have been consulted on the prioritisation of the key themes via an electronic survey and we have received in excess of 250 responses at the time that this plan is being submitted.

The results of this survey show that our members are most interested in resolving issues relating to the management of emergency flow and delivering a seven day model of care. They are also most keen to see us develop speciality based centres of excellence as well as prioritise the improved integration of our services with other agencies working within our local health economy.

It is our intention to continue to circulate this survey over the coming weeks and to ensure that results are shared with our Local Health Economy partners in the development of our five year Strategic Plan.

10. Activity & Capacity Plans

Activity Plans

To underpin the strategic planning exercise, divisional teams have been supported in the production of speciality based activity plans. These activity plans have been developed based on;

- Current and future demand forecasting.
- Detailed activity and trend analysis

Key to the development of activity plans for the next two years has been the focus on operational trend analysis to understand how activity profiles are changing over time to better inform our planning decisions. In particular the following information was interrogated by the divisional teams and offset with known clinical or service intelligence.

- Previous three years new out-patient forecast activity based on referral pattern trends.
- Conversion from new outpatient to follow-up using three years new to follow-up ratios trend analysis.
- Anticipated elective activity using three years waiting list data showing likely conversion to the waiting list from outpatient activity, indicative split of activity by point of delivery (inpatient or day case) and likely removal other than treatment (ROTT) rates based on running average.
- Non-elective forecast activity; planned versus actual non-elective discharges over a three year period, profiled for seasonality and adjusted at speciality level for likely conversion from A&E attendances.

For services which do not operate according to traditional referral / conversion principals the teams reviewed trend analysis of actual activity data over a three year period and informed their decisions based on this data and any known service or clinical intelligence.

The specific headline analysis of this exercise is included as Appendix 1 to this plan.

Capacity Plans

Divisional capacity plans have been developed and have been used along with Activity Plans to form the basis of the Trust's financial planning assumptions.

Key considerations include;

- Ongoing budget performance and key variances analysis
- Use of temporary staffing resource in the form of bank, agency and Waiting List Initiative payments.
- Service Line Reports showing margin and contribution by specialty area.
- Overview of key productivity data (Theatres, Clinics)
- Key workforce data (Vacancy rates, sickness, turnover)
- Bed utilisation and lengths of stay by specialty

The Trust is currently employing the services of consultancy firm EY. Capacity plans have been reviewed by EY who are working alongside divisional teams. Key opportunities for efficiencies and capacity re-alignment have been included in this operational plan or form the basis of the Trust's cost improvement assumptions.

11. Divisional QPS Plans

The following tables represents the **TOP FIVE** priorities developed by the Trust's three clinical divisions which are;

- Women's Children's and Support Services Division (WCSS)
- Scheduled Care Division
- Unscheduled Care Division

Each division has identified plans to be developed and delivered over the next two years. These schemes and associated key performance indicators reflect the clinical and operational priorities of the division as determined by the senior management team and senior clinical staff. These priorities have been signed off by the Trust Executive Team and will be supported by the development of individual business cases to ensure that each scheme is further developed along **SMART** principals (Specific, Measurable, Achievable, Relevant and Time-based). Divisional plans have also been subject to a process of critical analysis against our strategic aims and values to ensure that they are congruent with our overall organisational objectives.

Assurance against each priority scheme will be provided by the Divisions at our regular bi-lateral meetings with the Executive Team, progress against which will report into the Trust Board via the Finance and Sustainability Committee (a sub-committee of the Trust Board). To ensure that a robust delivery framework is in place, progress will also be monitored via the internal Innovation and Cost Improvement Committee which also reports in the Trust's Finance and Sustainability Committee. Regular update reports against key schemes will also be provided back to the Trust Board and Council of Governors.

