Poole Hospital NHS
NHS Foundation Trust

Strategic Plan Document for 2013-14

Poole Hospital NHS Foundation Trust

Strategic Context and Direction	**Strategic Context** Poole Hospital ('PHFT') achieved Foundation Trust status in July 2007. It provides a range of general hospital services to the 250,000 population of Poole but is predominantly a provider of the following emergency and non-elective services to the wider population of East Dorset, including the populations of Poole and Bournemouth: • the trauma unit for east Dorset with a 24-hour major accident and emergency department; • obstetrics and neonatal services • paediatrics • oral surgery • neurology • medical and clinical oncology for the whole of Dorset In contrast PHFT does not provide the full range of elective services with orthopaedics, urology, ophthalmology and interventional cardiology being largely provided by The Royal Bournemouth and Christchurch Hospitals NHS Foundation Trust ('RBCH'). Although profitable during its first two years as a Foundation Trust the organisation's relative size and unusual case mix, (high percentage of non-elective activity), was an inevitable source of financial challenge. Emergency and non-elective services are expensive to provide, poorly remunerated and difficult to manage in volume. The application of a 30% tariff for emergency activity above 2008/09 levels also removed the hospital's main opportunity for profitable growth. To compound PHFT's difficulty, it is located in a region with a greater and increasing proportion of older patients compared to the UK average which presents particular challenges for the local health economy. These challenges are felt across the country but leave PHFT particularly exposed because of its unusual case mix. In 2009/10 the Trust breached its terms of authorisation by falling into deficit. Although the immediate causes of this breach have been successfully addressed the fundamental, underlying problems of the organisation remain. This has been recognised by the Board since 2010 leading to a formal decision in November 2011 to pursue merger with The Royal Bournemouth and Christchurch Hospitals NHS Foundation Trust ('RBCH'). The parties have cooperated closely in a large number of clinical and back office areas for a number of years and have always acknowledged their mutual interdependence. The merger, which it is hoped can be achieved by April 2014, offers a unique opportunity for the two Foundation Trusts to improve standards of care in a number of key clinical areas and increase their financial resilience. **Key Underlying Assumptions** Although the Trust is planning to submit an application for merger later this year the financial projections included in this Forward Plan are based on Poole as an independent Trust. They do not include any savings or costs which are dependent upon the merger. As a result, based on current national assumptions and assuming no further commissioner subsidy, they show an organisation that will breach its licence in 2014/15. PHFT is currently in surplus, before impairments, and will achieve break-even in 2013/14. However the organisation, as an independent Trust, will not be able to meet increasingly demanding healthcare standards or deliver the 4% to 5% cost savings assumed to be required each year for the next three years. Delivery of break-even in 2013/14 is dependent on transitional funding of £3.3m from the Dorset Clinical Commissioning Group ('CCG'), and on other non-recurring income / cost benefits. Based on current assumptions, including those used by Monitor to assess applicant trusts for foundation

	trust status, PHFT, as an independent Trust, is projected to incur a deficit of £9.4m in 2014/15 increasing to £15.2m in 2015/16. The Trust's current cash reserves of £15m will be exhausted by the end of 2014/15 and an overdraft / borrowing of almost £15m is projected for March 2016. The Board of Directors believe that this position is avoidable. There is strong support for the merger at all levels of the local health community and the achievement of merger by April 2014 will ensure that existing high quality healthcare services will be sustained across East Dorset.
Approach taken to quality (including patient safety, clinical effectiveness and patient experience)	Improving the quality of care is at the centre of everything we do at Poole Hospital. The desire to drive up quality standards is clearly articulated in the Poole Approach, our unique philosophy of care, which states that we will provide: 'friendly professional, patient-centred care with dignity and respect for all'. The Board of Directors considers issues relating to patient care and safety, quality and clinical performance in detail at the meetings of its Quality, Safety and Performance Committee and during the public part of each and every monthly Board meeting. During 2012-2013, The Trust has made good progress against three of our key quality improvement measures. We fully achieved what we set out to achieve in last year's quality report in those three key areas, readmissions, delayed discharges and infection prevention. We did not achieve our other two improvement targets in the right place or in waiting times in the Accident and Emergency department principally because of the pressures on hospital admissions throughout the winter. Alongside these quality improvements there has been improvement in measures of fundamental care in particular preventing harm from patient falls and preventing hospital acquired infections. In reviewing patient care, patient safety, clinical effectiveness and patient experience the board has targeted five key areas for improvement in 2013/14. In selecting the areas for this year's quality improvements the Board has sought the views of patients, the public and staff through the Council of Governors. The areas for improvement in 2013-2014 are:- **Care of People with Dementia** - The Trust is committed to improving the care of patients who have a diagnosis of dementia. Improvements have been made to ward environments and the training of staff. The next step in this journey is to ensure that patients have a dementia assessment on admission. **Increase the right patient in the right place at the right time** - Increasing the number of patients placed in the specialist area they require and reducing the number of patients outlying in other wards. **Venous Thrombo Embolism (VTE)** - Increasing the percentage of patients who have a VTE assessment on admission so that those patients who are at risk can receive appropriate care and treatment. **Accident and Emergency** - Increasing the percentage of people who are seen and treated within 4 hours in the Emergency Department of Poole Hospital in 2013-2014. **Use of Day Theatres**

