Musgrove Park Hospital

Strategic Plan Document for 2013-14

Taunton and Somerset 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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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)*	Rosalinde Wyke

Signature

Approved on behalf of the Board of Directors by:

Name *(Chief Executive)*	Jo Cubbon

Signature

Approved on behalf of the Board of Directors by:

Name *(Finance Director)*	Simon Wombwell

Signature

Strategy Guidance - Annual Plan Review 2013-14

Executive Summary

This Annual Plan Review sets out the aims and priorities of Taunton and Somerset NHS Foundation Trust, and the challenges and opportunities facing the organisation now and in the coming years.

The Trust is continuing to deliver improving services which are described by 94% of patients as very good or excellent. However, these services are being delivered in the context of significant financial pressure and NHS-wide structural change. In this Annual Plan, the Trust has identified the most significant factors impacting on its position during 2013/14, and how it will respond to them.

The Trust's primary focus continues to be on providing high quality, financially sustainable services for patients and the community it serves. Balancing quality with financial rigour is perhaps the most challenging task facing the NHS. The Report of the Mid-Staffordshire NHS Foundation Trust Public Inquiry (more commonly known as the Francis Report) laid out starkly the risks NHS organisations face in balancing the responsibility for managing financial and operational performance with the central aim of providing safe and effective clinical care. The Trust is clear that its overriding purpose is to maintain and continually improve the quality of patient care and levels of patient satisfaction. The Trust has responded positively to the Francis findings. It will ensure a renewed focus on clinically-led services that are planned and reviewed with high quality care in mind, and ensure that it learns applicable lessons from Francis to continue to deliver services which are safe and effective. On the release of the report, the Trust Board established a Francis Report Steering Group, to review and respond to each of the report's recommendations. The group will identify priority areas for attention ahead of clarification of the national position, and allocate specific task and finish groups to undertake required work streams. It will also be responsible for the communication of Trust plans and performance to Governors, members and to the general public, to ensure that they and staff are fully aware of changes and are as involved as possible.

The Trust is confident of its place in the Local Health Economy, working with partners collaboratively to improve services, and ensuring that choice and competition are borne in mind when planning future services. The Trust has identified key quality targets related to patient safety, clinical effectiveness and patient experience, and these are detailed below. There are also challenges for the Trust to overcome related to the workforce, balancing the need to recruit and retain motivated staff and to reward high performance within the financial reality faced by the NHS. The Trust Board intends to respond to these challenges in part with the appointment in 2013/14 of a Director of Change, which will embrace the functions of HR, organisational development and leadership development.

The plan outlines the Trust's plans to upgrade and replace outdated facilities on the Musgrove Park Hospital site as part of a long term development programme. Key to this is the opening of the new 112 all single room Jubilee Building. Subsequent plans for replacing general theatres and critical care facilities will be redrawn, recognising the very different financial environment in which the Trust is operating. Alterative options will be explored to deliver improvements without the need for high levels of capital investment.

The Trust has a "Green" governance rating from Monitor, and a Financial Risk Rating of 3. The Trust's historical financial position has been sound but the financial environment is becoming more challenging with a significant Cost Improvement Programme higher than in previous years, required to achieve the Trust's financial plans It is clear that the challenge of delivering year on year efficiencies in future years is unprecedented and will require new approaches and new models of care across the population served by the Trust.

Key Financial Summary

The Trust is planning for a small surplus of £0.4m in 2013/14 due to an expected impairment of the new surgical block development (Jubilee Building) amounting to £2.1m. The planned surplus before impairment is £2.5m with an EBITDA of £17.06m (7%).

In order to deliver this position the improvement requirement is £11.8m (£8.3m cost reduction supported by £3.5m contribution from additional income). This represents 5% of total expected Trust turnover in 2013/14. It is recognised this is a significant challenge and is in excess of the value of cost improvement delivered in 2012/13. The Trust will seek to achieve a general efficiency of at least 1.5% from budgetary efficiency with the residual of the cost improvement programme being delivered through more Trust wide programmes of work and a focused on driving increased contribution from commercial activities.

The financial plan will deliver a Financial Risk rating of 3 under the current regime and a 4 under the proposed Continuity of Service measure that has been subject to a recent consultation process.

Cash balances carried by the Trust will reduce significantly during 2013/14 compared to levels held in 2012/13 as the Jubilee building is completed and the capital programme for 2013/14 is committed. The capital programme is assumed at £29.9m, whilst depreciation and surplus generation form £11m as a funding source, a loan from the FT Financing facility and historic cash balances form the residual sources of funding to meet those demands.

The contract settlement with commissioners has delivered an increase on values in 2012/13 to cover higher costs in certain specialist services and higher activity in a number of specialties. Risks associated with penalties have been mitigated through negotiation of caps on the total penalties that can be levied.

Strategic Context and Direction

The Trust's strategic position within Local Health Economy

Taunton and Somerset NHS Foundation Trust serves a resident population of around 353,000. The Trust also provides a range of acute services to the wider Somerset area as well as to neighbouring counties, such as Devon and Dorset, which take its catchment area to over 500,000. Whilst most inpatient services are provided at Musgrove Park Hospital, the Trust also delivers ambulatory care and outpatient services in a range of community hospitals and provides clinical specialists into Yeovil District Hospital NHS Foundation Trust (YDH) under a service level agreement.

The Trust's vision is to ensure that:

"The Trust will be recognised as an exemplary provider of healthcare, supporting people in and out of hospital to maintain their health and wellbeing."

This vision is supported by four primary strategic aims:

1. **To demonstrate zero avoidable harm to patients, with all patients rating their care as excellent**

2. **To provide the most clinically effective complex emergency care for its population in partnership with other providers**

3. **To be the preferred provider of care across a range of complex pathways, supporting patients in and out of hospital**

4. **To achieve excellent performance through an engaged and inspired workforce**

The Trust's services are delivered across nine Directorates, each with a Clinical Director working alongside a Directorate Manager and Matron. The Trust's corporate objectives are supported by four key themes which underpin the individual business plans of each Directorate.