WOMEN'S CHILDREN'S AND SUPPORT SERVICES (WCSS)

Priority Scheme and high level KPIs	Key Quality Objectives	Key People Objectives	Key Sustainability Objectives
<p>To grow direct access diagnostic provision</p> <p>Achieve growth in direct access market</p> <p>Reduce spend on temporary staffing and recruit to substantive posts.</p> <p>Maintain waiting times across all modalities</p>	<p>Waiting times across all modalities to be maintained or reduced.</p> <p>Development of community based Radiology services at Widnes Healthcare Resource Centre and Halton Hospital Urgent Care Centres to support enhanced ambulatory care pathways.</p>	<p>Additional staff recruited to operate new facilities and review of skill mix and opportunities to further advanced practice.</p> <p>Internal training programme required to ensure availability of trained staff who are difficult to recruit.</p>	<p>Enhance profitability.</p> <p>New income generated in line with Business Plan predictions.</p> <p>Respond proactively to the service development plans of Halton CCG Urgent Care Board</p>
<p>To fully implement Paediatric Service Strategy</p> <p>Grow market share for paediatric surgery.</p> <p>Deliver Paediatric Acute Response Team model of care in partnership with commissioners.</p> <p>Develop Advanced Nurse roles.</p>	<p>In conjunction with CCGs, piloting a new Community based Paediatric Nursing Service to deflect admissions to hospital.</p> <p>Review further opportunities to deliver care closer to home for patients.</p>	<p>CCGs to fund additional community paediatric nurses to implement new service model.</p> <p>Grow advanced practice opportunities for nursing staff.</p>	<p>Ensure that income risks are mitigated by taking a whole system approach to local tariff setting.</p> <p>Work with CCG to ensure sustainable model is implemented in the long term.</p> <p>Develop partnerships with other providers.</p>
<p>Modernise Trust outpatient services</p> <p>Transfer of breast services off site</p> <p>Develop strategic plan for future of outpatient services.</p>	<p>Transfer of Breast Screening Services and breast clinics to modern facility Bath Street Health and Wellbeing Centre.</p> <p>Review fitness for purpose of outpatient accommodation across the Trust.</p>	<p>Engage and secure support from all staff in WCSS Division and Scheduled Care.</p> <p>Review opportunities for skill mix reviews within the clinic environment.</p>	<p>Improved facilities will provide opportunities to market services more effectively.</p> <p>Reduce costs associated with maintenance of ageing estate.</p>
<p>Grow Genito-Urinary Medicine (GUM) and Sexual Health (SH) Services.</p> <p>Compete for relevant tenders as they arise.</p>	<p>Increased choice of quality services and accessibility for patients.</p> <p>Provide integrated Level 1-3 GUM service</p>	<p>Manpower resource needed to ensure high quality tender submissions.</p> <p>Look for opportunities to train all staff</p>	<p>Ensuring that any new work makes a contribution to overheads bearing in mind potential tariff changes.</p>

Develop strategic partnerships for SH for competitive advantage.	to ensure better continuity of care.	involved in the delivery of service by reviewing skill mix across GUM and community services.	Increase market share.
<p>Develop and implement Maternity Services Strategy</p> <p>Develop a Maternity Strategy for wider consultation</p> <p>Achievement of Maternity Clinical Negligence Scheme for Trusts (CNST) Level 3 – <i>ACHIEVED MARCH 2014</i></p> <p>Improve service line contribution for maternity services.</p>	<p>Ensure that Maternity and Neonatal Services are as strong as possible in advance of a potential major service re-configuration within Cheshire and Merseyside.</p> <p>Achievement of CNST Level 3 for Maternity Services.</p>	<p>Maternity Staffing levels are consistent with birth-rate plus.</p> <p>Neonatal staffing levels are consistent with British Association Perinatal Medicine (BAPM) guidelines.</p>	<p>Overall income maintained/increased for Maternity Services.</p> <p>Provide enhanced contribution within maternity as current Service Line position shows negative contribution due to CNST costs</p>

