Chelsea and Westminster Hospital NHS
NHS Foundation Trust

Summary of Strategic Plan Document for 2014-19

Chelsea and Westminster Hospital NHS Foundation Trust

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1. Summary of Trust Sustainability

Providing the operational and strategic plans set out in this document and previous submissions are delivered, the organisation is likely to remain sustainable over the immediate five-year period.

1.1 Clinical Sustainability

We have interpreted clinical sustainability to mean the ability to meet current clinical standards and quality requirements set out by national regulators, national commissioners and local commissioners.

The trust currently meets the vast majority of clinical standards for locally commissioned services and specialised services commissioned by NHS England. We have set out plans for addressing [the few] key standards that we do not meet – in particular in Maternity and the Emergency Department, where we are working with commissioners to secure the funding that will enable these standards to be met in a way that does not compromise our plans to achieve financial sustainability.

1.2 Operational Sustainability

We have interpreted operational sustainability as our ability to meet key performance standards set out in the compliance framework.

CWFT has had a strong track-record in meeting key access targets. Going forward, the impact of the programme of reconfiguration of acute provision in North West London (called Shaping a Healthier Future) poses the greatest risk to maintenance of this operational performance. The possible downgrading of a neighbouring A&E department under this programme is set to significantly increase activity at the Trust.

Plans are in place to manage this extra activity, but they are predicated on a significant shift to out-of-hospital capacity and pathways of care – both to reduce demand for inpatient admission and also to reduce its duration when it is required.

We are working closely with partners in primary care, community care and social care to ensure these plans are delivered.

1.3 Financial Sustainability

We have interpreted financial sustainability as our ability to maintain Continuity of Services Risk Rating of 3 or above over the five-year period: although we are planning to achieve this, there are significant challenges in doing so.

As with other organisations, we are finding the year-on-year delivery of cost improvement programmes (CIPs) increasingly difficult. We have set a particularly challenging target for the current financial year (6.9% of turnover), though this reduces in future years.

Our financial performance also faces potential income challenges from the impact of SaHF, which may have implications for our capital and revenue position – and also the impact of commissioner (local and national) QIPP programmes.

2. Our Operational and Strategic Environment

Chelsea and Westminster Hospital NHS Foundation Trust (CWFT) has a main acute facility located in the borough of Kensington and Chelsea, with outpatient activity also delivered from other sites in West London and Soho.

We operate in four discrete, but interrelated markets:

- **Local Acute (Secondary Care) Services**, commissioned by CCGs in North West London and beyond, as well as by Local Authorities;
- **Specialised (Tertiary Care) Services**, commissioned by NHS England;
- **Private Patient Services**, funded by insurers, out-of-pocket payments and overseas governments;
- **Education and Training Services** for multi-professional healthcare workers, commissioned by Local Education and Training Boards.

These four markets account for nearly 95% of our total income. We shall use these markets or "buckets" as the basis for describing our market analysis, risks to sustainability and strategic plans in the remainder of this document.

2.1 Local Acute Services

Our Services

CWFT is part of the North West London (NWL) CCG commissioning area.

Our local acute services include the following:

- 24/7 adult and paediatric A&E (Emergency Department) services with co-located Urgent Care Centres (UCCs);
- Full Maternity service;
- Range of Medical and Surgical specialties;
- Community-based clinics in Musculoskeletal (MSK), Gynaecology and Dermatology services.

Our Population

The health needs of the population to which we provide local services are highly variable, though there are some key themes across the locality:

- Increasing proportion of patients in the older age groups, particularly over 90 and over 80, meaning that caring for those with dementia and multiple co-morbidities will become increasingly important;
- Increasing prevalence of lifestyle diseases, such as diabetes mellitus (and its sequelae), cardiovascular disease and obesity, so providing services to meet this demand will be important;

- Prevalence of deprivation in parts of the local population means that some types of condition will require greater focus (e.g. hospitalised cardiac patients) when clinical pathways are developed.