The key themes are:

- Developing and Redesigning the way we provide our clinical services
- Developing Effective Partnerships
- Delivering Excellent Performance
- Developing an Engaged & Inspired Workforce

These themes are reflected throughout this Plan. All staff, including the Board, have individual objectives which align to these objectives and contribute to the achievement of them by teams across the Trust.

Changing commissioning intentions and competition – Opportunities and Threats

The Health and Social Care Act 2012 has resulted in a change in commissioning arrangements as NHS Somerset is replaced as the Trust's principal commissioner by the Somerset Clinical Commissioning Group (CCG). The Trust has undertaken a significant amount of work in 2012/13 to develop good working relationships with the new CCG and engage members in discussions over the strategic challenges facing acute care in the area. With the majority of Trust funding provided by the CCG, there are risks and

opportunities arising from new perspectives and priorities. The Trust has historically good relationships with local GPs. These will be developed further to help influence the agenda and ensure the Trust is fully responsive to the CCG's ambitions. Over the last two years, greater emphasis has been placed on ensuring the contract is seen as a clinical tool for managing change rather than a financial one. Clinicians from the Trust have actively supported measures to manage demand and cost, particularly in the area of high cost drugs and devices which have benefitted the wider health community.

The Trust has participated in CCG clinical forums aimed at ensuring clinically-led commissioning. Involvement in such activity will enable any disinvestments from acute care to be managed in a considered way, recognising risks to other connected services and to critical mass issues. There are already many examples of Trust clinicians remodelling the way services are provided in line with innovative new pathways of care as part of the Somerset Flexible Health Care programme. This has helped to mitigate risks of the Trust losing income by developing local commissioner currencies and tariffs to support new ways of assessing patients and advising GPs of subsequent options (eg.in 'Advice and Guidance' clinics) without the need for outpatient assessment or admission. Such work will continue, not simply as a result of changes in commissioning arrangements but because of the continual efforts of Trust clinicians to respond to developments in treatment modalities and patient need in their areas of expertise. Specifically, the Trust will develop directorate based plans for key clinical services addressing future pressures and opportunities, and work to influence the CCG in developing longer term plans for services including cross-Somerset models for services for frail elderly patients, acute medicine, maternity and paediatrics, where solutions are beyond the scope of single organisations.

The proportion of services commissioned by specialist commissioners will rise significantly to £37m in 2013/14. The Trust has established new links with commissioners and will seek to develop these to ensure services continue to meet requirements. The Trust recognises that specialist commissioners may wish to centralise services at locations which are particularly noted as "centres of excellence". Musgrove Park Hospital provides a number of specialist services as a regional centre of excellence (e.g. bariatric services), but the Trust recognises the risks inherent with increasingly complicated specifications for specialist services. The Trust will work closely with commissioners to mitigate these risks and to ensure that local people have access to local specialist services. It will identify opportunities for increasing activity in areas of specialist services where other, smaller hospitals may not be able to meet minimum standards. The Trust will develop detailed business cases for modernisation and expansion of theatres, critical care and cancer services during 2013/14 and actively seek the support of commissioners to these priorities and to strategic options to address issues associated with poor estate in maternity and paediatrics.

2013/14 and onwards provides a challenging environment as regards commissioning, but also a period of great opportunity to influence the way that services are delivered and to offer to local people the benefit of the Trust's clinical expertise in delivering services as part of a pathway of care. This can include developing further partnership working with other organisations locally and regionally, as has already begun with Royal Devon and Exeter NHS Foundation Trust.

The Trust will also work closely with local authorities, which have now assumed responsibility for public health services and commissioning certain Trust services.

Impact of changes to the National Contract

The national contract includes provisions for commissioners to set high financial penalties for providers failing to meet national performance standards, including referral to treatment (RTT) waiting times, cancer access standards and the level of C.difficile infections. The contract sets thresholds for C.difficile where each single case above a baseline of 15 cases could potentially lead to a loss of £50-70k per case, up to

a maximum of £2m. The Trust has sought to mitigate the impact of these penalties through the contracts held with commissioners in 2013/14.

The Trust continues to focus efforts on improving infection control measures and reducing infections. C difficile cases have reduced from 73 in 2010/11 to 37 in 2011/12 and 19 in 2012/13. Making further reductions will remain a key priority for the Trust in the future.

Achieving the RTT target for each specialty will be contingent on the Trust's ability to deliver its elective capacity plan. Improvements have been made to RTT waiting times due to targeted efforts made in services where there had been difficulties previously. Additional resources were made available in orthopaedic services resulting in significant improvements in this area. There remain pressures in orthopaedics relating to the more specialist nature of referrals, and a short term reduction in capacity due to consultant absence, which may lead to further pressures on treating long waiting patients without exceeding the 18 week RTT rule.

Best Practice tariffs

The Trust will continue to try to deliver services according to best practice this year, and thus attract enhanced tariffs. Key areas of focus will be on stroke, trans ischaemic attack treatment, fragility hip fracture care and primary hip & knee replacement. Additionally, there is an even greater focus on avoiding admissions within emergency care, with development of ambulatory care tariffs rewarding same day treatment and discharge. There has been the introduction of pathway payments for paediatric diabetes year of care and maternity care.

CQUINs

Within commissioner contracts there is the assumption of 2.5% CQUIN achievement being delivered amounting to approx. £4.7million in year.

Specialist Commissioned services

Some specialist services have been commissioned in previous years, largely relating to high cost low volume cardiology, vascular, spinal and bariatric activity. The Specialist Commissioning Group has now expanded the range of services it commissions. £34 million of services and drugs and devices have been identified as specialist-commissioned based on 2012/13 volumes. This will make the SCG the second largest commissioner of services from the Trust in 2013/14.

Changes to Tariff

There have been some changes to the tariff regime in 2013/14. The largest elements relate to increased numbers of services which have best practice incorporated in the tariff. Maternity tariffs now incorporate three elements – antenatal, birth and postnatal care. The approach incentivises better integration of services and normal birth. The pathway system requires good quality clinical information to support enhanced payment mechanisms where there are clinical risk factors which trigger higher care payments.