SCHEDULED CARE

Priority Scheme and high level KPIs	Key Quality Objectives	Key People Objectives	Key Sustainability Objectives
<p>To promote and deliver Halton as an elective centre of excellence</p> <p>Reduce elective cancellations</p> <p>Improve patient experience</p> <p>Demonstrate improved theatre utilisation</p>	<p>Zero tolerance for cancellations due to non-clinical reasons.</p> <p>Increased patient satisfaction and patient experience.</p> <p>Clinical centre of excellence for day case and short stay elective patients.</p>	<p>High HR KPI performances.</p> <p>Review management responsibility for Halton site under Scheduled Care Senior Management Team.</p> <p>Advanced nursing practice.</p>	<p>Increase in elective and outpatient efficiency.</p> <p>Improved theatre utilisation.</p> <p>Halton Campus site to stand as independent centre of excellence.</p>
<p>To be the primary provider for Spinal Services for Cheshire</p> <p>Develop business plan to support sustainable growth of spinal surgery service</p> <p>Improve waiting times for spinal surgery patients</p>	<p>A reduction in the waiting times for current elective spinal patients and meet the 18 week RTT for spinal patients sustainably. Reduction in complaints.</p> <p>Improvements in patient survey results.</p>	<p>Recruitment of two substantive Spinal Surgeons and support services.</p> <p>Adequate staffing levels achieved to run service optimally</p> <p>Reduced staff turnover.</p> <p>Improvement in staff survey results.</p>	<p>Achievement of income and activity plan.</p> <p>Marketability of specialist services.</p> <p>Diversification of core business to better mitigate against future financial risks.</p>

<p>To deliver improvement in the patient admission experience on the Warrington site</p> <p>Implement internal 4 hour target for Surgical Assessment Unit (SAU) along A&E principles.</p> <p>Zero tolerance approach to cancellations due to bed pressures.</p> <p>Reduce spend on escalation capacity by improving patient flows</p>	<p>95% of suitable non-elective patients are admitted to a surgical bed within four hours.</p> <p>Patients for elective admission are admitted to a bed within 30 minutes of arrival.</p> <p>All elective patients to be allocated a bed pre-operatively.</p> <p>Reduction in complaints.</p> <p>Reduction in readmission.</p>	<p>Nurse staffing levels and skill mix analysis.</p> <p>Surgical Assessment Unit fit for purpose from staff perspective.</p> <p>Clinical lead engagement.</p> <p>Working group to co-ordinate Warrington objectives.</p> <p>Nursing staffing levels and skills mix analysis.</p>	<p>Financial viability agreed for service redesign.</p> <p>Reduce the need for use of unfunded high cost escalation by improving patient flow.</p> <p>Reduce inefficiencies and thereby reduce overall costs.</p>
<p>To establish an integrated Diabetic Foot Care and Wound Unit</p> <p>Develop business case to support service changes</p> <p>Reduction in length of stay (LOS) for patient cohort</p> <p>Improved outcomes for patients through multi-disciplinary team (MDT) based management.</p>	<p>Compliance with completion National Diabetes Audit which becomes mandatory in 2014</p> <p>Integrated care delivered in specialist Wound Care Unit, ideally based on Halton site.</p> <p>Reduction in length of stay for in-patients</p> <p>Reduction in Re-admission.</p> <p>Improved patient experience.</p>	<p>Develop specialist cohort of staff to manage patients effectively with MDT approach.</p> <p>Look for opportunities to integrate service with existing community providers.</p>	<p>Agree revised method of funding patients presenting with diabetic foot problems with CCGs.</p> <p>Develop case for financial viability of unit based on reductions in costs across whole health economy.</p> <p>Look for partnership opportunities to ensure service delivery and mobilisation</p>
<p>To move to a Service Line Management (SLM) model of service delivery for the division.</p> <p>Improve individual service line profitability</p> <p>Reduce variation and improve patient experiences</p> <p>Support growth of services by</p>	<p>Robust and timely business planning to ensure that service needs are consistently reviewed with a view to improving quality.</p> <p>Reduction in variation</p> <p>Identify key quality metrics to support SLM model.</p>	<p>Review divisional structures in line with SLM leadership model.</p> <p>Engender passion and energy to engage with management issues from clinical teams.</p> <p>Clinically led reputable Divisional management of services.</p>	<p>Financial breakeven 2014/15 to profit position 2015/16</p> <p>Able to take advantage quickly of service/income opportunities.</p> <p>Shift focus of management to improving efficiency and delivering service growth.</p>

repatriating market share.			Aim for all specialties contributing to Trust position.
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UNSCHEDULED CARE

