Peterborough and Stamford Hospitals NHS Foundation Trust

Strategic Plan Document for 2013-14

Peterborough and Stamford Hospitals NHS Foundation Trust

Strategic Plan for y/e 31 March 2014 (and 2015, 2016)

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

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Date	3 June 2013

The attached Strategic Plan is intended to reflect the Trust's business plan over the next three 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 Strategic Plan is an accurate reflection of the current shared vision and strategy of the Trust Board having had regard to the views of the Council of Governors;**
- **The Strategic 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 Strategic 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;**
- **All plans discussed and any numbers quoted in the Strategic Plan directly relate to the Trust's financial template submission.**

Approved on behalf of the Board of Directors by:

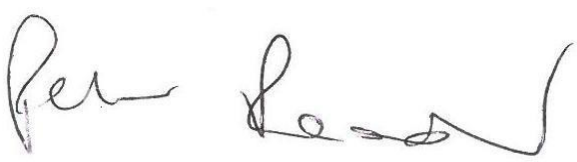
Name *(Chair)*	**Rob Hughes**

Signature

Approved on behalf of the Board of Directors by:

Name *(Chief Executive)*	**Peter Reading**

Signature



Approved on behalf of the Board of Directors by:

Name *(Finance Director)*	**Caroline Walker**

Signature

Executive Summary

Peterborough and Stamford Hospital NHS FT is a busy and growing District General Hospital serving the needs of patients in Peterborough and South Lincolnshire and neighbouring areas from its sites in Peterborough and Stamford.

The Trust is committed to “putting the patient first” and delivering high quality clinical services and over the next 3 years aims to maintain and improve this position. It is focused on making advances in terms of patient safety, clinical effectiveness and the patient experience.

The Trust is undertaking this within a strategic context of significant change. The commissioning environment is likely to bring new approaches from the 2 new Clinical Commissioning Groups. The growing catchment area and impact of demographic change will see increased pressure in demand for acute services, particularly from an ageing population.

The Trust has one of the most difficult financial positions nationally and the Monitor appointed Contingency Planning Team is reviewing its sustainability, with a view to making recommendations about how to ensure the Trust is made robust over the longer term. This will include recommendations on how to cover the costs of the PFI which has provided the new hospital.

The Trust is committed to playing its part not only in the wider health economy, but also through ensuring it delivers fully a challenging Cost Improvement Programme which will see significant improvement across the board.

The Trust believes it can improve and deliver quality services into the future and it has set out details of some of the internal improvements it is planning to support this whilst also becoming financially sustainable in the longer term.

The scale of the change required is significant and will only be achieved by ensuring that everyone in the Trust Is clear of what is expected of them and they take responsibility to follow through and deliver.

Strategic Context and Direction	The Trust provides services from the new Peterborough City Hospital (a PFI scheme) and at Stamford Hospital. The Trust provides a full range of DGH services and some regional specialties. The Trust's vision is: 'Delivering excellence in care in the most efficient way in hospitals where it is great to work.' The aim is to ensure the Trust delivers high quality patient care to meet the needs of the population it serves now and in the future. It aims to build highly effective relationships with all stakeholders so that it can objectively assess the quality of service delivery and the experience for patients and take steps to develop and improve. There are three specific parts to its strategy: **(1)** Doing the very best inside the hospitals (quality and clinical performance; organizational development). **(2)** Getting value for money from the hospitals (productivity and efficiency; maximizing the value of the Trust's estate). **(3)** Making the most of the hospitals (relationship management; business development). Following consultation internally with the clinical directorates and with the Council of Governors, priorities and objectives have been agreed for the coming year. Of these, The key priority areas for focus in 2013/14 are: - Maintaining and improving quality of patient care - Improving the urgent care pathway - Delivery of Cost Improvements Programmes - Constructive engagement in the Monitor-led, CPT system-wide review - Workforce engagement and ownership of the hospital's challenges. The strategic context for the next few years, within which it wishes to undertake the above, is being reviewed by the Monitor appointed Contingency Planning Team (CPT). The Trust is in breach of its terms of authorisation and the CPT is looking at options to find a system wide solution to the Trust's financial difficulties. The CPT started work in February 2013 to: **(a)** Conduct an independent assessment of the financial, clinical and operational sustainability of the Trust. **(b)** Determine the options that exist for the delivery of services, and which of those services are 'locality specific' because there is no alternative provider. **(c)** Develop a series of options for tackling the Trust's deficit and providing sustainable, quality services to people in the local area. **(d)** Evaluate those options and make a recommendation for the future of the Trust and services in the local area, supported by a consultation plan and an implementation plan. The CPT is due to make its reports on sustainability and subsequently on future options

to Monitor early in 2013/14.

