The Walton Centre NHS Foundation Trust

Excellence in Neuroscience

Strategic Plan Document for 2013-14

The Walton Centre NHS Foundation Trust

1.

STRATEGIC CONTEXT AND DIRECTION

Strategic Position

The Walton Centre is the UK's only freestanding neurosciences hospital trust and the biggest and busiest neurosurgical unit in the country. It provides neurology, neurosurgery, spinal surgery, rehabilitation, neuropsychology and specialist pain services, supported by specialist diagnostics, for Merseyside, Cheshire, North Wales and the Isle of Man.

The Trust's five year strategy 2012-17 is structured around nine strategic objectives:

Objective One: Quality of care

Objective Two: Developing our centre

Objective Three: Neurology services

Objective Four: Neurosurgery, anaesthesia and pain services

Objective Five: Rehabilitation

Objective Six: Research and innovation

Objective Seven: Reputation and relationships

Objective Eight: Our workforce

Objective Nine: Financial strength

Central to implementation of the strategy is the Trust's Strategic Investment Programme. This responds to growing demand for the Centre's services with a programme of expansion, improvement and rationalisation of its facilities. The first phase, provision of a sixth operating theatre and a new 29 bed acute ward, was completed in 2012-13 within its £9m budget and is already fully utilised. The second phase, which is now on site at a total capital cost of £33m, includes expansion of the Trust's day ward to incorporate a short stay surgical unit and a new three storey building to accommodate its specialised rehabilitation service, pain management programme and neuropsychology service, provide additional outpatient capacity and rationalise corporate departments.

The Trust's key strengths include:

Clinical:

- Its comprehensive range of services
- Its national and international reputation especially in specific neurosurgical and neurological sub specialties and pain
- Its central role in the major trauma centre collaborative (MTCC) and in rehabilitation for Merseyside and Cheshire
- Its effective and cost effective outreach outpatient and ward referral neurological service within district general hospitals across a wide population

Service Quality:

- The trust of patients and referring clinicians across a wide area
- High ratings on the national inpatient survey

- Track record of quality improvement
- Its clinical outcomes expertise

Staff:

- High quality multi-disciplinary staff
- Positive ratings in the national staff survey
- Award winning staff health and wellbeing programme

Organisational:

- Focus on neurosciences as a specialist trust,
- Financial soundness, with consistent I&E surpluses, including a normalised £1.9m in 2012-13, notwithstanding the major capacity expansion.

Areas of relative weakness, addressed in this plan, are levels of consultant staffing in certain sub specialties and the Trust's capacity to provide inpatient neurological care.

The Trust has experienced steady growth in activity over recent years. There are a number of factors in this, which are unlikely to alter significantly:

- Many conditions appear with age, and many patients have complex long term conditions needing regular review and are living longer, so demographic changes are placing upward pressure on demand;
- Inpatient case mix has been increasing, with higher complexity and patient acuity;
- General medical training involves little (sometimes no) neurology so GPs are not generally able to manage neurological conditions, limiting the amount of activity that might be devolved directly to primary care.
- Neurological conditions tend to be unamenable to public health activity.

As the sole neurosciences provider in Merseyside, South Lancashire, Cheshire and North Wales, the Centre has no direct competitors within the local health economy. Areas of competition are:

- The regional neuroscience centres at Salford, Preston and Stoke. The chief competitor is the Salford unit, which is the largest of the three and benefits from its association with the University of Manchester;
- Local orthopaedic spinal providers, including Aintree, Royal Liverpool University Hospitals and Warrington. Whilst these lack the breadth and capacity of the Walton Centre, they are competitors for routine referrals.

Against that background, the Trust anticipates retaining its market dominance in neurosciences within its catchment area and believes it is competitive for growth on its periphery, and foresees continued potential for an increased market share in spinal services.

Commissioning Context

England

The Trust's main contract has historically been with the North West Specialist Commissioning Team (NWSCT) which operated as specialist/collective commissioner for all PCTs across the North West until March 2013. The Trust receives the majority of its income from this contract (c70%). All the services that were previously commissioned by NWSCT are still commissioned

by NHS England under a single contract.