Priority Scheme and high level KPIs	Key Quality Objectives	Key People Objectives	Key Sustainability Objectives
<p>To develop, implement and enhance existing Ambulatory Care pathways.</p> <p>Reduction in number of non-elective readmissions within 30 days</p> <p>Develop sustainable financial model for ambulatory care</p> <p>Embed speciality pathways including primary care</p>	<p>Work with colleagues internal to the Trust on patient pathways underpinned by evidence</p> <p>Develop guidelines and audit compliance.</p> <p>Ensure that ambulatory patients are treated based on their individual needs on an end-to-end basis throughout their time in the hospital.</p> <p>Improve outcomes and reduce readmissions.</p>	<p>Develop a workforce which is skilled and is underpinned by the recommendations in the Francis 2 Report.</p> <p>Communicate the key elements of this plan to the workforce to ensure consistent delivery.</p> <p>Ensure effective leadership is evident in all wards and departments across every level.</p> <p>Work with partners and skill sharing and role definition.</p>	<p>Demonstrate the effectiveness and quality of the service to ensure the provision of local services in the future. Use key metrics to inform funding discussions.</p> <p>Ensure commissioner engagement from the development stage to mitigate against financial risk under current funding model.</p>
<p>To improve care for people with dementia</p> <p>Develop bespoke dementia care unit supported by relevant Standard Operating Procedure</p> <p>Reduce lengths of stay for patient cohort</p> <p>Identify key quality metrics and show improvement</p>	<p>Ensure that all Patients requiring hospital admission receive holistic and high quality care.</p> <p>Develop a Model of Care for all Patients with Dementia, develop Model of Care for the Ward (Forget-Me-Not).</p> <p>Improve outcomes and reduce readmissions and average length of stay in hospital.</p>	<p>Ensure continuity by working closely with staff who are currently delivering elements of dementia care.</p> <p>Ensure effective leadership is evident in all wards and departments across every level.</p> <p>Ensure a best practice approach to dementia care is established.</p>	<p>Demonstrate the effectiveness and quality of the service to ensure the provision of local services in the future. Work collaboratively with key partners.</p> <p>Work with commissioners on the re-design of primary and community services and engage around the Integration Agenda.</p> <p>To link with partners to develop a culture and set of behaviours which deliver services outside of the hospital.</p>
<p>To establish a robust framework for discharge</p>	<p>Focus on discharge planning from point of admission to reduce lengths of stay in hospital.</p>	<p>Ensure that teams are aware of the initiatives and engaged in the delivery of effective discharge planning.</p>	<p>Jointly develop with partners or a Discharge Strategy including development of the</p>