Our Commissioners

Local Commissioners, in line with nation-wide strategies, are seeking to move more care outside of hospital and limit expenditure on acute provision. The main mechanisms, they are using to do this are through:

- Demand management for outpatient services to reduce the number of elective outpatient appointments funded – and latterly this has taken the form of a block contract for outpatient attendances;
- Demand management for non-elective attendances and admissions to reduce their expenditure on this activity – and this has also recently taken the form of a block contract for this activity;
- For our Sexual Health services, now commissioned by Local Authorities, capped increases in expenditure (regardless of increases in activity) have been sought by commissioners to limit their exposure to demand that has risen steadily over recent years.

Local commissioners, alongside these measures to divert expenditure, are also looking to implement a range of measures to improve the quality of acute services through mandating input-based service standards through the following:

- Implementation of London Quality Standards – which are a set of specifications (largely input-based) covering adult emergency care, paediatric emergency services, maternity care and critical care;
- 7-day Services – which is a national programme, of which NWL is an early adopter, aimed at implementing the 10 national standards set out by Sir Bruce Keogh in December 2013.

Our Competitors

For elective services, activity data show that our key competitors are the following: Imperial College Healthcare NHS Trust (ICHT); Guys and St Thomas' NHS Foundation Trust (GSTT); University College London Hospitals NHS Foundation Trust (UCLH); and St Georges Healthcare NHS Trust (SGH).

ICHT is our main competitor across most service lines, with the other organisations having significant market share, depending on the service and the locality of the referral.

2.2 Specialised Services

Our Services

We provide a limited range of Specialised Services, commissioned by NHS England (NHSE), which include the following:

- *Women and Children* – Specialised Maternity, Neonatal Critical Care, Paediatric Medicine, Paediatric Surgery;
- *Internal Medicine* – Severe and Complex Obesity, Specialised Dermatology, Interventional Radiology, Specialised Imaging;
- *Cancer & Blood* – HIV, Chemotherapy (for Lung Cancer);
- *Trauma* – Burns Care, Specialised Pain, Adult Critical Care.

Our Population

The population catchment for our specialised services is regional and national – and varies according to the particular service. Likewise, future demand trends vary by service; however, our broad expectation is for levels of activity to increase over the medium term, particularly for the Obesity Service, Paediatrics and HIV.

Our Commissioners

Similarly to local commissioners, national commissioners are looking to manage activity and expenditure growth for specialised services through QIPP schemes. Our Operational Plan itemised the financial impact of these and our immediate plans for addressing those challenges.

Perhaps of greater significance to our organisation, are two further developments:

- Intentions (outlined in the NHS England planning guidance published in December 2013) to reduce the number of centres delivering specialised services;
- Introduction of more stretching service specifications for the delivery of specialised services, which will increase the costs of delivering these services.

Our Competitors

Similarly to our local services, our main competitors for the specialised services we offer are ICHT, UCLH, GSTT and SGH.

Given the importance of these services to our clinical and financial sustainability, securing these services is an important component of our medium and longer-term plans.

2.3 Private Patient Services

Private Patient (PP) activity delivered over £13 million income for the Trust in 2013/14.

Demand for private patients services could rise as the economic outlook improves.

2.4 Education and Training Services

Our Services

CWFT is a significant local provider of multi-professional Education and Training. This includes undergraduate and postgraduate medical education, therapists and other healthcare professionals.

As outlined in our Operational Plan, Trust education and training income looks set to reduce over the next few years, as educational funding is reduced [overall] and redistributed away from London teaching centres through implementation of a tariff-based system.

Our Commissioners

Health Education England (HEE) set up 13 Local Education and Training Boards (LETBs) to plan and commission the provision of multi-professional education and training in their local areas. Our local LETB is Health Education North West London (HENWL).

Recently HEE has signalled in '*HEE – Beyond Transition'* that there will be a significant reconfiguration of the national HEE and LETB structure, reducing from thirteen to four national centres and a change in the role of the LETB to be more advisory.