Other significant changes have resulted from 'unbundling' diagnostic imaging activity from the outpatient tariff structure. This has resulted in a base reduction in most outpatient tariffs and a separate payment resulting from diagnostic imaging work being provided. Radiotherapy and chemotherapy which have in previous years have provided at a local tariff have mandatory tariffs for 2013/14.

Relationships with other providers - NHS

The Health and Social Care Act 2012 requires all NHS Trusts to become Foundation Trusts. This will affect a number of hospitals within the South West, including Weston, which runs the district general

hospital in Weston-Super-Mare. The Trust continues to work with clinicians and managers from the hospital to look at how clinical services may be run in the future to ensure that they are both clinically and financially sustainable. The Trust will consider whether it wishes to bid to acquire Weston Area Health NHS Trust in response to the Trust Development Authority's decision to tender the hospital either as a franchise or as an acquisition, and will look to explore all the possibilities for service provision in Weston in the future. Discussions will also continue in the coming year with the Royal Devon and Exeter NHS Foundation Trust. Musgrove Park's relationship with the Royal Devon and Exeter developed during 2012/13 with a joint project to consider the opportunities arising from greater joint working. Eight clinical services were reviewed to test whether partnership models could improve patient services through sharing additional skills and serving wider populations. Further work will be progressed in 2013/14 to look at a number of operational and tactical changes which could be made, such as shared rotas as well as explore ways of pooling resources to improve back office functions.

The Trust will also look to develop capacity to provide more vertically integrated services locally, to meet the needs of the population, The Trust will respond to market testing exercises being led by the CCG for services to be provided in the new Bridgwater Hospital from April 2014. The opening of the new Bridgwater hospital represents competition to the Trust. This development is one of several potential tenders or market-driven changes to services which the Trust faces and which it recognises as a risk to its business. The trust will mitigate this risk by responding to tenders with innovative service models to meet the needs of commissioners, and by working in partnership with others to provide a service offer which appeals to patients.

The Trust will model and manage the consequences of transferred activity off the Musgrove Park site and the consequences of the new maternity model of care. In order to be at the forefront of service developments the Trust will work to establish a Heart Failure service, and pilot the 'recovery at home' scheme in partnership with an independent provider. The Trust will also respond to market testing opportunities for services provided in the community such as in COPD and stroke, where it believes it has the ability to provide integrated and seamless care by building on the specialist skills and experience of its clinical teams.

Relationships with other providers – non NHS

The Health and Social Care Act further strengthened the principle of competition within the NHS and further exposes the Trust to non-NHS providers delivering services traditionally delivered at Musgrove Park. The extension of patient choice through the 'Any Qualified Provider' programme could encourage new market entrants in the area served by the Trust. This could reduce elective referrals and income to the Trust, leading to a more complex case mix and financial risks to maintain the current range of clinical services. The Trust will continue to undertake market analysis on all referral patterns to identify the impact of competition. In addition it will maintain its focus on developing innovative models of care, for example telephone advice and guidance to GP's, and one stop clinics to protect historic flows of work. Where it is financially viable to do so, the Trust will increase the range of specialties provided in outpatient clinics within community hospitals to deliver care closer to patients. The transfer of community services from the old Bridgwater Hospital to the new in Spring 2014 provides both opportunities and risks to the Trust. The Trust has provided a wide range of consultant and nurse delivered services in Bridgwater, with patients then able to access inpatient or day case surgery at MPH in Taunton. The CCG has indicated that it intends to put some services out to competition, in the light of the NHS Act's position on the duty of commissioners to tender. The Trust will wish to maintain and expand its services provided in the new community hospital recognising the need for patient pathways from outpatients to diagnostics and admission.

As the expectations of patients rise and funding does not keep pace with rising demand, there are growing pressures on acute Trusts to maintain consistent services delivered to the highest standards as part of a more dynamic health economy.

By working to develop more flexible and integrated models of service delivery with neighbouring hospitals and other providers, the Trust will be in a better position to respond to these rising expectations. There is also the opportunity to exploit opportunities such as re-defined pathways which better reflect the needs of patients and the direction of health care generally (e.g. care closer to home), better capitalise on the Trust's status as a provider of complex acute care, and more attractive job roles , i.e. by working across a wider population. Collaboration may also lead to opportunities for research and development, and reduced overhead costs.

Overall, the Trust is planning for changes to its case-mix, but is geographically relatively fortunate in that as the only DGH of its size in the county there are reduced risks for losing a large proportion of its market share to alternative providers. The greater risk however relates to the impact of losses of more standard, less complex elective volumes within a speciality which then threatens the ongoing financial viability of that speciality in providing high cost emergency care. There may also be risks in delivering to specialist service specifications, where these are based on larger teaching hospitals standards. Future working with RD&E presents an opportunity for protecting local access to these services provided over a larger population base.

Health, demographic, and demand changes

The NHS faces unprecedented financial pressures, with providers expected to contribute to £20 billion of efficiencies over three years, corresponding to an efficiency requirement of c5% per annum in 2013/14. A proportion of these savings will be found in providing more services for the same amount of money, i.e. increasing productivity, by responding effectively to changes in patient demand. This Trust though faces unique challenges in this area, with the local population profile impacting a great deal on its strategic position.

The population served by the Trust has a higher proportion of elderly people than the national average, (10.7% over 75, against the national average of 8.0%). The over 75 population is also projected to grow by 23% by 2020. Both of these facts will have an impact on how local services can develop and need to change in the future as the hospital looks to meet the needs of an older population. They will also have an impact on income, given that some emergency services for elderly patients will be paid at 30% of tariff in future years. In addition to the normal demographic growth, a report by the Department of Health's Emergency Care Intensive Support Team identified a longer term transfer of emergency work from other parts of Somerset to Musgrove Park equivalent to 700 spells per annum. It is believed that this trend reflects the growing reputation of the Trust in offering the range of acute surgical and medical services, such as primary angioplasty, which is influencing admitting decisions. In turn, this has created additional demands within Accident and Emergency and the Medical Assessment Unit and in acute medical and trauma services. The Trust is to expand the capacity of its Accident and Emergency department to meet some of these pressures as well as to consolidate its status as a level 2 trauma unit.