In addition to the above process, the Trust is working with a particularly complex set of new commissioning organisations. The hospital provides services to 2 main CCGs – Cambridgeshire and Peterborough (C&P) CCG and South Lincolnshire CCG. It also provides services to a number of smaller CCGs, and to the military, which are collectively important to its overall success. There have also been changes to the specialist services and how these are commissioned by the NHS England.

Throughout this period of change, the local health economy has continued to face pressures with high levels of demand for acute services. Pressure has been felt in particular in terms of non-electives with longer LOS linked to an increased acuity of patients, to the detriment of elective activity and finances. The Trust's catchment area and demand for services has been growing, in particular with the newly opened Spalding-Peterborough link road bringing in many more Lincolnshire patients.

This pressure is anticipated to continue for the foreseeable future. The Trust and commissioners have agreed a 2% projected increase based on demographics alone, although it is likely this will impact more significantly given the growth is more pronounced within the more elderly cohorts (eg ONS predicts a 31% rise in over 85s between 2011-21). The Trust has also continued to see more demand for maternity services and has increased to nearly 5k deliveries, well above the headline demographic rate of increase. 2013/14 has seen a more realistic activity planning process with commissioners reflecting these demographics.

There are some other changes in the commissioner and provider landscape impacting this coming and subsequent years:

- C&P CCG have signalled that they do not support the development of Cambridgeshire Community Services to FT status. This may result in the disaggregation of the current service and a replacement organisational model will need to be found.
- C&P CCG have announced plans for tendering services for Older People across the local health economy. These could involve capitated budgets, including community and acute care service elements.
- A series of AQPs on areas such as Ultrasound and Minor Surgery, which may have a cumulatively significant impact.
- There are significant local changes in provision with the development of a more substantive doctor-led Minor Injuries Unit at the City Care Centre.

The Trust is seeking to achieve its service vision in the midst of this radically changing strategic context. It believes that it is in a good position in terms of having a robust clinical and governance structure to deliver high quality services, and that it is well placed geographically to continue to develop as a provider of choice for DGH and some higher level specialist services. It is aiming to expand some services (such as radiotherapy and cardiac) and to improve its research, education and training offerings.

In order to support these requirements the Board will ensure that achievement is monitored through the Board Assurance Framework.

This is being supported by changes in the Board with the appointment of a new chairman, a clinical non-executive director and a new director of finance, together with development plans to achieve a high performing Board.

All of the above activity needs to be taken forward in conjunction with the CPT and

	commissioners and within the new strategic approach, which the Trust hopes will underpin a sustainable financial future.
Approach taken to quality	The delivery of patient centred and high quality care is "everyone's business" in the Trust. Its delivery is dependent on all three quality domains being in place at all times, that is, safety, clinical effectiveness and patient experience. Activities required of all staff in order to achieve the Quality Strategy objectives are summarised below. **Right care; first time; every time.** The Board of Directors is clear that the quality of care delivered to patients will not be compromised by the pressures associated with other priorities such as operational activity targets and the annual requirement to deliver a cost improvement programme while at the same time being committed to ensuring that high quality care is delivered in a cost effective and efficient manner. The strategic values and objectives are set out in the Quality Strategy (2013-15) as is the commitment to being a learning organisation both in terms of investigating the reasons when any care delivered by us falls below the standards expected, and reviewing key reports and documents that provide learning and direction for quality improvements (e.g. the Francis Report, 2013). The Quality Governance Framework defines quality governance and sets out the Trust's framework around strategy, risk, capability, culture, structures and processes and measurement. Members of the Board of Directors have recently assessed their knowledge and performance around quality governance using the Monitor toolkit and a plan is being drawn up to address the areas identified for development. Assurance for the Board is provided by the Quality Assurance sub-committee whose membership includes three non-executive directors, four executive directors and key external stakeholders including a a public governor, a local GP and the chair of Healthwatch Peterborough.. The Chair of the Quality Assurance Committee will be assumed by the recently appointed non-executive director who has extensive clinical expertise and quality governance experience including national contributions. The Quality Account sets out the improvement priorities for the coming year acknowledging that many other initiatives will also be continued, ensuring sustained and continuously developing care outcomes. The Trust will continue to focus on improving care of older and vulnerable people including review and development of our safeguarding measures. Improvements in the management of care for older patients will have an impact on the whole health and social care economy as well as the Trust's own effectiveness and productivity, including a reduction in the number of cancelled operations. The priorities for 2013/14 are summarised under the three quality domain headings as follows: **Patient safety**: Improve the % of patients who are harm free whilst under the care of the hospital: • Reduction in the four harms monitored via the Safety Thermometer i.e. falls, pressure ulcers, venous thrombo-embolism and catheter associated urinary tract