2.5 Other Relevant Developments in the Local Health Economy

Shaping a Healthier Future

Shaping a Healthier Future (SaHF) is the name of the programme in NWL, developed by the eight constituent CCGs with local providers, to consolidate acute services in NWL. In summary, the proposals, set out the following:

- A series of out-of-hospital strategies to reduce overall acute sector activity;
- A reduction in the number of major hospitals in NWL to five (each with and ED, Maternity Unit and other acute inpatient services), with those being CWFT, Hillingdon, Northwick Park, WMUH and St Mary's Hospital;
- Designation of Ealing Hospital and Charing Cross Hospital as local hospitals (downgraded ED and reduced inpatient facilities);
- As a result of the above, increased non-elective and elective activity at the remaining major hospitals in NWL.

Although some components are already underway, most of our SaHF-related activity increases are due to occur from 2016/17.

The biggest impact for CWFT is the activity transfer that arises from Charing Cross Hospital becoming a local hospital. The size of these transfers by 2017/18 is expected to be as follows: (per annum data, once SaHF fully implemented in 2017/18 compared to 2013/14 baseline):

- 19,000 (65%) additional major and standard ED attendances;
- 10,000 (57%) additional non-elective admissions;
- 22,000 (4%) outpatient attendances;
- 5,000 (14%) elective admissions;
- Up to 600 (12%) additional births (and associated antenatal attendances).

To accommodate the increased activity from SaHF, we need to develop additional on-site capacity, which will require significant capital investment – and for which the Outline Business Case has recently been completed.

West Middlesex University Hospital

In autumn 2012, West Middlesex University Hospital (WMUH) was informed by the NHS TDA that it was unlikely to achieve Foundation Trust (FT) status as a standalone entity and should seek a merger or acquisition partner with whom to achieve FT status.

CWFT, after an initial expression of interest, which was followed by a formal competitive process, was selected as the preferred acquirer for WMUH in April 2013.

An Outline Business Case, describing the requirements, merits and risks associated with the acquisition, has been completed – and is currently being considered by key stakeholders.

Royal Brompton Hospital NHS Foundation Trust – Paediatric Cardio-respiratory services

An opportunity has arisen to explore the provision of Paediatric Cardio-respiratory services through a joint-venture with the Royal Brompton Hospital (RBH). A Strategic Outline Case has been developed, with further discussions due to take place later in 2014 to agree next steps.

3. Strategic Plan

In response to the challenges to our clinical, operational and financial sustainability, we have revised our vision and updated our Strategic Objectives to ensure we have the right focus going forward. These were set out in our Operational Plan submission and are as follows:

- **Vision -** Deliver the best possible experience and outcomes for our patients;
- **Strategic Objectives** -
    - Excel in providing high quality clinical services;
    - Improve population health outcomes and integrate care;
    - Deliver financial sustainability; and
    - Create an environment for learning, discovery and innovation.

We believe that achieving our vision through these strategic objectives will help deliver an organisation that is clinically, operationally and financial sustainable over the medium term.

Our two-year operational plan outlined what we are doing to achieve the vision and objectives over the next two years. This section outlines wider plans we are pursuing to achieve our vision through the following themes:

- Integration;
- Specialisation;
- Growth;
- Clinical Portfolio Optimisation.

3.1 Integration

From our collective analyses of the population demographics, it is clear that we will not be able to meet the rising demand for acute care in a population ageing with several chronic co-morbidities through the current siloed mechanisms of delivery. Interventions need to be made to prevent acute episodes (secondary prevention) and more rapid support provided to enable hospital episodes to be as short as possible; all of which will require resources in primary, acute, community and social care to be better coordinated and linked than they are at present.

In the short term, this is being pursued through collaboration with other types of providers to achieve a greater level of service coordination, so that patients experience integrated care. There is also much development of our internal processes and systems to enable integration to take place, in particular the infrastructure and processes we deploy to communicate with patients and other providers.

Over the medium term, organisational models may develop to deliver more integrated care, perhaps supported by changes to the payment mechanism.

We have already made some progress through working with local partners, achieving reductions in emergency admissions during 2013/14 through a programme of work jointly funded with our commissioners.