From April 2013, this contract has been held and managed by the Cheshire, Warrington and Wirral Area Team which is responsible for managing specialist commissioning on behalf of NHS England for the whole of the North West.

The Trust meets all the relevant national specialised service specifications and will not require any derogations – D02 Specialist rehabilitation for patients with highly complex needs, D03 Adult neurosurgery, D04 Neurosciences, D08 Specialised pain, and D14 Complex spinal surgery. These may, especially if tightened over time, provide an opportunity for the Walton Centre if other smaller less comprehensive providers prove unable to comply. The impact of the commissioning policies is unclear. So far only a very small number of patients would be affected by the withdrawal of deep brain stimulation for conditions other than movement disorders.

The Trust is expecting the opening contract value to be c£71.6m, representing a significant increase from the previous contract, including £1.4m for estimated growth, c£1.5m transfer of contracts from West Midlands SCT and all other English NHS activity and £4.0m for the full year effect of the rehabilitation network development which was agreed in 2012-13. The majority of the personnel within the specialist commissioning team have changed. This could be a threat to the Walton Centre; however, there is some continuity and a number of the new members of the commissioning team are known to the Trust.

The Walton Centre is a very active participant in the local North Mersey Health economy and is represented in all North Mersey health economy planning fora, including QIPP, service configuration, IM&T, emergency planning etc.

Local commissioners have signalled a strategic aim for closer integration between services and care to be provided closer to patients' homes. The Trust's own strategy is fully in line with these aims: its delivery model already provides satellite outpatient and ward referral neurology services in 18 general hospitals, and it is increasingly developing primary/community neurology and pain services.

The immediate area of focus in this for the Walton Centre has been the establishment of a Cheshire & Merseyside Rehabilitation network, which has been sponsored and funded by the four local Clinical Commissioning Groups (CCGs) and commenced in January 2013. This is managed by the Walton Centre and is planned to expand in 2013 to include community rehabilitation.

Wales

The Trust's other main contract is with the Welsh Health Specialist Services Committee/Betsi Cadwaladr University Health Board in respect of activity from Wales. The opening 2013-14 contract value for Wales is estimated at c£14m. The Trust received £13m final settlement for 2012-13. Discussions with Welsh Commissioners have been much more positive and the Specialist Commissioners in Wales now recognise that the baseline contract needs to increase going forwards. Therefore the Walton Centre's financial plans have been amended to reflect the assumption that Welsh commissioners will be able to increase funding above the £13m "capped" level that was previously used in the Trust's long term financial model.

Welsh Commissioners tendered major trauma services for North Wales in 2012-13 and this is due to be re-tendered in 2013-14. The Trust is seeking clarification of commissioners' plans regarding this service for the future.

Risks and Opportunities

A range of overlapping work is taking place within the local health economy on health and

service strategy. The Mayor of Liverpool has established the Liverpool Health Commission with the remit to identify how best to support and improve the health and wellbeing of the people of this city; Liverpool CCG has established the Health Liverpool Programme to develop a new model of health care for the city; and system leaders from health and local authorities are collaborating on developing an outline vision for health and social care across the conurbation. The Trust is participating fully in these initiatives. As the neuroscience provider, the Trust does not anticipate they will lead to any reconfiguration of its services, nor is it aware of any local or regional plans that would involve the Walton Centre treating fewer patients nor any plans from either of the two main commissioners that would result in any tendering or de-commissioning of services that it currently provides. On the contrary, there are several new opportunities for the Trust and discussions are taking place with other local hospitals, CCGs and area teams to explore the possibility of the Centre developing additional services in areas such as:

- Endovascular services – thrombectomy and expansion of the Trust's endovascular service to provide 24/7 cover
- Pain services – improving local access to pain relief and pain management services as an alternative to DGH based chronic pain services;
- Community based Neurology;
- Direct access to imaging.

There are some threats to consider such as:

- Any changes to arrangements for funding drugs provided in community settings by homecare companies which affect a significant number of patients treated by the Walton Centre (e.g. MS patients);
- The funding mechanism for the rehabilitation development longer term, if the service moves to a tariff based system (although the Trust expects to receive the highest level of payment given the case-complexity of its patients, therefore this could also be a financial up-side);
- The possibility of incurring financial penalties in respect of infection trajectories. The Trusts C.diff trajectory is 5 for 2013-14 and zero for cases of MRSA bacteraemia.