	- Increasing the use of day theatres to maximize patient benefit and throughput.
Clinical Strategy	**Service Line Management Strategy:** The proposed merger between the Royal Bournemouth and Christchurch Hospitals NHS Foundation Trust (**RBCHFT**) and Poole Hospital NHS Foundation (**PHFT**) offers a unique opportunity for the two Foundation Trusts ("FTs" or "Trusts") to improve standards of care in a number of key clinical areas: maternity, cardiology, haematology, accident and emergency (A&E) and emergency surgery and increase their financial resilience. The merger will allow the Parties to deliver improved medical staff cover in all key areas. In so doing, the Trusts will improve patient outcomes, reduce patient morbidity and avoidable mortality. It is therefore vital that the merger proceeds to deliver these important patient benefits. The merger also provides the only practical opportunity for the parties to achieve viable scale in a number of services which have traditionally operated with undesirably low patient volumes. This will deliver significant clinical and economic benefits. From a clinical perspective, this will mean that joint medical teams will be able to treat a larger throughput of patients. Large patient throughput allows medical staff to specialise further (in the case of specialisms such as maternity, cardiology, haematology or emergency surgery) and further develop their diagnostic abilities, (in the case of A&E).
	Clinical Workforce Strategy Maintaining a skilled and motivated workforce throughout the forthcoming year, with the significant quality and cost pressures on the NHS, as well as the merger work, requires extra efforts. In particular, 2013/14 will see: ▪ Provision of a range of revised and new data-highlight reports and action plans to a wide range of stakeholder groups trust wide to support early warning of potential problems, including ▪ on-going support, actions and monitoring of workforce absence and associated case work ▪ review of stability and turnover analysis – with targeted actions to address hot spots ▪ on-going analysis and targeted support provision for vacancy management, recruitment activity, Staff Bank-temporary staff usage including hot spot reports and proposed actions ▪ review of appraisal paperwork (linked to new AfC changes 2013) and to commence a project on increasing completion rates trust wide ▪ National changes e.g. Agenda for Change (AfC) and legislative changes to employment law ▪On-going HR support on workforce changes, legal advice, NHSLA, workforce merger programme, HR policies, TUPEs and the CIP programme including utilising the successful collective consultation approach and working in partnership commitments introduced in 2012-13 ▪Professional and robust HR support to employee relations case work – working closely with staff, managers and the trade unions to further develop the mediation approach and reduce issues ▪On-going commitment to promote and support workforce health and well-being – rolling

	out the bespoke stress-resilience programmes to all employee groups, linking up with national well-being programmes, working closely with Communications team, Diversity group, Occupational Health and the newly appointed Employee Assistance provider for the Trust. ▪ Continue with the diversity and equality programme, supporting Stonewall and breaking down traditional barriers, linking closely with the staff survey action plan and taking forward pledges, supporting the organisational development work programme and further developing trust values ▪To complete a trust wide review of all workforce records to support major incident reporting records, mandatory compliance and support the pensions auto-enrolment programme ▪Commitment to continue with maintaining positive working relationships between management and the trade unions, with particular regard to build and foster relationships between both Trusts in support of the merger work programme ▪Support for Leadership development and professional development with a focus on personal development planning and links to training offerings both in-house and external, e.g. ▪ HCA development programme - being developed in-house 2013 ▪Ward Managers (Band 5/6) development programme – being developed in house 2013 ▪Support from the Trust Board of the launch of the NHS Core Leadership Programme and encouraging staff within the Trust to participate within these highly rated programmes The following table shows planned staff numbers (wte) by staff group, for the last 2 years and for the 3 years of the Forward Plan.