We are investing more resources in taking this work forward on three key fronts:

- Our Emergency Care Pathway Improvement Programme;
- Our Planned Care Pathway Improvement Programme;
- Our Accountable Care Group development programme.

This transformation in how we deliver local acute secondary care underpins the financial and operational sustainability of these services – without which we would face either increased operational costs in meeting the rising demand or operational costs in not achieving access targets.

3.2 Specialisation

Our current portfolio of Specialised Services includes the following specialties:

- *Women and Children* – Specialised Maternity, Neonatal Critical Care, Paediatric Medicine, Paediatric Surgery;
- *Internal Medicine* – Severe and Complex Obesity, Specialised Dermatology, Interventional Radiology, Specialised Imaging;
- *Cancer & Blood* – HIV, Chemotherapy (for Lung Cancer);
- *Trauma* – Burns Care, Specialised Pain, Adult Critical Care.

As noted earlier, the expectation over the medium term is that NHSE will try to commission these services from fewer centres, which could pose a significant threat to our continued provision of these services.

It is with that context in mind that we are currently evaluating two separate (but mutually enabling) opportunities noted earlier to partner with organisations to deliver these services at greater scale.

3.3 Growth

Shaping a Healthier Future

With local and national NHS commissioners looking to continue with QIPP programmes and divert expenditure away from the acute sector, there are very limited opportunities for organic activity and income growth from NHS activity.

Our main opportunity for NHS income growth over the next five-year period is through SaHF – where we successfully bid to become a Major Hospital in NWL. However, although the revenue growth is significant, further work needs to be done to ensure this activity can be delivered in a financially sustainable way.

Private Patient Services

Private Patient services growth has been identified as a key area for growth, since the lifting of the Private Patient Income Cap in October 2012: the key challenge for the organisation has been in determining how that growth can be delivered, given the capacity constraints faced by the organisation – as well as the increasingly competitive environment for these services.

We aim to deliver this growth through greater focus on certain services, developing our capacity, increasing the quality of our services and more active marketing of those services.

3.4 Clinical Services Portfolio

As described earlier, we provide a range of clinically-based services. It is appropriate that as our strategic and operational context changes, we review what services we provide to ensure they fit with our vision, strategy and needs of our patients and commissioners.

We are in the process of concluding development of our Clinical Services Strategy, which will describe in further detail how each of our service groups (local secondary acute, tertiary, private patients and education & research) will be developed.

3.5 Overview of the Financial Projections

The table below summaries the key financial indicators over the next five years and demonstrates that the Trust is financially viable during this period. The plan recognises the requirement to deliver year on year efficiency savings and the Trust has planned for an average of 4.1% productivity and efficiency over this period. The Cost Improvement Programme has been front loaded in the earlier years in recognition that opportunities will reduce over time. The Trust is evaluating a number of strategic partnerships however the financial implications of these have not been factored into the projections, as final decisions have not been made. However the business cases will consider if the partnerships will increase the financial sustainability and resilience of the Trust.

Over this period the Trust is also embarking on a significant capital investment in response to delivering the clinical strategy and reconfiguration of acute services in North West London. The plan has considered a number of sources of financing, which include internal resources and loan financing.

Overview of Financial Projections

	14/15	15/16	16/17	17/18	18/19
Income (£m)	367.5	369.8	374.5	427.1	428.4
Expenditure (£m)					
Operating Costs	(334.4)	(336.7)	(340.2)	(389.4)	(390.2)
Non Operating Costs	(26.0)	(26.4)	(27.0)	(27.5)	(29.3)
Surplus	**7.1**	**6.7**	**7.3**	**10.2**	**8.9**
EBITDA Margin %	9.0%	9.0%	9.2%	8.8%	8.9%
Net Surplus Margin %	1.9%	1.8%	1.9%	2.4%	2.1%
Continuity of Services Risk Rating (CoSR)	**3.0**	**3.0**	**3.0**	**3.0**	**3.0**
Cash Balance (£m)	**21.0**	**26.3**	**33.8**	**34.9**	**45.2**