infection.
- Reduction in the number of avoidable *Clostridium difficile* infections acquired in hospital.
- Reduction in risks associated with medicines.

Clinical effectiveness: Ensure individualised care:

- Ensure patient needs are clearly documented, in a timely way and care is evaluated in line with the plan emerging from the assessments.
- Reduce the number of cancelled elective operations for non-clinical reasons on the day.

Patient experience: Increase the satisfaction levels reported by patients

- Improve communication with patients relating to discharge arrangements.
- Increase the responses to questions in the national inpatient survey in the 'best performing' category.
- Ascertain satisfaction level with complaints handling process and improve this in-year.

All these are underpinned by the "Proud to Care" initiative which focuses on ensuring staff provide patients with the best possible experience during their hospital stay.

Key risks inherent in achieving these priorities include failure to achieve targets around reductions in harm (falls, pressure ulcers and *Clostridium difficile* infections). Each of these risks is monitored and performance managed using key governance groups with action plans in place that draw on best practice, exemplar practice from other Trusts and methodology used in change implementation projects (e.g. the Stop the Pressure project led by the Midlands and East SHA in 2012/13).

The strategic direction for quality over the longer period (2013/15) is to continue improvements across the three domains incorporating learning from review of the Francis Report and including:

i) Patient Safety – further reduction in hospital associated harm including eradication of avoidable hospital associated pressure ulcers
ii) Clinical effectiveness – improving mortality rates to achieve 'lower than expected' rates across key diagnostic groups through on-going deep dives associated with reported SHMI and HSMR results
iii) Patient experience – improve year on year reported patient satisfaction, working towards achieving at least 20%of the CQC in patient survey responses in the 'best performing trusts' category.

Existing quality concerns

In August 2012 an unannounced visit was paid by the CQC to John van Geest Ward at Stamford Hospital as part of the Dignity and Nutrition Inspection programme. The Trust was found to be compliant with Outcomes 1 (Treating people with respect), 5 (food and drink) and 7 (meeting people's human rights) but non-compliant with two outcomes. Outcome 13 (staffing) was judged to have a moderate impact on care and Outcome 21 (record keeping) a minor impact. An action plan was designed to address the concerns raised and it now being actively implemented.