Activity and demand profile

Table highlights the Trust's continued growth in demand over the last few years. Day case activity has grown by 9% since 2009-10 and inpatients and outpatients by 16% and 15% respectively.

Table 1: Activity Trends

	2009-10	**2010-11**	**2011-12**	**2012-13**
Day Cases	8,715	8,507	8,881	9,500
Inpatients	4,540	5,050	5,322	5,254
Outpatients	80,590	86,890	90,458	92,888
Key Diagnostic Tests	21,345	22,683	23,757	23,913

Source: The Walton Centre NHS FT annual report 2012-13.

Going forward, growth is still expected, but at a more modest level. The Trust has assumed c2% growth per annum in elective referrals in Neurosurgery over the next 3 years, c5% in Pain services and 1% in Neurology. There is no assumed growth in non-elective activity for the next 2

years.

The main trends to highlight are:

- Sustained increase in Neurosurgical elective activity, in particular, spinal activity;
- Sustained increase in outpatient activity, in particular, Neurology;
- A decline in Neurosurgical non elective activity;
- Increase in case-complexity and critical care usage;
- Increase in rehabilitation activity due to establishment of new Cheshire & Mersey network.

Other Income Streams

The Trust has a relatively small income base for R&D and private patients, although both areas of income grew in 2012-13. The Trust's strategy is to continue to develop and grow its income, in particular in respect of research and education and is exploring the market for private patient work. New clinical trials facilities have been opened and the research, development and innovation strategy is currently being reviewed. The Trust is also exploring commercial opportunities with the NHS Global. These plans are still in development, therefore no increase in income has been assumed in the three year plans yet.

Collaboration, Integration and Patient Choice

The Trust is collaborating in a number of areas with other services to improve the quality and integration of care for patients:

- Major trauma: building on the major trauma centre collaborative (MTCC) with Aintree University Hospital and the Royal Liverpool University Hospitals;
- Rehabilitation: further development of the Merseyside rehabilitation network. This includes hub and spoke provision of inpatient rehabilitation involving St Helens and Knowsley Teaching Hospitals and the Royal Liverpool University Hospitals, and liaison with the specialist spinal injuries unit at Southport and brain injuries rehabilitation unit provided by Mersey Care NHST. The network also includes voluntary sector providers and the development of community services. The Trust is currently planning with Mersey Care to co-locate the BIRU with the specialised rehabilitation service in the Walton Centre's new building, from 2014:
- Transitional care: this is focused on work with Alder Hey NHSFT in specialised areas such as neuromuscular, epilepsy and functional neurosurgery;
- Joint clinical management: the Trust collaborates clinically with other hospitals to ensure the safe and optimal care of patients with needs requiring the input of other specialities.

The Trust has no plans for developments with other parties that would restrict patient choice.

QUALITY

Quality Governance

Quality is at the forefront of the Trust's 5 year strategy and is central to its key initiatives. The Board gains assurance regarding quality through:

- The Trust's governance structure. Quality is overseen by the Governance, Risk and Quality Committee of the Board, supported by the Patient Safety Group, Clinical Effectiveness Group and Patient Experience Group;

- Internal monitoring systems. These include a comprehensive range of quality metrics integrated with the monthly Corporate Performance Report, performance against CQUINS, and information for the Trust's Quality Account;
- External data and reviews. The CQC's Quality Risk Profile is considered by the Board; the Trust is registered with the CQC and subject to annual inspection and unannounced visits; it has commissioned or is a member of a range of external peer reviews, and develops and monitors action plans in response to these through its committee structure; and it has a strong commitment to the development and use of outcome measures;
- Patient feedback, including the national patient surveys, internal surveys including the pilot Friends and Family test, patient stories at each Board meeting and review of complaints;
- Staff feedback, including the national staff survey and the North West NHS Transparency Pilot.

The Trust underwent its annual CQC inspection in June 2012 and a follow up, unannounced visit in March 2013. The CQC record no concerns regarding the Walton Centre. The Trust's cancer service underwent peer review in January and is working with the Cancer Network to improve attendance and collaboration from other trusts in order to provide a consistent contribution at MDT. The Pathology department was conditionally accredited following a CPA surveillance visit; it is expected to receive full accreditation in July. The Trust received a positive report following a peer review of the Critical Care department in January.