	31-Mar-12	31-Mar-13		31-Mar-14	31-Mar-15	31-Mar-16	Change over 3 Yr Plan (Plan to Plan)	
	Actual	Actual	Budget	Plan	Plan	Plan	wte	%
Medical								
Total Medical Staff	368	358	388	402	415	425	36	9.3%
Nursing								
Nurses and Midwives	1,287	1,337	1,369	1,386	1,411	1,410	41	3.0%
Health Care Assts	171	184	185	191	194	195	10	5.5%
Other Clinical Groups								
Allied Health prof.	249	262	279	280	281	284	5	1.9%
Other scientific etc	340	343	351	353	356	354	3	0.8%
Agency	15							
Total Clinical	**2,428**	**2,483**	**2,572**	**2,612**	**2,656**	**2,667**	**95**	3.7%
Non-Clinical								
Admin & Clerical	572	568	586	562	531	472	-114	-19.5%
Other Non-Clinical	26	29	30	28	28	28	-2	-6.7%
Executives	7	7	7	8	8	8	1	7.2%
Non Executives	7	7	7	7	7	7	0	0.0%
Agency / Contract	12		1	1	1	1	0	0.0%
Total Non-Clinical	**624**	**611**	**632**	**606**	**575**	**516**	**-116**	-18.3%
Vacancies / Agency / Bank	**123**	**110**						
Total Staff (establishment)	**3,175**	**3,204**	**3,204**	**3,218**	**3,231**	**3,184**	**-21**	-0.6%

The key changes in staff numbers over the 3 years of the plan reflect:

- Cost improvement programme relating primarily to non-clinical staff (154 wte)
- Investment in medical and nursing staff to deliver increased activity to offset tariff deflation and transitional funding
- Investment in medical staff to improve out of hours services in ED and cardiology.

Clinical Sustainability

Poole Hospital provides excellent clinical services but without the merger lacks critical mass in a number of areas.

Cardiology:

The Trust does not have a dedicated cardiology rota and instead employs four cardiologists who are part of an acute medical rota. There is no cardiology cover for 75% of out of hours' time resulting in long waits for review by a middle grade doctor or a consultant cardiologist. This increases the risk of adverse outcomes for patients. Moreover, as Poole does not have a catheter laboratory, patients requiring Primary Percutaneous Coronary Intervention ('PPCI') are currently transferred to RBCH.

Haematology:

At present Poole does not have a sufficient number of patients to reach the recommended minimum efficient scale for provision of haematology services. (According to the National Cancer Action Team, the recommended minimum efficient scale for establishing a

	haemato-oncology cancer service is a population of 500,000.) **Maternity** PHFT currently provides a midwife-led maternity unit collocated with a consultant-led high risk obstetric service and neonatal intensive care. PHFT's midwife to mother ratio is 1:33.5, which is lower than the 1:28 ratio recommended by the Royal College of Midwives. The Trust has been unable to employ more midwives primarily because of a national shortage of midwives. **A&E** The Trust annually treats 60,000 patients in A&E. It employs 5 consultants and is currently trying to recruit a 6th consultant. Consultant cover is provided for 12 hours per day during the week and 3 to 4 hours per day during the weekend. Outside these hours, consultant input is provided on an on-call, off-site basis under a shared rota with RBCH. The Trust finds it difficult to maintain robust and sufficient support of junior doctors at night and at the weekend. This situation is not sufficient to meet the College of Emergency Medicine's recommendation for minimum cover to ensure high quality patient care. The College requires a 16-hour consultant cover, seven days a week but recommends a 24-hour cover, seven days a week. The 16-hour cover requires a minimum of 12 full time equivalent consultants. **Acute Surgery** The Trust currently employs 5.5 full time equivalent general surgeons participating in the delivery of independent, 24/7 emergency surgery rotas. Consultants are supported by an intermediate layer of middle grade doctors comprising Trainee Surgical Registrars (SpRs) and staff grade doctors. With a nationally driven reduction in the number of surgical trainees, together with a shorter training and less experienced registrars, the Trust finds it difficult to staff this middle grade rota. The Trust is not currently able to comply with national recommendations including: •ensuring a 24x7 consultant-led emergency surgery service with consultants free from elective commitments whilst they are on call for emergencies; •offering an all-day dedicated theatre on standby for emergency surgery; •ensuring all surgeons on the emergency rota are trained in laparoscopic surgery – a requirement for best practice care; •compensating for the reduction in the numbers of middle grade doctors and the impact of the European Working Time Directive by combining trainee surgeons onto a single, more resilient rota to achieve greater supervision and training •maximising the potential for continued development of consultant specialisation and thereby improve outcomes.
Productivity & Efficiency	**Overview of potential productivity and efficiency gains built into plans, including financial impact of projected gains**: The Trust's cost improvement programme for the 3 years to March 2016 has been developed as part of the joint merger process with RBCH. The development of this programme has been supported by external management consultants and has identified savings which are achievable by the two independent Trusts in addition to identifying £14m of savings which can only be achieved following merger. This plan includes only those savings which can be achieved by Poole as an independent

Trust.