	In February, three visits were paid to the Trust as part of an unannounced visit in response to concerns raised with the CQC about care received. The Trust was found to be compliant with two outcomes; meeting nutritional needs and staffing. However Outcome 4 (care and welfare of people who use services) and 16 (assessing and monitoring the quality of service provision) were found to be non-compliant with the judgement of moderate and minor impact on care respectively. The action plan in response to the report has been drawn up and progress towards completion of the requirements to achieve compliance with these outcomes is in line with the targets set. There is one outcome quality target at risk for the coming year. This is the trajectory of 26 Clostridium difficile cases. The Trust has a process of root cause analysis for each case, has an ongoing programme of reviewing best practice in this area and has highlighted this at risk due to the challenging level of this target. There are also three access targets that have been declared as at risk – the achievement of the 4 hour target in A&E which is being addressed through a system-wide plan as part of the Trust's agreed enforcement undertakings; the achievement of the 18 week admitted patient care target due to emergency capacity pressures at the beginning of the year; and the achievement of the 31 day target for second or subsequent cancer treatments with radiotherapy due to the success of the local service for which additional capacity is planned. In all the above areas the Trust is focusing on what actions are needed to ensure compliance is achieved, and there is active monitoring of progress to ensure the improvement plans are on course to address these concerns.
Clinical Strategy	**Clinical Quality** The clinical strategy for the Trust aims to develop it as a "centre of clinical excellence" for acute services, within the context of actively working on and helping meet the demographic and other system-wide issues faced in the health economy. The key elements of this are set out below. (i) There is a Trust wide process being put in place following the recommendations of the Francis review. This includes a series of "listening events" and the development of an organisation wide action plan. (ii) The Trust will be tackling issues around the Urgent Care Pathway as a priority in 13/14 and beyond. The national pressures recently highlighted by NHS England and other national bodies have also been experienced in Peterborough. Work is needed across the system to look at redesign and production of a more integrated approach with all partners from health and social care to tackle this issue. The Trust will also be improving the elements of the pathway within the hospital to ensure they are better able to cope with the continued rises in demand. (iii) There is a Clinical Care, Pathway and Transformation group, including clinical commissioners. This has already undertaken work on Gynaecology, Respiratory, Renal and Paediatrics. This will continue with a rolling programme over subsequent years to look across all specialty areas including work on ambulatory care pathways. (iv) The Trust has developed a Clinical Strategy for Stamford hospital which would

see change and development of services at the site. The Trust has consulted on this widely including engagement with the Town Council and Oversight and Scrutiny Committee, commissioners and the local public. Implementation of the Stamford Clinical Strategy will be taken forward in light of the work being undertaken by the CPT.

(v) The Trust places a high value on attracting and supporting medical and other staff in training, with a view to recruiting many of the brightest and best to stay longer term. This is being bolstered by work on developing research and development portfolios across the hospital.

(vi) The Trust has reviewed medical and other staffing in maternity services in light of the rising number of deliveries. It has approved additional recruitment of medical and midwifery staff and is modelling further requirements as the delivery numbers increase, as compared to national professional guidance.

(vii) Work is underway with commissioners looking at areas of potential clinical service development. As well as increasing Radiotherapy provision, there are further proposals in terms of developing renal and cardiac services which would see repatriation of work done at other more specialist centres.

(viii) Work on levels of patient populations for specific services are being reviewed by the CPT as part of their analysis of clinical sustainability at the Trust. Vascular services will be stopped at the Trust and provided instead at Cambridge University Hospitals NHS FT from 1 April 2014. This is in light of a regional review of vascular services, based on national directives on patient populations, which recommended this change.

(ix) Service Line Management is in the process of being implemented at the Trust. The initial phase is focusing on developing and implementing IT systems. This will then be supplemented by a training programme for all key staff members.

The Trust will be taking forward the elements of its clinical strategy in support of the organisation achieving its overall strategic aims, and in light of the CPT recommendations and future direction from the Monitor led review.

Clinical Workforce and Organisational Development Strategy

The Trust is committed to changing our culture, in particular to developing further a values based approach, with clarity regarding behavioural requirements, embedded in practice to deliver our vision, strategic aims and Trust priorities for 2013/14. The aim is to drive a patient focused culture, increasing accountability and ownership by Directorate teams of our challenges and their leadership in delivering the solutions to drive high performance in year 1 and over the plan period.

Building on feedback from the annual staff survey results, work streams will target key areas over the plan period to increase staff satisfaction. The introduction of a cultural barometer will provide more frequent assessment of progress and enable the Trust to drive improvement against the friends and family test. A long term communication and engagement programme to enable culture change required to achieve our vision of