<p>Embed discharge planning at point of admission within pathways.</p> <p>Establish links with partners in the management of complex discharge.</p> <p>Creation of discharge specialists</p>	<p>Work with partners to develop joined-up pathways of care to reduce re-admissions.</p> <p>Ensure patients' experiences are positive of the discharge planning process.</p>	<p>Ensure effective leadership is evident in all wards and departments across every level.</p> <p>Create specialists in discharge.</p>	<p>Discharge to Assess Model</p> <p>Reduce operating costs through closure of unfunded escalation beds.</p> <p>Develop more effective relationships with partners across community and social care.</p>
<p>To develop and implement a local elective coronary angioplasty (PCI) service.</p> <p>Show pathway benefits by improving continuity of care including reduced lengths of stay (LOS)</p> <p>Service growth and expansion</p> <p>Recruitment to key posts</p>	<p>High quality service that meets all recognized quality standards and supports the needs of local people.</p> <p>Potential to reduce inpatient length of stay.</p> <p>Improved continuity of care.</p> <p>Build on strong reputation.</p>	<p>Recruit to specialist posts, i.e. Cardiologists</p> <p>Develop partnerships with other teams (both internal and external) who will be required to support the service (e.g. Critical Care, local tertiary provider).</p> <p>Support current staff to learn and develop new skills and techniques thereby improving staff retention.</p>	<p>Provide a more cost effective service to local commissioners.</p> <p>Improve utilisation of key asset (Cardiac Catheter Lab).</p> <p>Support improved service line trading position for Cardiology Service.</p> <p>Encourage service growth through effective marketing.</p>
<p>To reinstate Gastrointestinal (GI) Endoscopy at Halton and develop service to meet British Society of Gastroenterology JAG accreditation standards with a view to expanding GI endoscopy.</p> <p>Develop business case to support improvements to Halton site to meet JAG requirements</p> <p>Development of advanced practice roles in endoscopy</p> <p>Show improvements in endoscopy utilisation</p>	<p>Provide enhanced choice for patients.</p> <p>Deliver increased capacity thereby reducing waiting times for patients.</p> <p>Ensure that services delivered are of a consistently high standard across both sites, underpinned by accreditation from recognized quality scheme.</p> <p>Reduce the possibility for elective cancellations of patients at Warrington site.</p>	<p>Develop Gastroenterology team to sustain service delivery and improve standards of care for patients in line with recognized best practice.</p> <p>Further develop the role of advanced practitioners within endoscopy.</p> <p>Better match staffing profile to demand for services thereby improving work /life balance for existing teams who frequently work in excess of their contracted hours.</p>	<p>Delivery GI endoscopy services in a sustainable way reducing reliance on expensive overtime or extra duty payments.</p> <p>Encourage service growth through effective marketing.</p> <p>Improve utilization of key asset (Endoscopy Suites).</p>

12. Cost Improvement Programme (CIP)

Background

In March 2013, a baseline assessment of the Trust's long term financial projections was performed by the Trust in partnership with EY. This assessment produced the following outcomes;

CIP Challenge	2014/15	2015/16
Upper Estimate	£14.1m	£13.7m
Lower Estimate	£9.4m	£9.2m
Most Likely	£11.9m	£11.5m

Cost Improvement - The Short Term Challenge

For the next two years our projected annual CIP targets are as follows;

- 2014/15 £11.9m
- 2015/16 £11.5m

Transformational approach for the delivery of the CIP:

In light of the scale and scope of the cost improvement challenge for 2014/15 and in line with Monitor's Planning Guidance, the Trust will take a different approach to delivery from previous years.

The Trust has categorized its potential cost saving opportunities as follows;

- Tactical
- Transformational
- Strategic

Tactical Change

This level of CIP will cover simple budgetary management and cost removal. Ownership of **tactical** savings will be embedded at departmental level and progress against target will be monitored by the Trust Executive Team at the Divisional Bi-lateral meetings. It is anticipated at this stage that 40% of the total CIP value can be achieved through these traditional routes.

Examples of tactical schemes include;

- Drugs and General procurement savings (£2.1m)
- Sustainability targets across all budget lines (£2m)
- Staff generated *Bright Ideas* Programme