In summary the Trust's cost improvement programme delivers total cost savings of £9.1m (4.5%) over the 3 years and reduces staffing levels by 154 wte (5%), primarily in non-clinical areas.

Directorate	2013/14	2014/15	2016/17	**Total**
	£'000	£'000	£'000	**£'000**
Medicine	517	304	302	**1,123**
Maternity / Children / Diagnostics ('MCD')	829	402	392	**1,623**
Surgery	449	108	139	**696**
Pharmacy ('PPC')	220	0	0	**220**
Corporate	1,215	830	1,780	**3,825**
LoS	238	134	127	**499**
Procurement	544	377	195	**1,116**
Sub-Total Cost Savir	**4,012**	**2,155**	**2,935**	**9,102**
Income	329	217	71	**617**
Total	**4,341**	**2,372**	**3,006**	**9,719**

CIP Governance

Since being placed in significant breach in July 2010 the Trust has established a good track record for development and delivery of cost improvements. The Trust has a well-established, well-resourced Programme Management Office ('PMO')

The following table shows savings of £18m delivered over the last 3 years.

Cost Improvement programme Performance				
	2010/11	**2011/12**	**2012/13**	**3 year**
	Actual	**Actual**	**Actual**	**Actual**
Recurrent CIP Target	6.5	11.2	5.7	23.4
Target as % of planned turnover	3.50%	5.80%	2.90%	12%
Recurrent CIP Achieved	6.1	8.4	3.1	17.6
% of target	94%	75%	54%	75%
Non-Recurrent CIP Achieved	0.5	2.8	0.2	3.5

CIP Programme 2013/14

The following table shows the key savings projects for 2013/14. Each project has been

risk rated and the overall risk rating of the programme is as follows:

- Green Rated £1.4m
- Amber Rated £1.4m
- Red Rated £1.5m

The Trust will ensure that any shortfall on CIP is off-set by non-recurring savings

Plan Name	WTE	Pay	Non Pay	Income	Total CIP Plan
Therapy staffing reconfiguration	4	122	-	-	**122**
Drug pathway redesign		-	106	-	**106**
Bed reconfiguration	11	176	17	-	**193**
Private patient income		-	-	240	**240**
Other Medical Division	3	259	220	-	**479**
Renewal of PACS/RIS			187		**187**
Other MCD Division	3	267	270	89	**625**
Review of extra duty/session payments in Surgery		100	**-**	**-**	**100**
Productivity and Utilisation - Anaesthetics	2	83	-	-	**83**
Vacancy factor - up to 2% Surgery		139	**-**	**-**	**139**
Other Surgical Division	-	90	270	-	**360**
Executive Board	9	200			**200**
Nursing		20			**20**
Business Development		20			**20**
Finance, Operations, Claims		475			**475**
PPC scheme			220		**220**
Procurement			272		**272**
Other			500		**500**
Total	**31**	**1,950**	**2,062**	**329**	**4,341**

CIP Programme 2014/15 and 2015/16

The following table shows the key savings projects for 2014/15 and 2015/16. At this stage the majority of schemes are amber or red rated.