Quality Improvement Priorities

Key risks to quality within the Trust's plans for 2013-14 are:

- Infection control. The Trust's target for MRSA bacteraemia is 0 (compared with a target of 1 and achievement of 0 in 2012-13) and for Clostridium difficile 5 (compared with a target of 8 and achievement of 7). Despite the Trust's previous performance this remains a risk as the targets are so low. They are being managed through maintaining education and training on antibiotic usage; maintaining monthly infection control audits (hand hygiene); introducing a new cleaning schedule; continuing to undertake root cause analysis of all hospital acquired infections; and continuing to work in partnership with commissioners where appropriate;
- RTT and cancelled operations. These continue to be closely monitored, especially on the admissions pathway for neurosurgical patients. Whilst a degree of risk remains at the level of the neurosurgery specialty, the Trust is confident of achieving the Monitor target. The opening of the new theatre and Chavasse ward in January 2013 has enabled the Trust to manage demand with increasing efficiency. With extensive action planning the Trust has achieved on all national targets since October 2012. A new theatre manager has been appointed to lead on a project of theatre modernisation and plans are in place to reduce the number of cancelled operations and list over-runs. A new theatre software system is being installed in Q1 2013-14 as part of the efficiency strategy;
- Disruption from the current major capital schemes affecting patient experience through noise, impact on outpatient capacity and use of temporary service locations for services that have been displaced. These are being managed through close communication with affected departments, additional temporary outpatient facilities and improvements to the

decant areas;

- The impact on patient pathways through the Walton Centre of pressures elsewhere in the health and care system causing delays in transfer to the Trust or repatriation to secondary care;
- Junior medical cover. Whilst the Trust's rota provides appropriate cover, this has come under pressure at times of sickness. Two additional core medical trainees have been allocated by the Deanery as from August, but concerns remain over whether they will be filled and Trust grade posts are also being established;
- Neurorehabilitation unit facilities and clinical infrastructure. Additional posts have been created and new purpose built facilities will open in 2014.

The Trust's quality improvement priorities for 2013-14, agreed in consultation with the Council of Governors, are:

- To reduce cancelled operations;
- To reduce the incidence of pressure ulcers;
- To implement the Trust's new discharge information leaflet.

In addition, the Trust will work towards the improvement priorities within its Quality Account:

Patient Safety

- Reducing falls with harm
- Reducing hospital acquired pressure ulcers
- Focusing on nutritional assessment and support

Clinical Effectiveness

- PROMS
- Implementing E-Patient, the electronic nursing risk assessment process
- Implementation of sub specialty wards

Patient Experience

- Friends and Family test
- Implementation of the Care and Communication Checks (3Cs)
- A review of the advanced neurology nurse role

CLINICAL STRATEGY

Overview

The Trust's clinical strategy is described in detail in its five year strategy, which has been reviewed and reaffirmed by the Board in the development of this plan. The overall strategy can be summarised as:

- To ensure the Centre continues to provide a comprehensive clinical neuroscience service;
- To take advantage of clinical innovations to ensure the Trust provides leading edge care;
- To improve patient pathways through collaboration with other service providers including

to provide care closer to patients' homes;
- To enhance research and development activities within the Trust in a way that is integrated with its wider clinical and other priorities and developments.

Service Line Management Strategy

The Trust's service line plans have been developed with its two clinical divisions within the framework of the Trust's overall strategy. They have been informed by internal reviews of its services, their opportunities and threats, including peer group benchmarking and patient level costing, and are set out in divisional business plans. The Trust will be strengthening its information and intelligence capability in 2013-14. The Trust's Council of Governors was consulted on its 2013-14 priorities.

Neurosurgery, anaesthesia and critical care

Key aims for the Neurosurgery division over the next three years are:

- To create a 7-day multi-disciplinary team service for neurovascular conditions;
- To develop intra-operative MRI service for identified conditions;
- To be a national leader in the development of speciality specific, robust, validated outcome measures to support specialist commissioning requirements;
- To develop academic infrastructure and research base for neurosurgery, pain and neuroanaesthesia with teaching and training programmes.