This places greater pressures on the Trust due to the national policy to continue paying providers at 30% of the emergency tariff for activity above the 2008/09 baseline. There has been growth in activity within medical acute specialities which has in the past resulted in the need to open an emergency ward, extended beyond the traditional winter season.

Into the future, the Trust will continue to support initiatives to reduce inappropriate admissions. For example, the Trust funds a GP in A&E to support the team's aim of managing patients appropriately without the need for admission wherever possible, and the MAU urgent outpatients clinics will be

expanded to relieve pressure on beds. The Trust is also exploring plans to increase the capacity of its Day Surgery Centre, ensuring that as many day case procedures as possible are treated there and thus avoiding procedures which lead to an unnecessary inpatient stay. The Trust will also monitor the impact of CCG schemes to avoid admissions and manage patients with long-term conditions more effectively in the community.

The Trust's contract with Somerset CCG includes a risk sharing agreement to ensure that any activity over plan is funded to reflect the actual cost of delivery. Plans are based on an uplift of 3% for medical emergencies in 2013/14 but a small reduction in elective activity to reflect lower referrals in 2012/13.

The Office for National Statistics (ONS) predicts an overall 0.7% increase in the catchment population each year, which will impact on demand for all services. This is being reflected in all future plans for bed and theatre capacity.

Income Generation

The Health and Social Care Act 2012 provides the Trust with greater scope to generate private income. In 2012/13 further work was completed to enhance the private patients unit (Parkside) to attract more private income. The Trust is currently exploring the possibility of developing capacity of its day surgical services to release capacity within existing inpatient theatres which could be used for private work. Such an expansion has previously been supported by the Trust's Council of Governors, recognising that the Trust can increase its share of private work and use the income generated to invest further in its NHS services.

The redevelopment of the Trust site provides the opportunity to reconsider the commercial potential of the Musgrove Park buildings. At present the Trust's League of Friends operates two shops, and there are small-scale catering facilities for staff and patients at various locations on site. As the Jubilee Building and other developments become operational, there is the chance to significantly expand the commercial potential of the hospital. The development of a modern commercial offer on the hospital site would allow for greater and better patient choice and generate additional income. In the next year the Trust will go to the market to progress these opportunities for a planned opening in 2014.

The Trust established a dedicated commercial function, with the appointment of a Commercial Director, in 2012/13. By complementing the work of the Trust's existing Finance and Planning and Performance Directorates this is aimed at supporting the Trust's core focus on providing high quality, financially sustainable services, in particular, by assisting the Trust to incur non-pay expenditure as efficiently as possible and to increase its income.

The main areas of commercial focus will be on contract management and the development and maintenance of commercial ventures. A crucial aspect of this work will be the identification of new commercial opportunities for the Trust including tendering for new business and the establishment of commercial ventures which maximise Trust reputation and expertise.

The Trust participates in research work as a member of the Academic Health Science Network, and since 2007 has seen research turnover increase from £250k per year to £1.1m per year. Presently, 34 full time staff are involved in conducting research and 46 Consultants are lead investigators on studies within the Trust. The Trust will look to maintain and increase the income sourced through this work into the future. Work to achieve this will include an "innovation audit" to assess Trust strengths and weaknesses in this area, and the appointment of a dedicated Innovation Lead. Part of this role will be to create an innovation adoption procedure which will make it easier for innovative ideas to become reality, potentially allowing for the intellectual property and other commercial opportunities of innovations to be exploited more successfully. The Trust Board received and supported a paper from the Medical Director explaining the future growth strategy for research and innovation in January 2013.

Collaboration, Integration and Patient Choice

Collaborating with other providers increases standards and efficiency. It also promotes innovation and choice. As a result, partnership working is central to the achievement of the Trust's vision. To that end, the Trust has worked closely with other local NHS hospitals. Clinical Networks have been established with Yeovil District Hospital, to share expertise and service developments in specific clinical areas. In addition, the Trust is continuing to develop enhanced relationships with Weston Area Health NHS Trust and the Royal Devon and Exeter NHS Foundation Trust. Work between these organisations exists to identify new opportunities for delivering clinical and non-clinical services in sustainable models, drawing on the clinical expertise existing across providers and potentially larger population bases. Options for change arising from this work will need to be evaluated fully in the light of the appropriate regulatory processes, with patient benefit at the forefront of any consideration.

The Trust has worked with Weston General Hospital to develop more integrated models of emergency care, focusing on developing a clinically sustainable model of A&E and cardiology services for the population of North Somerset. This has included a pilot to treat cardiology patients from Weston Hospital requiring an urgent PTCI (angioplasty) procedure. This has been successful in demonstrating how patients from this area have accepted Taunton as an alternative to Bristol which may help inform further opportunities.

The Trust has made further strides in the implementation of its Acute Strategy, including the appointment of an additional Acute Care physicians and an additional consultant in Accident and Emergency. These appointments reflect the Trust's strategic aim concerning complex emergency care, which it is uniquely positioned to provide in Somerset.

In 2013/14 the Trust will further build on the progress made in the recent past, refining the service offer and developing the partnerships with other providers which will benefit patients locally and regionally. Specifically, objectives for the coming year in relation to the promotion of collaboration and integration are to:

- Invest nearly £3m in the expansion of the A&E department to provide more capacity for the most dependent patients and those requiring resuscitation and to further the service offer available to the wider region from MPH.
- Develop plans for meeting clinical challenges across the local and regional health community through greater integration of services such as Stroke, Maternity and Radiotherapy.
- Make progress on the joint work with the Royal Devon and Exeter NHS Foundation Trust to explore opportunities for greater partnership working to develop services for patients across the region.
- Work in partnership with the new Clinical Commissioning Group to maximise opportunities related to the new Bridgwater Community Hospital.
- Further refine and strengthen our relationships with strategic partners, including the Clinical Commissioning Group, local GPs, other local and regional providers of health services, and Local Authorities.