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DIRECTORATE	SCHEME	2014/15	2015/16	Risk Rating
Anaesthetics	Procurement	216	100	A
Paediatrics	Estates Reconfiguration	0	297	R
Medicine	LoS	134	127	R
Medicine	Optimising Medical Productivity	110	110	R
Radiology	Renewal of PACS/RIS	194	2	G
Specialist Services	Drug Procurement	0	188	A
Trauma and Orthopaedics	Reconfiguration of Trauma bed capacity	0	140	A
Anaesthetics	Productivity and Utilisation	83	45	A
Pathology / Pharmacy / Therapies	Additional service income	125	0	R
Pathology / Pharmacy / Therapies	Consolidation of 3 main therapy outpatients	103	0	A
Surgical Specialties	Changes in Medical Workforce	22	70	A
Cancer Care	Procurement maintenance radiotherapy	83	0	G
Trauma and Orthopaedics	Orthopaedics Clinical Strategy Procurement	0	79	R
Radiology	Admin and Clerical reorganisation	78	0	G
Other Clinical Projects < £75,000		397	556	
Sub-Total Clinical Projects		**1,543**	**1,714**	
IT inc Medical Records	Medical Records (Pay)	**0**	704	A
Nursing	CNST Maternity	396	0	R
Service Development	Energy Reduction	147	105	A
Service Development	Restructuring of staffing levels and roles	25	150	G
IT inc Medical Records	Medical Records (Non-pay)	**0**	125	A
IT inc Medical Records	IT Restructuring	84	0	A
IT inc Medical Records	IT Maintenance	**0**	71	A
Other Corporate Schemes < £70,000		**179**	**132**	
Sub-Total Corporate Schemes		**831**	**1,287**	
TOTAL CIP PROGRAMME 2014/15 & 2015/16		**2,374**	**3,001**	

Quality Impact of CIPs

All CIP projects are formally signed off by the Medical director and Nursing Director. This CIP Programme does not therefore present any risk to patient safety or quality.

The impact of the CIP programme on quality is routinely monitored by the Board and its sub-committees

Financial & Investment Strategy	**An Assessment of the Trust's Current Financial Position.** Poole Hospital NHS Foundation Trust ('PHFT') is a relatively small organisation which has an unusual case mix heavily skewed to non-elective care which is expensive to provide, poorly remunerated and difficult to manage in volume. PHFT financial position at 31st March 2013 is summarised as follows: •Operating surplus of £1.3m in 2012/13 (last year £1.0m) before impairments •EBITDA of 5.4% (last year 6.5%) •96% of EBITDA plan achieved •Cash balance of £15m (last year £15.4m) •No long term debt (other than leases of £0.2m) •Unused Prudential Borrowing Limit of £37.9m •Financial Risk ('FRR') rating of 3 throughout the year. •Monitor New Financial Risk Rating (draft) of 4 •Reference Cost Index (MFF adjusted) of 93 Although this is an acceptable financial position in the short term, the Trust, as an independent Trust, will not be able to meet increasingly demanding healthcare standards nor deliver the 4% to 5% cost savings required each year for the next three years. This assumption has been supported and verified by independent, external accountancy review. The Trust is projecting a small surplus of £0.2m in 2013/14 but this includes a challenging cost improvement programme of £4m and non-recurring income as follows: •£3.3m of transitional funding from Dorset Clinical Commissioning Group to support Trust through to merger •£2.2m of donated income As a result of this underlying position and an inability to deliver further significant savings in the future the Trust is projecting a deficit of £9.4m in 2014/15 and £15.2m in 2016/17. The Trust's current cash reserves of £15m will be exhausted by the end of 2013/14 and an overdraft of almost £15m is projected for March 2016.
	Key Financial Priorities and Investments and How these link to the Trust's Overall Strategy. The Trust's Board of Directors has decided that the Trust will not deliver the level of savings required beyond 2013/14 without a fundamental change in the way services are configured and provided. The Board has evaluated all potential alternative strategies and has concluded that the only strategy which addresses current financial challenges and delivers sustainable, high quality services across Bournemouth and Poole is a merger with the Royal Bournemouth and Christchurch NHS Foundation Trust. This proposed merger is currently being assessed by the Competition Commission and it is anticipated that an application will be made to Monitor by the end of September 2013. The Integrated Business Plan and Long Term Financial Plan for the merged Trust is currently being developed. However, the financial projections included in this Forward Plan are based on Poole as an independent Trust. They do not include any savings or

costs which are dependent upon the merger.

In summary the Trusts financial strategy is to:

- achieve the agreed financial plan for 2013/14 which delivers:
  - an overall net surplus of £0.2m
  - a healthy liquidity position, with cash balances of almost £12m
  - a Financial Risk Rating ('FRR') of 3 in each quarter (however this will be overridden to 2 because of projected deficits in the following two years
  - a Continuity of Service Risk rating of 3
- Make key investments in the infrastructure, workforce and service development to ensure the delivery of safe, high quality services
- achieve a merger with RBCH by April 2014 in order to deliver the level of savings required over the following 2 to 3 years
- If the merger does not proceed, or is significantly delayed, the Trust will discuss with its commissioners alternative strategies including transitional funding to support the Trust during their implementation. However the CCG have made it clear that they are not willing to provide additional income if the merger does not proceed and therefore it is likely that the Trust will be declared in breach of its licence in early 2014/15 and will enter Monitor's failure regime.