Specific developments in 2013-14 include:

- Building on sub specialty ward cohorting, through clinically led work review and improve the definition of inpatient pathways to streamline care and reduce length of stay, informed by benchmarking and learning from Forward to Excellence;
- Develop community spinal services in line with commissioning intentions to support the national service specification for spinal services;
- Extend the coverage of the neurovascular MDT service;
- Develop community pain services;

Neurology and diagnostics

Key aims for the Neurology and Diagnostics division over the next three years are:

- To enhance inpatient neurology care, including improved acute access and a reduction in length of stay by 2 days;
- To strengthen the delivery of neurology services across the Trust's catchment area with the aim of more seamless provision between community, outpatient and inpatient care;
- To develop community neurology clinics with the support of clinical commissioning groups;
- To develop clinical links with other services;
- To fully implement the rehabilitation network and services;
- To acquire imaging equipment within timelines to allow development of services to support Trust plans;
- To increase Neuroradiology support for clinical decision making elsewhere in the local health economy;
- To expand the inpatient telemetry service in response to patient need, complemented by development of home based telemetry, development of neurophysiology consultant and scientific roles and posts and introduction of a broader range of clinical tests.

Specific developments in 2013-14 include:

- Developments within embolectomy, home IVIg and headache;
- Operational review of inpatient management;
- Review of the operation of day case care to take advantage of the new facilities;
- MDT working in Parkinson's disease, multiple sclerosis and neuromuscular disorders;
- Extending the rehabilitation network to the second satellite and second community rehabilitation team, serving the Liverpool area;
- Expansion of MRI service to fourth scanner from January 2014
- Fluoroscopy development from Autumn 2013;
- EEG and telemetry system replacement, and a Regional Innovation Fund project to evaluate home based telemetry

Supporting priorities

The Trust has identified a number of cross cutting priorities in support of its service line plans in:

- Information management and technology: to implement the information and technology and systems to deliver a paper light clinical environment and move towards the working practices and analytical/intelligence that will maximise the benefits of these;
- Telehealth and telecare: to explore and develop opportunities for telehealth and telecare to improve the quality, accessibility and productivity of the Trust's services, in conjunction with the NHS Liverpool DALLAS Programme;
- Relationships: in support of the service priorities, to build relationships with key providers and with both the new specialised commissioners and CCGs;

Clinical Workforce Strategy

The Trust's five year Workforce Plan sets out its future workforce requirements, reflecting high capacity plans and developments within clinical services over the coming years. The intention of the plan is to maximise overall productivity in a cost effective way whilst ensuring that safe levels of staffing are maintained. The plan takes account of the Trust's capacity expansion and the development of intra operative MRI, the rehabilitation network, increase in rehabilitation beds and the major trauma centre collaborative.

The Workforce Plan has included a nursing acuity review, the cohorting of wards by clinical speciality (to enhance the discharge process and allow for more nurse/criteria led discharge) and a review of nurse specialists' role profile and competencies to allow for increased support for the ward based junior medical staff. This will be followed with a review of therapists in order to provide more flexibility and enhance the patient journey.

The Trust has a good overall recruitment and retention position as evidenced by the recruitment to the capacity expansion in January 2013, but there remain recruitment pressures in middle grade medical posts and consultants in neurophysiology

In the interests of efficient and collaborative ward working, including both medical and nursing staff, there has been significant investment in the design and implementation of E-patient, a fully auditable patient related task allocation tool accessed by wireless technology and directly correlated to patient notes.

Agency costs have fluctuated considerably recently and a review of agency spend and the exploration of an internal bank is underway.

Moving forward there will be a renewed focus on clinical leadership/succession planning and education programmes for clinicians, clinical leaders and Matrons.

PRODUCTIVITY AND EFFICIENCY

Overview of Productivity & Efficiency

The main focus of the Trust's plan is to reduce reliance upon out of hours waiting list work and use of external capacity by delivering a much greater proportion of activity in house following the recent investment in the new theatre and ward. The Trust's activity projections continue to show increased demand for the next 3 years. In order to maintain service delivery more efficient working is required to maximise throughput and minimise inpatient stay. To achieve this, the Trust has been developing a sustainable approach to productivity and efficiency improvements through its Forward to Excellence programme and through the establishment of a dedicated CIP Programme Management Office (PMO).