	"delivering excellence in care; in the most efficient way; in hospitals where it is great to work" will be an important and central element to be introduced in 13/14. In particular, leadership will be a key focus, with an emphasis on not only ensuring that individuals are supported to deliver within their current roles, but that we build a pipeline of clinical and non-clinical leaders for the future, through effective talent management and succession planning. Following the introduction of clinical directorates in 2012/13 and the appointment of Clinical and Assistant Clinical Directors, developing and strengthening our clinical directorates so that they become the main drivers of quality, efficiency and effectiveness in our hospitals is a key priority the Trust. Leadership and management development will be a central strand to support enhanced individual and directorate performance together with specific training modules including financial acumen, lean and managing poor performance. In terms of resourcing, emphasis continues to be on ensuring the Trust can meet its workforce needs in light of the demographic profile, shortage occupations and changes in employee expectations and education, particularly aiming to reduce significant reliance on premium based agency staff. Working with health, local authority and education partners, the Trust will continue to support and influence the shape of education and training programmes to meet future needs, to increase our reputation as a provider of high quality pre- and post-registration medical, nursing and other clinical professional education and training. Increasing workforce productivity and driving down costs is a significant focus over the plan period, with short and long term priorities to improve the effectiveness of workforce supply and retention including: • Measures to secure registered and un-registered nurses and improve the conversion rate to appointment and decreasing time to hire, reducing reliance on agency staff and increasing workforce quality in these groups to build more effective teams and deliver high quality patient care. • Role development supported by training programmes e.g. apprenticeship schemes to support recruitment from the local labour market, supporting employment of local people. • Increased recruitment and review of role design to enable removal of high temporary medical workforce costs. • Use of high level and detailed internal and external benchmarking data to assess relative performance and identify areas of opportunity to reduce workforce costs, improve productivity and organisational performance compared with relevant peer group in light of current and future service requirements. It is envisaged that outputs from the CPT work will further support this work stream. • E-rostering and e-job planning optimisation and e-learning to improve workforce profile and enhance productive time. • Working closely with the LETB, HEE and partner organisations to refine future workforce requirements and ensure effective education, workforce supply and viability. The Trust will be looking at how it can improve on existing capabilities and strengths of the non-clinical workforce. The valued contribution of these members of staff will be looked at to ensure they can help front-line staff deliver high quality care in an efficient

manner.

In addition, the Trust will look at developing its staff capability to engage in change programmes within the local heath economy and within the hospital to ensure it can take advantage of strategic and other change opportunities.

In terms of softer levers to driving improved productivity, the OD plan will target key areas highlighted by the staff survey to drive enhanced motivation and engagement. Over the next 5 years, our strategy and approach to "Health and Wellbeing", with be reviewed and enhanced to support our staff to become "Health ambassadors" through creating a working environment promoting healthy living to achieve physical and mental health improvements.

Pensions auto-enrolment commences this year and has benefits for employees not currently in a Pension scheme. It is an issue that may impact on the strategic plan with a potential cost pressure to the trust.

Productivity & Efficiency

CIP Overview

Recognising its financial position, the Trust plans to deliver financial improvement of around 5% of its cost base (as opposed to its income forecast in 2013/14). The Trust is very aware of its responsibilities to preserve the quality of its services and also the need for economy wide change to occur for the Trust to get into some form of recurrent balance.

The Trust currently is under review by Monitor with a Contingency Planning Team on site reporting early in the process post completion of this plan.

The Trust has set itself a target for the delivery of £18 Million FYE. It plans to deliver a part year effect cost improvement of £13 Million.

In the main the cost improvement programme results in a real terms cost reduction with only **6% (£0.8 Million)** reliant on income, the activity for which is included in Commissioner expectations.

The cost improvement programme continues to be developed and breaks down into a number of key areas:

Cumulative from 2013/14	**2013/14 £'M**	**2014/15 £'M**
In patient Capacity	**2.7**	**4.2**
Other Capacity	**1.6**	**2.4**
Temporary Staffing	**1.2**	**1.3**
Clinical Behaviour	**1.1**	**1.4**
Income	**0.8**	**1.2**
Procurement	**0.7**	**1.3**
Estates and Facilities	**0.8**	**2.4**
Other Workforce	**0.9**	**1.0**
Other	**1.6**	**1.2**
Savings not yet quantified	**1.6**	**1.6**
	13.0	**18+14/15 increase**

CIP governance

Historic delivery and change

Other than in 2012/13 when the Trust delivered its planned £13.2 Million programme, history shows an underachievement of the Trust's CIP programmes. In addition, in 2012/13 many of the individual projects were delivered through productivity gain rather than through a physical reduction in cost. The Trust recognises the shift in emphasis required to deliver these changes and has put in PMO and transformational arrangements that are designed to support future delivery.

The main drivers in 2012/13 have been around the increasing workload required by local commissioners. The expectation is that this will begin to flatten during 2013/14 with the emphasis being on cost reductions rather than productivity gain.