Competition rules and patient choice

Collaborative working for the benefit of patients is crucial to the development of services locally and regionally. However, the Trust is also conscious of the need to preserve and enhance patient choice, and to operate in a health market which promotes this.

Where any service developments taking place in partnership with others alter the way that services have been commissioned, appropriate consideration will be given to matters of choice and to compliance with competition regulations. The Trust will work with the Co-operation and Competition Panel (CCP), the Office for Fair Trading (OFT) and Monitor where necessary, and will work with commissioners to further their choice agenda by developing services within the publicly-provided NHS that patients will choose.

The Trust's approach to quality
(including patient safety, clinical effectiveness and patient experience)

Quality Improvements and Quality Priorities

Providing the highest quality care is critical to the Trust's future success. The Francis Report into failings at Mid-Staffordshire NHS Foundation Trust has re-asserted the importance of high quality care which minimises avoidable harm. For several years the Trust has continually sought improvements in patient safety, supported by the US Institute of Healthcare Improvement (as part of a national Safety Patient Initiative (SPI) where the Trust was recognised as the top performing Trust in partnership with South Devon Healthcare NHS Foundation Trust). This focus has continued in 2012/13 and will continue into the future.

In infection control, the Trust had no MRSA infections in the year to March 2013. For C. difficile the Trust has reduced its level of infections from 73 in 2010/11 to 37 in 2011/12 and to 19 in 2012/13. This year on year reduction was achieved through persistent and targeted focus on cleanliness, anti-biotic prescribing practice and peripheral vascular catheter (PVC) care, monitored and owned at individual ward level. In 2013/14 the Trust's target is a further reduction to a maximum of 15 cases. In support of this target a hand-washing video campaign was launched in early 2013.

The Trust's focus on clinical excellence is demonstrated through its Improvement Network, consisting of 12 clinical teams. In previous years these have led to Enhanced Recovery programmes in orthopaedics, gynae-oncology and urology, dramatically reducing the length of stay for patients. For instance, the average length of stay for patients undergoing primary hip replacement surgery fell from 6 to 3 days. In 2012/13 the Improvement Network extended Enhanced Recovery to other specialities building on these early successes.

The programme of 'Intentional Rounding' has been extended across all wards, to 'take care back to the bedside' for all patients. This programme, launched in 2011, ensures that every patient is seen at least every two hours with six priorities being addressed: pain, nutrition and hydration, continence, skin integrity, falls and anxieties.

The Trust's falls reduction work was recognised at the NHS Commissioning Board Institute for Innovation and Improvement National Safety Conference in January 2013. This followed selection by an expert panel from NHS South West which noted that across Mendip and Fielding wards there had been a 35% reduction in falls in 2012 compared to 2011 (a reduction of around 360 falls) and only 8 serious falls compared to 31 in 2010/11.

The quality of record keeping was praised during a CNST (Clinical Negligence Scheme for Trusts) audit of our maternity services. Maternity services scored 44 out of 50 in the audit, with the majority of the record keeping described by the inspection team as "excellent".

The patient experience has been further enhanced through improvements to the hospital environment. These have included improvements to the main entrances to the hospital, new patient entrances, and enhancements to the healing environment, particularly for patients with dementia. The Trust successfully bid for £600,000 to enhance the maternity ward environment.

Construction has begun on the Trust's new surgical ward facility, the Jubilee Building. This new development will provide 112 single en-suite rooms across three wards. The wards will replace five WWII-

era Nightingale wards with state-of-the-art facilities including en-suite bedrooms. The new facility will help to support the Trust's ability to provide excellent emergency and elective surgical care.

The Trust has invested in increased capacity in spinal surgery to respond to the higher demand. Orthopaedic services have been remodelled as part of a strategic change in the type of activity undertaken to respond to changing demand. There have also been improvements to the administration for patient care, including the move to 'paper-lite' outpatients for certain specialties building on the successful implementation of order communications systems in 2012.

In 2013/14:

The Trust will continue to put patients first, to deliver excellent care and minimise avoidable harm. Reflecting on the issues raised in the Francis Report, on commissioner intent and on the views of Trust members and Governors, the Trust will continue to plan and deliver services with the patient experience primarily in mind. In the next year the Trust will:

- Implement action plans for key clinical services; Maternity, Radiotherapy, Stroke (including hyper acute ward), Long Term Conditions, Vascular Surgery and Interventional Radiology.

- Further develop the Trust's Accident and Emergency redevelopment to increase resuscitation capacity and our ability to deal with major incidents. These changes will add to wider improvements in A&E to address the impact of changes to Out-of-Hours provision and the introduction of the 111 service.

- Promote more strategic planning of service delivery by supporting senior clinicians and managers to develop 3 year forward look plans for each major specialty linked to finance data and including the exploration of partnership opportunities.

- Move forward with plans for the second phase of the Trust's redevelopment of surgical theatres, including capacity for an interventional radiology and ITU / HDU combined unit

- Complete and commission the Jubilee building, bringing on-stream new bed capacity in a state-of-the-art facility

- Design and commence construction of improvements to the ward environments for maternity services and for dementia care.

- Continue to support Health Improvement Network to engage local clinical teams in redesigning care pathways. This work has already led to significant improvements to challenging areas of care. As the Trust looks to become the preferred provider further work will be necessary to bring together our expertise from across a range of pathways.

- Planning work will commence for the second phase of the development of surgical services at Musgrove Park – the re-provision of theatres and critical care beds. Progress will be made to provide improved theatres in the coming years.

- There will be a response to developments in complex care delivery through the commitment of Trust support for the development of further Interventional Radiology services, and enhanced Radiotherapy services to meet growing demand. Radiotherapy services will also develop to include Intensity Modulated Radiation Therapy (IMRT) which can better treat patients with cancer requiring this modern and effective treatment.