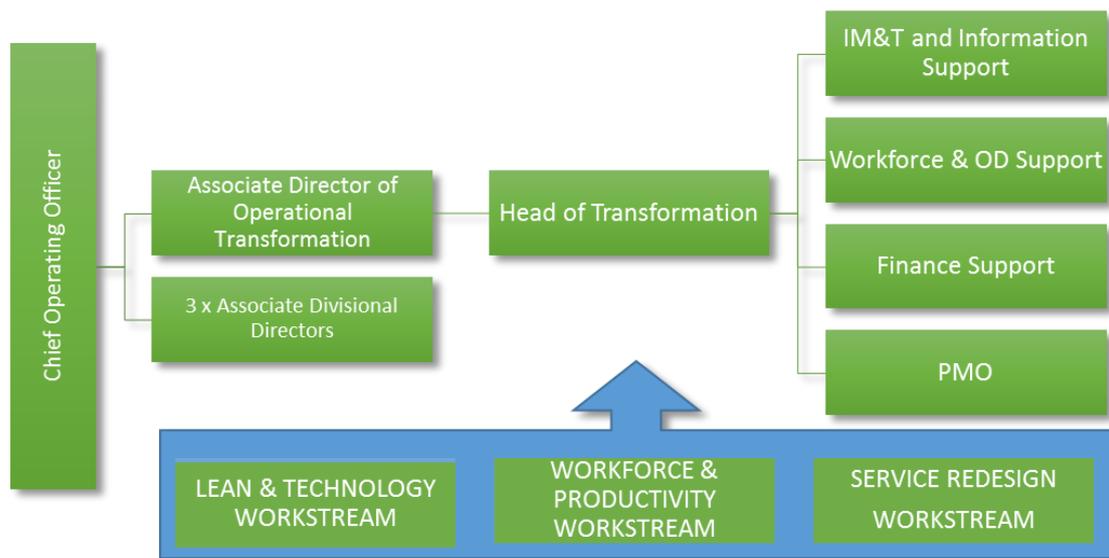
Transformational Change

These represent savings that will be linked to three transformational programmes of work;

- Lean and Technology

- Workforce and Productivity
- Service Redesign

The management of these programmes will be overseen by our Programme Management Office (PMO). The delivery of transformational change will be led by the Chief Operating Officer supported by an Associate Director of Operational Transformation and a Head of Transformation. These posts are supported by a range of corporate support services and work closely with the three clinical divisions to support the delivery of more challenging CIP schemes as they are characterised by changes to technology, infrastructure or substantial changes to working practices.



Examples of transformational CIP include projects such as those highlighted in the Divisional QPS plans. They might also include broader more corporately focused projects such as;

- Competency based workforce redesign
- Paperless working
- Clinical pathway redesign

Strategic Change (including Revenue Generation)

This final aspect of our CIP plans will be headed up by the Chief Executive and will cover work such as collaboration with other organisations, vertical integration of services and the Trust’s long term estates strategy. This aspect of our CIP plans also includes an element of revenue generation through a combination of market share growth, forming strategic partnerships for commercial benefit and opportunities with regards to private patient activity.

These changes will provide future savings in operational delivery but are likely to take longer to be released. Further details on the full range of strategic change proposals will be included in the Trust’s

five year strategic plan. However, some assumptions around revenue generation and estates rationalisation have been included in the 2014/15 and 2015/16 plans.

13. Financial Plans

The National Health Service faces significant financial challenges over the next five years and the Trust needs to react to these challenges in both the short term and long term to ensure the Trust remains financially sustainable. This is against the backdrop of a difficult financial year leading into this annual planning period.

In 2013/14 the Trust is forecasting an operating deficit of £2.9m (excluding the impact of any impairments yet to be confirmed), which is made up of an underlying deficit of £5.3m less £2.4m of non-recurrent financial support and income streams. For the annual planning period the Trust is planning a deficit of £1.5m in 2014/15 which reduces by £0.5m to £1.0m in 2015/16.

In 2014/15 the £1.5m deficit is predicated on the achievement of a £11.9m cost savings target primarily due to the national efficiency requirement (£8.4m), the impact of the transfer of vascular services to the designated centre (£1.3m), an increase in the NHSLA premium (£1.3m) and the current underlying deficit (£5.3m), partially offset by the assumed receipt of winter monies (£1.5m), a reduction in pay award and incremental drift (£0.8m) due to the recent government response to the proposed pay award and service expansion / growth. A deficit of £1.5m will deliver a continuity of services risk rating 3 by 31st March 2015.