Having delivered its CIP in 2012/13, the Trust recognises that it faces a harder challenge to continue to deliver in addition to these improvements. It needs to drive forward to deliver the further gains required in 13/14 and subsequent years as part of achieving financial sustainability longer term.

Therefore, in addition to the introduction of a gateway process requiring transparency at all stages of individual project development, the Trust has instigated more recently a number of further governance and performance management processes which is giving it much greater "traction" on ensuring delivery:

- Continuing with a monthly cost improvement programme board chaired by the Chief Executive with Directors in attendance reviewing progress and concerns with clinical directors and their associated general manager.
- Monthly specific meetings with each clinical directorate (Clinical Directors, General Managers and their senior team), holding them to account for their delivery.
- Ad hoc meetings and reviews by the PMO with those charged with delivery.

PMO arrangements

The Trust has recently restructured its PMO arrangements such that the reporting and monitoring of the programme falls under the remit of the Director of Finance. Reporting to the Director of Finance the PMO monitors and reacts to the delivery/non delivery of plans on a weekly basis as well as reporting to the Board on CIP delivery and progress. This arrangement should ensure tight control of delivery and a strong focus on ensuring the financial benefits are realised from CIP programmes.

CIP profile

The Trust has sought to generate Full Year improvements in 2013/14 totalling £18 Million. This target is designed to ensure that the part year effect of £13 Million can be delivered managing both slippage on schemes as well as giving opportunity should individual projects not come to fruition. Key areas of focus are set out below:

In Patient Bed Capacity (Amber)

In year the current plan requires for £2.7 Million of improvement to be made through

better utilisation of beds. Around £1 Million of this is at risk and is part of a stretch target for which contingencies are being sought. The bed efficiency will be driven in the main by the repatriation of work from the private sector into beds. This totalled £3.5 Million in 2012/13

	£'000 PYE	£'000 FYE	
Reduced outliers	880	1,170	A
Ambulatory Care	1,137	1,900	R
Repatriation	500	1,000	A
Weekend Closures	154	154	A
	2,671	4,224	

Length of Stay

Reducing length of stay across all elective and emergency areas is to be achieved through 3 main streams – front door, ward areas and reducing delayed transfers of care by working with community partners. The front door stream concentrates on reducing the number of emergency admissions through the increased use of ambulatory care pathways, patient flow through the emergency department and the increased provision of rapid access clinics, GP advice lines and specialist nurse provision at the front door.

Wards will focus on improved discharge planning, enhanced recovery pathways and 7 day discharge, supported by a responsive diagnostics service to reduce delays in diagnosis and/or management. Work is also on-going with community partners around the delayed transfer of care patients. This work has major interdependencies with community colleagues, agencies and GPs.

The reducing length of stay work will have 3 main step changes;

- to reduce medical outliers to enable more efficient running of the elective work and reduce outsourcing to the private sector,
- to repatriate work currently undertaken elsewhere, such as spinal surgery and plastic surgery,
- to reduce overall elective and emergency bed provision by 2014/15.

Other Capacity (Amber)

This falls into three main areas:

	£'000 PYE	£'000 FYE	
Outpatient	681	930	A
Theatre	358	817	A
Other	546	610	A
	1,585	2,357	

These are led by the Directorates concerned with significant input from the transformation

team. Schemes under "other" include:

- Reduction in premium time activity
- Reconfiguring pathways
- Clinical Support changes.

Temporary Staffing reduction (Amber)

Through both a reduction in the number of agency staff being used and reviewing the posts requiring backfill the Trust expects to deliver improvement in the region of £1.2 Million (£1.3 Million full year effect). These requirements are proposed by the clinical teams and are reflected in their overall plans. The delivery of these plans will be monitored through the PMO and rectification sought in the event of these plans not being delivered.

Changes in Clinical behaviour (Amber)

Through a variety of schemes predominantly around optimising drug usage; changing skill mix and the use of technology, the Trust expects to release £1.1 Million in 2013/14 with a full year effect of £1.4 Million

Income schemes (Amber)

These total £0.8 Million in 2013/14 with a full year effect of £1.2 Million. These are achieved through moves to best practise tariffs as well as through more active SLA management leading to a reduction in the level of penalty that might fall due during the year.