- The Trust will seek opportunities to extend move ambulatory care services currently provided from MPH into community settings to provide more local access for patients. It will also look to provide more 'end to end' care for patients with long term conditions, recognising the specialist expertise it has to help coordinate patient pathways effectively outside of the hospital.

The Trust Board agreed the following Key Quality Improvement Priorities for 2013/14:

- Sustaining the reduction of hospital acquired infections
- Improving patient safety whilst in hospital by reducing falls and pressure ulcers
- Ensuring patients receive adequate and nourishing food
- Caring for patients with dementia
- Improving how well we communicate

Each of these is considered below:

Sustaining the reduction of Hospital Acquired Infections

Key Actions

In the coming year, the Trust will continue its efforts to improve infection control and reduce infection numbers. Specific actions will include:

- Early identification and isolation of patients with infections
- A continuation of regular audits of hand hygiene, care of vascular devices and cleaning
- Unannounced hygiene visits to wards led by an Executive Director
- A further "deep clean" programme of wards
- MRSA screening of elective and emergency patients
- Restrictions on the use of high risk antibiotics and regular monitoring
- On-going education for staff, including a dedicated Infection Control Link Practitioner in all clinical areas

The Trust has a well-established Control of Infection team who examine and report cases of infection. In depth reviews of individual cases are carried out to understand how the infection occurred and to identify any learning that may prevent a similar infection in other patients.

Key Milestones

The Trust will seek to continue to ensure a safe environment where patients feel assured regarding hygiene care whilst in hospital. The Trust aims to continue improvements to MRSA and C. difficile performance in future years. Specific targets for 2013/14 are:

MRSA: no cases
C difficile: no more than 15 cases

Achievement of these figures will mark a significant improvement in performance over the last five years. In 2008/09 there were 8 MRSA cases and 55 C. difficile cases. There have been steady improvements since (except for in C. difficile in 2010/11 when new recording arrangements were introduced and an increase was recorded) as the table below shows:

Infection Type	Year	No. of cases
MRSA	2008/09	8
	15	

	2009/10	8
	2010/11	1
	2011/12	1
	2012/13	0
C Difficile	2008/09	55
	2009/10	48
	2010/11	73
	2011/12	37
	2012/13	19

Improving patient safety by reducing falls and pressure ulcers

Key Actions

The Trust will continue its work to reduce falls and pressure ulcers across all services. Specific actions will include:

- The introduction of safety crosses on each ward as a visual reminder to patients, visitors and staff stating the number of days since the last fall or pressure ulcer.
- A continued focus on formal patient comfort rounds every 2 hours that includes checking the skin of patients at risk of developing pressure ulcers.
- Staff education regarding assessment and the key actions that prevent falls and pressure ulcers.
- Spreading a 'bundle' of safety measures to prevent harm occurring from unsupported falls or from unrelieved skin pressure.
- Reporting the Trust's figures for falls and pressure ulcers nationally using the Patient Safety Thermometer, which will enable benchmarking against national averages.
- The implementation of a system of monthly reporting of falls and pressure ulcers, led by dedicated multi-professional groups. In depth reviews of individual cases will be carried out to understand how the fall or pressure ulcer occurred and to identify any learning that may prevent similar events occurring. Monthly reports will continue to be produced and shared within the hospital and reported to the Trust Board.

Key Milestones

By the end of 2013/14 the Trust will have accurately identified the number of falls that lead to significant harm, and have reduced falls by 10% by implementing actions proven to prevent fracture.

In terms of Pressure Ulcers, the Trust will reduce by 40% the number of avoidable hospital acquired pressure ulcers of grade 2 and above from the year end 2011-12 level.

Ensuring patients receive adequate and nourishing food

Nourishment is a key element in recovery from illness or surgery and in the maintenance of good health. The Trust conducted a survey of patients which highlighted that food and nutrition was one of the top three priorities for high quality care. As a result, this area has been identified as a Trust priority.

Key Actions

- The Trust will continue to improve the help given to patients between and at mealtimes, by ensuring that they can reach their food and drinks, by opening packaging, by offering finger foods or by fully helping them to eat where this is needed.
- There will be an increased emphasis on the provision of a quality choice of appropriate snacks and meals during the day and night.
- Specific patient nutrition planning will continue.
- The Trust will continue to use a dedicated Nutrition Team and team of Dieticians working with patients unable to eat normally
- Nutritional screening will continue for all patients admitted to hospital.
- In response to the Trust review of catering provision, special menus for patients requiring modified texture diets have been introduced
- The Trust will respond to the findings of 'mock' Care Quality Commission nutrition inspections.
- Food provision, staff education and quality monitoring will improve due to the creation of a Catering Liaison Manager post.

Key Milestones

By the end of the 2013/14 year the Trust will have achieved the following quality standards:

- 95% of patients in our inpatient survey to report that they have received assistance with eating where this has been required.
- Every ward will have access to a range of appropriate snacks or hot foods, day and night. Target 100%
- 90% of adult patients to undergo nutritional screening on admission to hospital, nutritional care planning and the delivery of nutritional care against these care plans.
- A further roll out of mealtime volunteers across the hospital, following the introduction of such volunteers onto three wards.

Caring for patients with dementia

Nationally there is widespread concern about the care of people with dementia in hospital. It is estimated that 25% of general hospital beds in the NHS are occupied by people with dementia, rising to 40% or even higher in certain groups such as elderly care wards or in people with hip fractures. The presence of dementia is associated with longer lengths of stay (an average of seven extra days compared to patients with similar primary diagnoses but no dementia), delayed discharges, readmissions and inter-ward transfers. This Trust serves a disproportionately large elderly population, and as a result is particularly affected by dementia issues.

Key Actions

- The continuing advancement of dementia champions on wards
- Further training in dementia issues for staff
- Increased volunteering involvement in the care of elderly people

Key Milestones

- Achievement of the local dementia CQUIN and continuation of progress to becoming a "Dementia Friendly Hospital"
- Acquisition of further monies to improve facilities for patients with dementia.

Improving how well we communicate

Communications to patients are a key quality consideration, and were highlighted as very important in the Trust's public survey of key priorities. Good communications, both written and verbal, are critical in improving how patients feel they are treated when they attend the hospital or are contacted by staff.