In 2015/16 the £1.0m deficit is predicated on the achievement of a £11.5m cost savings target primarily due to the national efficiency requirement (£9.5m), full recovery of the 2014/15 winter monies (£1.5m) and partial recovery of the 2014/15 deficit (£0.5m). A deficit of £1.0m will deliver a continuity of services risk rating 3 by 31st March 2016.

Whilst this represents a significant financial challenge over the next two years it still underpins the Trust's plan to invest in both clinical services and corporate infrastructure to ensure the provision of high quality, safe healthcare for our patients.

Income Statement

The planned deficit for the two year period is summarised in the table below:

Narrative	2013/14 Forecast Outturn £m	2014/15 Annual Plan £m	2015/16 Annual Plan £m
Income	211.8	213.8	215.0
Expenses	(204.8)	(205.0)	(205.4)
EBIDTA pre depreciation	7.0	8.8	9.6
Depreciation	(5.9)	(6.3)	(6.5)
EBITDA post depreciation	1.1	2.5	3.1
Non-Operating income and expenses	(4.0)	(4.0)	(4.1)
Deficit	(2.9)	(1.5)	(1.0)

Planning Assumptions

The Trust has agreed a contract with its four main commissioners covering 2014/15, which accounts for 84% of total healthcare income and 78% of total income. The contracts are based on an agreed forecast outturn and agreed service and demand changes which align with commissioning intentions.

In constructing the financial plans and resulting cost savings targets the following planning assumptions have been applied to the income and cost base:

Financial year 2014/15

- Tariff prices reduced between 1.2% and 1.5%.
- Pay increases based on government announcement of 1.5% for those on top of scale and incremental increases only for those not on top of scale.
- Drugs inflation of 7.2%
- Other operating costs inflation of 2.1%
- Capital costs inflation of 3.8%
- Service developments inflation of 0.1%
- Costs linked to recommendations of Francis and Keogh reports inflation of 0.3%
- NHSLA additional premium increase of £1.3m
- Gross income loss associated with transfer of vascular service to designated centre of £1.3m.
- Plan includes £1.5m non recurrent funding for winter pressures (not confirmed)

Financial year 2015/16

- Tariff prices reduced by 1.3%
- Pay and incremental drift increase of 1.5%.
- Revaluation of public sector pension contributions increase of 1%.
- Drugs inflation of 7.2%
- Other operating costs inflation of 2.1%
- Capital costs inflation of 3.8%
- Service developments inflation of 0.1%
- Costs linked to recommendations of Francis and Keogh reports inflation of 0.3%
- No further funding for winter pressures.

Cost Savings

In order to achieve the planned deficit in each of the two years it is necessary to achieve cost savings of £11.9m in 2014/15 and £11.5m in 2015/16. The cost savings themes are structured around tactical, transformational and revenue generation opportunities as described in the table below:

Narrative	2014/15 Plan £m	2015/16 Plan £m
Tactical	6.2	2.3
Lean & Technology	0.5	0.5
Workforce & Productivity	4.3	7.0
Estates Rationalisation	0.0	0.3
Revenue Generation (contribution)	0.9	1.4
Total	11.9	11.5

Service Developments

Three service developments have been included in the financial plans which are the expansion of Spinal, Orthodontics and Orthoptist services. The additional revenue and costs associated with these developments are detailed in the table below:

Service	Spinal £m	Orthodontics £m	Orthoptists £m	Total £m
Revenue	2.2	0.4	0.2	2.8
Expenses	(1.4)	(0.1)	(0.1)	(1.6)
Net effect	0.8	0.3	0.1	1.2

Capital Expenditure

The two year capital programme underpins the Trust mission, vision and values and requires investment of £9.9m in 2014/15 and £14.3m in 2015/16 as detailed in the table below. However this includes the balance on any schemes commenced in 2013/14 that will be completed in 2014/15.