Categorisation

By category we can see:

	2013/14 £'M	**2014/15 £'M**
Pay	**7.1**	**9.4**
Non Pay	**3.2**	**5.8**
Income	**1.1**	**1.5**
Unidentified	**1.6**	**1.3**
Total	**13.0**	**18.0+**

And these break down into a number of transactional and transformational opportunities:

	2013/14 £'M	**2014/15 £'M**
Transactional	**5.0**	**7.5**
Transformational	**6.4**	**9.2**
Unidentified	**1.6**	**1.3**
	13.0	**18.0+**

And in 2013/14

	Pay £'M	Non Pay £'M	Income £'M	Total £'M
Transactional	**2.2**	**2.3**	**0.5**	**5.0**
Transformational	**4.9**	**0.9**	**0.6**	**6.4**
Unidentified				**1.6**
	7.1	**3.2**	**1.1**	**13.0**

Solving the residual gap

The Trust recognises its responsibilities in solving the residual gap and in assuring it is on a sound footing for 2014/15. To that end it is reviewing a number of additional areas.

Perceived opportunities are

	2013/14 £'M	2014/15 £'M
Drugs	**0.5**	**1.0**
Procurement	**0.5**	**1.9**
Benchmarking	**2.2**	**4.2**
Other Workforce	**0.4**	**0.4**
Other	**0.2**	**0.5**
	3.8	**8.0**

Transformational Change

The focus of the transformation programme is to drive productivity and efficiency through process re-design, validation of capacity and demand through observation, and it is based on a continuous improvement methodology.

The CIP programme has approximately £9.6m derived from transformation, predominantly in workforce. The size of the opportunity has been derived from high level benchmarking data using Dr Foster, information from work carried out by Ernst and Young, Deloitte and McKinsey and Better Care Better Value data, and information from reviews undertaken by Greene and Kassab, ECIST and the Oak Group.

The Trust has an embedded transformation programme comprising 11 key work streams:

Emergency	Elective (including theatres)
Out-Patients	Diagnostics
Cancer	Women's Health (including breast and gynaecology)
Maternity	Paediatrics
Sexual Health	Technology and business support
Workforce	

The pathways and methodologies use cut across all directorates, reducing 'silo' working to improve quality of care as well as deriving substantial cost improvements.

Theatres

Theatres and procedure rooms, such as endoscopy are following a methodology based around capacity and demand analysis, review of scheduling, process flow improvements on start times, finish times and turnaround times, and increasing day surgery rates and moving to more out-patient procedures. These areas together will improve throughput in theatres and procedure rooms, resulting in a planned reduction of 20 sessions per week.

Similarly, out-patient sessions have a 5% improvement target to be achieved through capacity and demand analysis, reduction of new:follow-up ratios, reduction of DNA and cancellations, improved flow through clinics and re-design of clinic schedules. The objectives are to reach a stable 18 week position in all specialties, remove additional clinics currently being undertaken at premium spend and to remove substantive clinic sessions in specialties where this allows. Work will also focus on where telephone follow-ups, nurse-led clinics and telehealth can reduce the number of consultant based clinic attendances.

Women's Health, Maternity and Paediatrics

Women's Health, Maternity and Paediatrics are reviewing the footprint and current configuration of their clinical areas, processes and length of stay in order to re-design and accommodate the growing birth rate and the maximise paediatric surgery potential.

Administrative

Alongside the clinical re-design processes, administrative functions will be reviewed and reduced through the increased use of technology to support business processes. This includes electronic communication to GPs, developing a "paper-light" organisation through electronic document management systems, e-prescribing and procurement of a new maternity system.

All transformation programmes have PIDs to detail the case and methodology to be applied, with key performance indicators and assigned project groups. Clinical engagement is central to the successful delivery of the transformation programme, both internally and externally. Additionally, all programmes form interdependencies with each other, requiring tight programme management and executive leadership to promote the required pace and delivery.

CIP enablers

Clinical engagement and skills development

Cost Improvement plans are being developed primarily within individual business units in order to drive ownership and improve the likelihood of delivery. Clinical directors are heavily engaged in providing feedback in a number of forums including

- Trust Management Board
- Cost Improvement Board
- Monthly Directorate CIP reviews.