Key Actions

- The Trust will continue to provide customer service training
- There will be the development and validation of a competency tool for the assessment of communication skills.
- An assessment will be undertaken of the type of complaints received by the Trust, so that lessons regarding communications can be learned.

Key Milestones

The Trust will look to ensure that the numbers of staff who have received customer service training increases from the 2012/13 baseline level. Those areas that have been identified as being the clinical services which have the most numbers of complaints are the Emergency Department and the Trauma and Orthopaedics Department. These specific areas will be the focus of increased efforts including:

- Spread of customer care training.
- Bespoke training in specific high risk areas
- Learning from complaints spread across the Trust
- Patients stories shared with staff involved in specific cases

The number of staff trained in customer care as a percentage of Trust employees will be monitored monthly and reported quarterly to the Trust's Quality Assurance Committee so as to ensure that improvements are made appropriately.

External Assurance of Quality

The Trust is required to register with the Care Quality Commission. The Trust's current registration status is registration with no conditions.

The CQC has not taken any enforcement action against the Trust. There have been several reviews of Trust services by the CQC, who make announced and unannounced visits to services provided by all registered providers from time to time. No major concerns were identified by the CQC in 2012/13, nor was any enforcement action required as a result of the reviews. However, the Trust responds positively to CQC findings and has implemented action plans to address areas identified by the CQC as having the potential for minor improvement.

As well as the CQC, the Trust has good relationships with a number of other external bodies which directly or indirectly provide assurance regarding quality. Commissioners (NHS Somerset and latterly the CCG) regularly review service outcomes. Monitor, the independent regulator of Foundation Trusts, receive significant volumes of information on service outcomes and governance, and rate the Trust accordingly. The current rating is "Green", the highest level possible.

The Trust engages with other stakeholders as well, sharing quality information with the Local Improvement Network and Somerset County Council, which scrutinise the quality of service provision. In addition, clinical practice is governed by a range of internal and external standards set locally by the Trust and nationally by professional groups and Royal Colleges. These standards and general Trust governance ensure that practice quality remains high.

Board assurance of Quality and Patient Safety

Strong leadership is essential to ensuring quality and safety. The Trust Board leads efforts to keep quality high, both in the direction of strategy and in providing the necessary support and input to front line service delivery. At a strategic level for instance, the Chief Executive has led the Trust's response to the Francis Report recommendations and will continue to lead this progress in 2013/14. Operationally, the Trust's Director of Nursing and Medical Director share responsibility for the quality of services, defined within a Memorandum of Understanding to ensure there are no gaps in assurance. At each Board meeting, the Board receives a quality report which is produced by the Medical Director and the Director of Nursing. This is supplemented each quarter by a more detailed report covering a wider range of topics including patient complaints and concerns. These quality reports provide the Board with information on performance with respect to a variety of quality indicators and issues.

In addition, executive and non-executive Board Members frequently visit different areas of the hospital and spend time within services, speaking to staff to see the care given first hand and to learn about issues which require reporting and action.

The Trust has established quality monitoring across the hospital, ensuring a clear flow of information and action from ward to Board. Directorates delivering services report to the Governance Committee, a sub group of the Board. This ensures the continual monitoring of the quality of care and of on-going assessment and review involving Directors, staff, patients, commissioners and Governors.

Key quality risks and how these will be managed

As part of the development of its Quality Account, the Trust has identified a number of key quality priorities, with key milestones and KPIs to ensure success can be identified. To ensure that these priorities are met, as well as to ensure that the general standards of quality in day-to-day service delivery do not slip, the Trust has in place a governance framework with robust monitoring arrangements to the Trust Board via the Governance Committee.

This process includes the identification of issues raised through complaints, incidents (SUI's) and claims and the implementation of actions arising from them. Through this mechanism the Governance Committee provides assurance to the Board on Governance arrangements. In addition, the Trust Board receives each month a dashboard, and exception report, which sets out KPIs against each of the Trust priorities, including those that are required for the Monitor Compliance Framework, national priorities, and the Quality Account as well as performance against contractual and Trust objectives. Quarterly Quality Monitoring meetings are held with the Commissioners underpinned by monthly reporting.

The Trust has also developed an annual programme of assurance reporting on a range of key topics linked to CQC requirements. This includes a review of arrangements in place for monitoring and improving quality. Compliance is assessed on a simple scale, with actions required to address any areas of concern identified. Results are triangulated to take into account findings from internal audits, policy monitoring, compliance audits, national surveys, detail of incidents, complaints and claims and measures included on the CQC's Quality and Risk Profile for the Trust.

Clinical Strategy

Service Line Management Strategy

The Trust has progressed its Service Line Management (SLM) approach this year and will continue to develop it as this plan progresses. Key to this approach has been the continued devolvement of decision-making closer to front-line service delivery. The structure of the Trust's senior management arrangements has changed this year, with the replacement of the old Divisional Structure with a new Directorate structure to facilitate more effective local decision making.

There are 9 Directorates, each with responsibility for a set of services. Each has a named Clinical Director, Directorate Manager and Matron. Responsibility for medical, quality, performance, financial and operational matters is split between these Directorate leaders. Support is provided by colleagues in Finance, HR, service planning and other functions, and Directorates are responsible to the Director of Operations.

The principle of SLM is to devolve autonomy for decision making closer to the front line, ensuring that services develop in a coordinated way to meet quality goals and patient needs.

As part of enhancing the Trust's approach to SLM, there will continue to be support provided to Clinical Service Leads to develop three year forward look plans for each major specialty, linked to Directorate Plans as part of a thread between the Trust's Annual Plan and individual staff plans. At Directorate and particularly specialty level, plans will be linked to finance data (such as Service Line Reports) and involve actions to respond to developments in the wider service delivery landscape such as partnership opportunities.

Making sure that services are planned appropriately is vital in delivering excellent services. Engaging the workforce is delivering a shared vision of excellent local services is crucial to this, and involving staff at all levels in the planning process is part of the way to achieving it.