Following the launch of the Forward to Excellence (F2E) programme, the Phase 1 pilot projects - Outpatients, Discharge Planning and Back Marking - are now in various stages of the "delivery" phase, with work streams well under way for a number of agreed actions.

Phase 2 projects have been agreed as Emergency Admissions, List Planning in Theatres and MDT working in ITU. The project teams have been identified for two of the three projects, with the third to be confirmed shortly. Both List Planning and Emergency Admissions will commence in May 2013, with the MDT in ITU project due to start shortly after. The Trust has built a number of targets into CIP plans in order to maximise productivity including:

- Theatre Capacity and Productivity programme - £750k. These savings will be achieved through a variety of methods such as standardisation of special theatre items; elimination of waste through sourcing single pack screws, rods & pins and by employing a dedicated materials manager to ensure stock levels are kept at an optimum level and rotated to avoid products becoming expired; sourcing discounts from suppliers and reducing cancelled operations;
- Non-pay activity absorption - £500k. These savings will be realised through the Trust target for delivering activity growth at greater value for money than last year through productivity and efficiency gains. For instance, the Trust is utilising PLICS to review variations in practice with a view to standardise along with benchmarking against similar organisations;
- Procurement savings - £500k. These savings will be realised through contract management by reviewing all contracts and SLAs with a view to renegotiating at a lower cost. The Trust maintains a contract database that highlights in advance when contracts are to be renegotiated, providing greater focus on cost savings earlier in the process;
- NHSLA Reductions - £462k. This will be achieved through a reduction in the 13/14 NHSLA premia;
- Picture Archiving Communications System (PACS) contract - £230k. The Trust has managed to renegotiate its new PACS contract with an alternative supplier as part of a wider Merseyside provider consortium. This has enabled £230k of cost savings in 2013-14.

CIP Governance

The cost improvement plan for 2013-14 is £4.5m which represents a 5% recurrent savings target. The Trust has a good historical record of CIP achievement:

	Target	Achievement
2010-11	£1.9m	£1.9m;
2011-12	£2.8m	£2.9m;
2012-13	£3.5m	£3.5m.

This has been underpinned by excellent working relationships between clinicians and management and is based upon a common understanding of the Trust and the wider local / national economy efficiency agenda, in addition to a structured approach to CIP development.

In recognition of the importance of CIP delivery and the increased financial commitment in respect of the Trust's Strategic Investment Programme (SIP), the Trust has developed a Programme Management Office (PMO), with a lead manager, who is supported through finance and procurement resources.

The Trust has well developed arrangements in terms of the leadership and assurance arrangements for CIP. The programme is developed within the divisions with a lead director and project manager identified. The process is based on identified schemes being added to a Trust 'CIP pipeline' list; these schemes are then individually risk assessed through the Trusts CIP assessment methodology, which includes: risk to patient safety; risk to clinical effectiveness; risk to the patient experience; legal implications; impact on reputation/relationships with key stakeholders; political implications/compliance with legislation; and the action plan to ensure delivery.

The impact measurement is performed by a group that includes at least a clinician, an operational manager and the CIP PMO. All CIP risk assessments are signed by the Medical Director, Director of Nursing and the Director of Finance and any amendments to CIP schemes must come back through the Executive Team for approval.

Should a project not pass this risk assessment process then it is either:

- Removed from the CIP pipeline as it cannot (and will not) comply with the risk assessment criteria;
- Kept on the pipeline report pending some changes to the scheme to ensure it complies with the risk assessment criteria. This may also include the re-profiling of the financial plans to reflect any timescale changes.

Once schemes are added to the CIP programme, they are reviewed and monitored:

- On a fortnightly basis at the Executive Team meeting;
- At the bi-monthly Business and Performance Committee;
- At quarterly divisional performance meetings; and
- On a monthly basis at the Hospital Management Board;
- Monthly at the Board of Directors meeting.

The review and monitoring of CIPs on such a regular basis provides the management and clinicians with assurance that targets are being met, an idea of any schemes that are not being achieved and when to implement alternatives if programmed schemes are not delivering at the required level.