The Trust aims to improve the skills base for change (eg through LEAN methodologies) throughout the organisation to support the delivery of CIPs.

	In addition and as described below the Trust has an established Quality Impact Assessment process. ***Facilitative funds*** The Trust has established a transformational fund of £2.1 Million in 2013/14 specifically aimed at releasing resource through lean and other transformational approaches. In addition a provision of £2 Million has been set against future severance payments should they be required. The capital programme is aligned with delivery of the cost improvement programme and can be varied to ensure cost improvements are not missed as a result of a lack of investment.
	Quality Impact Analyses The Trust has an established Quality Impact Assessment (QIA) process covering the three elements of its quality strategy. Specifically these are: Safety; Effectiveness; and Experience. Each project within the plan has its own specific and in some cases overarching QIA that is completed and signed off both by the Directorate and by the Trust's Director of Care Quality and the Medical Director. There is evidence of schemes not progressing through the QIA process as a result of these reviews and indeed evidence of further work being required on risk mitigation. A database of rejected schemes is held Quality monitoring happens at a number of different levels within the Trust including specifically at the Board. In the event that a cost improvement had an unexpected and adverse quality impact then action would be taken to either mange the risk or to back out the financial improvement.
	The Trust has a planned deficit in 2013/14 of (£40.3m). The causes of the deficit are: • There is a significant structural deficit arising from the unaffordable PFI scheme. • The Trust has been historically underpaid for the activity performed for its main contracted commissioners. • With the exception of 2012/13 the Trust has failed to achieve the required CIP. The Trust is planning a forecast deficit of (£38.7m) in 2014/15 and a (£38.5m) deficit in 2015/16. The Trust is working closely with Monitor, the DoH, the Treasury and the local health economy both individually and via the Contingency Planning Team (CPT) to find a sustainable solution that reduced the on-going costs of the Trust to an affordable level, and to drive forward health system change and business developments to support additional efficiencies to build a sustainable future for the Trust.
	<u>Key financial priorities</u>

	The key financial priorities for the Trust over the plan period can be summarised as follows:
	• Delivering a sustainable and on-going reduction to the underlying deficit through:
	  ○ Achieving full CIP delivery as planned; and
	  ○ Working closely with the CPT, Monitor, the DoH, the Treasury and the wider health system to deliver a sustainable solution for the Trust and local health system.
	• Ensuring that the Trust continues to manage its cash flows and continues to receive external funding as required to ensure we can continue to pay our debts as they become due; and
	• Successful sale of the excess land on the old hospital site.
	
	<u>Key financial investments</u>
	
	The Trust's financial plan submitted reflects our 'steady state' or 'base plan' excluding any significant financial investment awaiting the outcome of the CPT process. The Trust is currently anticipating two significant investments which are not included within the plan these are:
	
	Expansion of the radiotherapy services provided by the Trust with the building of further bunkers alongside the purchase of a 3rd Linac by the Trust (which will help address performance target concerns).
	
	The construction of an accommodation block on the PCH site to accommodate medical and nursing students.
	
	The Trust has also put forward plans to invest in modernising the Stamford site. These figures are included within the Trust Capital Programme, and this development is also awaiting the outcome of the CPT process.

	<u>Key risks to achieving the financial strategy</u> • Non-achievement of challenging efficiency improvement programme. • Activity levels exceed the Trust's capacity plans leading to premium costs being incurred for activity being paid at marginal tariff. • The CCG's being unable to afford to pay for the Trust's activity. • National and local penalties applied to NHS clinical income exceed the planned values over the period. • Performance deterioration leads to more penalties being incurred. • On-going requirement for external funding. • The outcome of the CPT recommendations on the future sustainability and options of the Trust. <u>Mitigations against key risks</u> • Rigorous PMO process driving and monitoring the efficiency agenda. • On-going dialogue with the local health system to deliver system wide solutions to capacity pressures. • Working closely with the CCGs on QIPP schemes to facilitate activity reductions, and close contractual monitoring to highlight over-performance early with the CCGs.

	• Further development of the performance team to ensure wherever possible the Trust is meeting the required targets therefore reducing the penalty impact. • Continuing discussions with Monitor and the DoH to ensure the Trust continues to receive external funding to enable the Trust to pay its debts as they becomes due (received formal documentation confirming funding for 2013/14).