Narrative	2014/15 Plan £m	2015/16 Plan £m
Estates Rationalisation	1.6	9.0
Estates Developments	1.0	0.0
Estates Maintenance	3.8	1.6
Information Technology	2.5	2.2
Medical Equipment	1.0	1.5
Total	9.9	14.3

All capital schemes for 2014/15 have been subject to detailed capital plans that have been risk rated, assessed and prioritised by the Trust to ensure that resources are used as efficiently and effectively as possible.

The estates rationalisation is based on the preliminary work completed by Kier Health in 2013/14 that requires capital investment of £13.5m but achieves revenue savings of approximately £1m per year. The work on compiling a full business case is due to start in early 2014/15 but the financial plans have been constructed on the basis that the capital investment is to be funded by a loan drawn down over a three year period and repayments commence in 2016/17.

Continuity of Services Risk Rating

The challenging financial position means that the Trust is planning to achieve a risk rating of 2 in quarters 1 to 3 rising to a risk rating of 3 by 31st March in both years.

Narrative	Quarter 1	Quarter 2	Quarter 3	Quarter 4
2014/15				
Capital Service Cover	1	1	2	3
Liquidity	2	2	2	2
Overall Risk Rating	2	2	2	3

2015/16				
Capital Service Cover	1	1	2	3
Liquidity	2	2	2	2
Overall Risk Rating	2	2	2	3

Liquidity

The forecast closing cash balance as at 31st March 2014 is £10.3m but this reduces to £6.7m by 31st March 2015 and increases to £6.9m by 31st March 2016 mainly due to the cash related deficit and the balance of any capital schemes commenced in 2013/14. The deteriorating cash position means that there will be an increased focus on cash management over the period, especially on working balances. The quarterly cash balances are summarised in the table below:

Narrative	Quarter 1 £m	Quarter 2 £m	Quarter 3 £m	Quarter 4 £m
2014/15	7.2	3.8	6.5	6.7
2015/16	5.5	4.2	6.9	6.9

Risks and Mitigations

The following table represents possible downside risks and potential mitigation against these risks that have been identified as part of the annual planning process. Further detail on the indicative financial values associated with the specific risks detailed has been provided in the financial templates.

Risks	Mitigations
Failure to achieve contracted levels of activity	<ul style="list-style-type: none"> Reduce cost base correspondingly Bring forward alternative CIP plans Seek transitional support from CCGs
Failure to identify or deliver CIP schemes in accordance with profile	<ul style="list-style-type: none"> Revise governance structure for performance management Limit Capital expenditure Identify alternative schemes (if delivery failure) Vacancy Freeze
Failure to achieve contractual quality standards	<ul style="list-style-type: none"> Review performance management framework to ensure compliance Seek transitional support from CCGs whilst delivering improvements
Failure to receive winter monies	<ul style="list-style-type: none"> Seek CCG support
Failure to achieve required clinical efficiency and productivity improvements	<ul style="list-style-type: none"> Refocus Service Line Management approach Revise governance structure for performance management
Failure to secure levels of new business or failure to deliver 20% margin	<ul style="list-style-type: none"> Broaden expansion target area Open up Spinal Services to all Choose & Book referrals (currently limited)
Failure to reduce costs in line with Vascular transfer	<ul style="list-style-type: none"> Seek additional transitional support
Insufficient demand for service developments	<ul style="list-style-type: none"> Broaden expansion target area

	<ul style="list-style-type: none"> • Open up Spinal Services to all Choose & Book referrals (currently limited)
CCGs reduce level of non-elective activity but Trust fails to reduce cost base accordingly	<ul style="list-style-type: none"> • Seek non-recurrent transitional support to ensure service continuity
Government recommendations for pay award are not implemented	<ul style="list-style-type: none"> • Identify additional CIP schemes

14. Conclusion

The Trust has developed these plans as part of an overall five year strategic focus and in response to the particular operation and financial issues that we are likely to encounter over the next two years. Whilst this period is extremely likely to present the organisation with unprecedented challenges we believe that we have produced a comprehensive set of plans to support the continued delivery of high quality, safe effective healthcare services with a focus on quality, people and sustainability.