CIP Profile

The Trust is proactive in developing service redesign in order to deliver higher quality, closer to home contact with patients which reduces the overall costs to the Trust (and the wider local economy).

In Neurology:

- Development of a community clinic model in Wirral that ensures that the Trust is meeting some of the NSF for long term conditions, treating patients closer to their homes, and freeing up hospital accommodation for more appropriate patients. This will reduce costs and improve quality for patients;
- Locating Advanced Neurology Nurses (ANN) in the community which is having the impact of reducing GP appointments and hospital admissions.

In Neurosurgery:

- Project team set-up to identify a cohort of patients who would be suitable for same day admission for surgery, reducing LOS and eliminating any repeat testing which may take place;
- Review and redesign of the junior doctor on-call rota with a view to reduce the intensity of the on-call, therefore reducing the banding payments paid.

CIP enablers

Clinicians are fully involved in developing and delivering CIPs. Clinicians are represented at all the key meetings when CIPs are being discussed and are pivotal to the success of delivering the programme.

The Trust's internal transformation programme, Forward to Excellence, is chaired by a consultant neurosurgeon along with representation from across the organisation to determine where the greatest opportunities for efficiencies and productivities are within the Trust.

The Trust also has a regular patient level information costing (PLICs) meeting at which consultants from all divisions attend, to discuss bench marking and opportunities for more cost effective delivery of treatment to patients. Several sub groups have been created to review variations in order to determine where these can be reduced and value for money can be increased across specialties.

The Trust has invested in its infrastructure to support the CIP programme, including in:

Staffing

- External consultancy to develop the F2E programme and train staff across a number of disciplines in developing productivities and efficiency opportunities;
- Interim CIP Programme Manager prior to bringing in a full time Efficiency and Service Transformation Manager to develop the PMO infrastructure required to undertake a sustainable CIP programme.

IM&T

- Investment in the latest 'smart' technology to enable clinicians and nurses to have access to real time information and more accurate performance measures e.g. investment in E-patient;
- Development of remote / telemedicine such as monitoring EEGs and patient activity via remote devices;
- Purchase of the doctors electronic rota system Real Time developed by Skills for

Health. This will also be developed to incorporate nursing / ward rotas;
- Electronic risk assessment forms;
- Outpatient self-check in.

FINANCIAL AND INVESTMENT STRATEGY

Current Financial Position

The Trust finished 2012-13 in a very strong financial position. The I&E surplus was £13.9m (£1.1m above plan), the FRR was L5, cash was c£24m and the CIP programme achieved £3.5m recurrent savings. The Trust received a significant cash boost to its Strategic Investment Programme in the form of a £12m contribution from NHS Merseyside to support the Trust's planned new rehabilitation facilities, plus the Trust received a further £2m revenue from local commissioners in respect of the rehabilitation network, workforce redesign costs and winter pressures funding.

Key priorities and investments

Central to the Trust's strategy is the major capital investment in its Strategic Investment Programme (SIP). The total capital cost of the scheme is c£33m over the next 2 years, financed by a continuity loan secured from the Foundation Trust Financing Facility (FTFF) for £21.5m and £12m provided by NHS Merseyside in 2012-13. This will also include a significant recurrent revenue investment of c£1.5m with an additional 29 staff employed by the Trust.

The Trust is expecting to receive £4m recurrent revenue in 2013-14 for the full year rehabilitation network development. Plans are also underway to expand this network service to include two community rehabilitation teams and it is likely that the Trust will receive a further £0.6m to develop this in the immediate future. Both the network costs and the establishment of the community teams are to be funded on a block contract basis for a minimum of two years.

The Trust is planning to invest in a number of major items of equipment over the next three years including a 4th MRI scanner (£1.1m plus £1.4m build costs), a replacement bi-plane scanner (£1.4m) in 2014-15, and an intra-operative MRI facility (£.2.9m) in 2015-16, with the support of a fundraising appeal.

The Trust has approved a new IM&T Strategy which commits £1.8m of capital over the next three years to support the Trust's aim to become "paper light" and to develop a full electronic patient record. Highlights include e-prescribing, e-ordering and results reporting, further development of tablet apps to support outcomes measurement, promoting research and education and digital telephony.