Key financial investments and priorities included in this plan are as follows:

- Investment of £14m in the Trust's estate over 3 years including:
  - £3.8m investment in refurbishment of the maternity hospital
  - £3.4m investment in a new radiotherapy bunker to enable rolling replacement programme of the Trust's existing linear accelerators and in the medium term an increase in capacity from 4 units to 5
- Investment of £8m in development and implementation of integrated IT strategy across Bournemouth and Poole Hospital NHS Foundation Trust
- Investment of £8m in replacement medical equipment

The capital programme included in this plan is essential for patient safety and operational performance, irrespective of the merger. The investment in a 5th radiotherapy bunker has been delayed until 2014/15 to protect the Trust's liquidity but cannot be delayed further even if the merger is rejected.

Other proposed developments at Poole are dependent on achievement of the merger and are not included in this plan but will be included in the Integrated Business plan of the merged Trust. In particular:

- £8m investment in the centralisation of haematology services at the Poole site
- £37m investment in a new maternity unit which has been a Trust priority for 25 years.

The Trust has also included in plans for 2013/14 key increases in expenditure to improve out of hours cover and address operational issues in key services including:

- Emergency Department

- Acute surgery
- Anaesthetics
- Stroke

Key Risks to Achieving the Financial Strategy and Mitigations.

As the Trust's strategy is based on achieving a merger with RBCH by April 2014 the key risks to achieving this strategy are divided into two main areas:

- Risks to the achievement of the financial plan for 2013/14
- Risks to the achievement of a merger with RBCH by early 2014/15

Key Risks – Achievement of 2013/14 Financial Plan

Category of risk	Description of risk (including timing)	Mitigating actions / contingency plans in place	Risk Rating
Achievement of Planned Income Levels	Planned income in 2013/14 is £5.6m higher than 2012/13 and includes £3.3m of transitional funding	Agree 'managed contract' with CCG that secures contract income Ensure all mandatory targets delivered to avoid fines Negotiate early agreement	
Delivery of CIP	£1.2m of CIP programme is red rated	Deliver non-recurring savings to off-set any shortfall on recurring CIP Ensure CIP programme delivered in full	
Additional Cost Pressures	The Trust faces additional cost pressures in A&E of up to £1m in 2013/14 in order to sustain performance and patient safety	Negotiate early settlement of 'winter pressure' funding of £1m. CGG have indicated agreement in principal	

Key Risks – Achievement of Merger with RBCH

Category of risk	Description of risk (including timing)	Mitigating actions / contingency plans in place	Risk Rating
Competition Commission Prohibit Merger on Competition Grounds or impose unacceptable remedies	The Competition Commission are able to prohibit the merger or impose remedies if they feel that there is a significant lessening of competition which is unjustified by the benefits. It is anticipated that the Competition Process will be complete by 30th August 2013	•Provide information / evidence to minimise competition issues •Provide detailed evidence of counter-factual case including financial failure of PHFT	
Either party decide not to proceed with merger	The two Boards will undertake due diligence before making final decision in September 2013 on submission of Integrated Business Plan. Final decision, including support of governors will follow completion of Monitor Risk assessment	•Continued transparency in terms of provision of information •Provide information as part of due diligence process	
Failure to identify sufficient cost savings to deliver acceptable financial performance for merged Trust	The merged Trust needs to deliver total improvement programme of 4% to 5% per year in line with Monitor's assumptions. Part of this may be delivered through income growth (see below) but it is likely that detailed savings plans to deliver £15m per year will be required for at least 2014/15 and 2015/16	•Continued development of CIP programme led by shadow Board •On-going income planning with commissioners	
Loss of activity / income	Draft plans for the merged Trust currently assume that activity / income will grow at least at a level to off-set tariff deflation ("flat-cash assumption). The commissioners have confirmed that, in principle, this is a reasonable working assumption but there are risks: •Growth of £3.3m will be required to off-set current transitional funding received by Poole in 2013/14 •Growth in emergency activity will only attract income at 30% of tariff •Increasing competition from 'AQP' •Loss of activity / income from integration of Poole and Bournemouth services ("dual tariff"	•Negotiation of 3 year contract with commissioners •Development of effective tenders for AQP •Repatriation of tertiary activity •Achievement of best practice tariffs/ CQUIN etc.	