Summary Financial Projections

Looking ahead, the Trust expects to maintain its strong financial position into the future.

Table 2 highlights the key financial metrics and includes the impact of the approved Strategic Investment Full Business Case (FBC).

Table 2: Key financial metrics

2013-14 Opening Plan Position	**£000**	**% margin**
I& E surplus after impairments	1,060	1.2%*
EBITDA	5,620	6.0%
Capital Expenditure (excl. capacity plans)	7,368	
Capital Expenditure re: capacity plans	18,339	
Forecast Cash balance @ 31st March 14	21,527	
External financing (draw down in year)	16,100	
Cost Improvement Plan (5% of cost)	4,469	
FRR = 4		
CoSR = 4		

*% margin calculated net of impairments

The figures illustrated above are predicted to give the Trust a Financial Risk Rating (FRR) of 4 in 2013-14. The FRR will be unchanged for the first 6 months of the financial year and will be reported as now with the proposed CoSR reported in "shadow" form. The CoSR rating for 2013-14 is also shown in the table above. The Trust remains at CoSR L4 across the 3 year plan.

The Trust's activity and financial plan is estimated to result in a surplus of £1.060m in 2013-14 and a CoSR of 4 (FRR of 4). This position includes the full year impact of the additional revenue investment in the Trust's new facilities.

The Trust's I&E position is projected to return a surplus before impairments of £1.9m in 2014-15 (and deficit of £4.1m after an impairment of c£6m) and a surplus of £1.7m in 2015-16.

There are a number of significant impairments included within the financial plans. The main issues relate to the development of the Trust's new building under its Strategic Investment Programme. The impairment value of c£6m will occur on the date the building comes into use, and is based on an assumption of 20% diminution in value on the new build. The impairment impact is subject to an independent valuation which may alter the value. However, the impact of these asset impairments is a technical accounting issue, and does not affect the Trust's financial risk ratings in either year. The impairment was reflected in the Trust's Full Business Case (FBC) to Monitor (it should, however, be noted that the figure has increased from c£4.4m to c£6.0m reflecting a more prudent assumption regarding asset values).

More detailed analysis of the financial assumptions is included in appendix 1.

Key Risks to achieving the Financial Strategy and mitigations

The Trust has developed and embedded a systematic approach to identifying, reviewing and managing financial risk through the Trust's committee structures. This is a dynamic process and risks are reviewed and updated quarterly via the Board Assurance Framework (BAF). The Financial Due Diligence of the Trust's SIP undertaken by KPMG in September 2012 together with the Monitor assessment undertaken October 2012 to January 2013 resulted in further in

depth reviews of the potential financial risks facing the Trust over the coming years.

In addition, the Finance team now has a clearer understanding of the main risks facing the Trust as a result of the changes to the commissioning environment, the proposed contract for 2013-14 and in respect of the proposed changes to the Monitor Risk Assessment Framework (RAF) which was published for consultation in January 2013, as noted above.

Taking all this into account, the main financial risks facing the Trust are summarised below:

1. Risk of reduced referral growth or activity growth – resulting in lower income;
2. Risk of failure to deliver the recurrent CIP targets in future;
3. Risk of further tariff deflation in excess of base plans or other reduction to tariffs in response to the uncertain economic climate;
4. Risk of higher capital costs in respect of the new developments or to meet patient safety/experience/demand (e.g. water safety, new equipment or facilities);
5. Risks in respect of changing commissioner environment and new contracts e.g.:-
   - •Contract penalties;
   - •Delivery of CQUIN targets;
   - •Commissioner affordability and uncertainty re: funding streams;
   - •Specific risks in relation to Welsh commissioners;
6. Risk that elements of the Trusts capital programme are unaffordable under the new Monitor RAF.

Mitigation

The Trust plans to mitigate the main financial risks using a combination of savings (which would be delivered from the Trusts mitigation plan) and measures to re-prioritise/re-profile the capital programme and measures that would respond to specific circumstances, for example, reduced income from Wales.

The Trust's mitigation plan is reviewed twice a year by the Board, most recently in March 2013.

A more detailed analysis of the financial risks and mitigations is included in appendix 1.