By engaging with senior clinicians and operational managers the Trust will instil a process of collaborative service planning which can be owned locally, compared across Directorates and specialties, and contribute to the achievement of a unified clinical strategy. In the next year an enhanced planning process will become embedded, and will be improved thereafter.

Clinical Workforce Strategy

The Trust's services to patients can only improve through the dedication and skill of our workforce. Like all parts of the NHS this Trust faces significant pressures over the coming years which can only be overcome with a unified team of staff working together for the benefit of the patients. The Trust wants to reward high performing staff at the same time as tackling financial pressures faced by the entire NHS.

As a result, the Trust is continuing to work with other Trusts to explore opportunities for introducing more flexible pay strategies which provide appropriate reward and recognition to staff and address weaknesses in the current nationally negotiated pay arrangements. Part of this work includes a comprehensive staff engagement process involving all clinical and non-clinical staff in the generation of ideas to take forward.

Separate to the issue of pay and reward, the Trust recognises the importance of staff development and skill enhancement. This year there has continued to be a wide range of learning and development opportunities offered for staff, widely publicised and taken-up.

The Trust has further embedded a performance management and improvement system this year with an enhanced focus on working with staff to ensure the appropriate recording of activity. Not only does this help with resource allocation and security of funding, but good quality data is also used to inform business cases for future service developments which will lead to better services for patients.

In 2013/14:

- Over the coming year the Trust will continue to strive to deliver improving performance with an organisational culture which values staff and gives them the opportunity to thrive in a satisfying working environment. The Trust will establish an ambitious Quality Plan with opportunities for staff to enhance patient safety and experience, through increased local autonomy and service line reporting at a specialty level. Staff will be equipped to take on more leadership within their services to help them develop and innovate.

- The Trust will continue to roll out the 'Performance Assurance Framework' at directorate level. This will contain key performance measures which are locally determined, combining service-led priorities with those of the Trust as a whole and empowering staff to take ownership and deliver them. This is part of a wider drive to increase staff involvement in planning local priorities and actions.

- A new organisational structure is being put in place and will embed during 2013/14. This will support greater clinical and staff involvement in decision making, and clearer lines of accountability and responsiveness from ward to Board. The Trust has already undertaken its BIG Conversation and Listening into Action programmes to facilitate greater dialogue across staff groups and up to the Trust's management. This will continue in the coming year.

- Directorate Managers and Clinical Directors will have a greater role in the annual planning process, introducing directorate and team planning processes which show a clear thread between the objectives of each team member within a directorate and the objectives of their directorate and of the Trust as a whole.

Work on pay and conditions will continue, guided through consultation with staff groups working together with the Trust's management to help overcome the financial and performance challenges that the NHS faces. The Trust will work to introduce a reward and recognition system better aligned to behaviours and values, and more flexible in rewarding staff where performance is high. Aligned to this, programmes such as coaching training will continue to help managers adapt their leadership style to emphasise working in a more facilitative way. This work will be particularly relevant to Directorate Managers and Clinical Directors who will benefit from devolved authority and the earned autonomy which will come from greater emphasis on service line management.

The Trust's strategy for its clinical workforce is considering ways to manage staffing issues concerned with doctors, nurses and other clinical professionals. The Trust is working to maximise the use of its clinical resources, ensuring that the correct work is undertaken by the correct grade of staff. The Trust operates a "Consultant present" model of care, ensuring efficient use of medical staffing.

Work has been undertaken in 2012 to understand clinical workforce baseline information, and has been enhanced by the investigation of new staff rota and rostering systems to improve efficiency of staff use. For doctors, the Trust is responding to future likely issues related to the Consultant workforce and will be developing sub-Consultant roles for aspiring Consultants. These will provide enhanced amounts of direct

clinical care in exchange for more support and development opportunities for the post-holders in order to better prepare them for a Consultant role in the future.

Reducing cost is a key driver of Trust efforts to redesign workforce processes. As well as work around pay and grading, the more efficient use of staff and a better analysis of work performed by staff at certain grades will achieve cost savings.

Work has been undertaken to understand where services may struggle to achieve critical mass, or where consultant provision may become challenging in future. The Trust has analysed all of its services in this regard. For consultant cover, a horizon-scanning exercise was undertaken to map future retirees amongst the consultant body and to analyse possible future issues in addition to natural staff turnover. Only the Dermatology service gave cause for concern as part of this review, and work is now underway to recruit and train additional staff to make up for the likely future shortfall. For nurses, the Trust's geography has presented recruitment challenges, exacerbated by changes to regional nurse training sites. However, enhanced recruitment activity is being undertaken to remedy this issue. In addition, the Trust shares national concerns around the sustainability of staff to provide breast screening services, and there are concerns about the future long term sustainability of the medical physics service given staffing issues. However, having identified these issues early, additional work is now being planned and carried out to ensure that problems are resolved before they threaten services. In addition, the Trust is developing further the role of the Assistant Practitioner, and is considering work to support nurses and midwives to expand their roles to include case management, patient assessment and the delivery of treatments.

Productivity & Efficiency

There are a number of key schemes that represent a step change in processes rather than the more traditional incremental change in 2013/14 these relate to beds and theatres productivity.

The focus of work on theatre flow productivity has the key deliverables of

a) An increased sessional utilisation and increased number of patients per list (improving late start/early finish times) to reduce the overall number of lists required and through this release consultant planned activities and theatre staffing;

b) An increased efficiency in pre-operative assessment to reduce resource required in that step of the pathway;

c) Reduced requirement for inpatient beds through a drive to undertake a higher volume of day case activity.

In order to deliver the above efficiencies a step change in process is required including an approach to theatre scheduling that staggers patient admissions to reflect the expected flow of patients, an improved consenting process to remove delays in patients entering the theatre setting and a more proactive management of patients on the active waiting list to ensure listing for theatre is still appropriate and required.

The planned efficiency relating to inpatient beds relates to treating the expected increase in emergency medical admissions from the Somerset population within the current bed base, this productivity increase allows part of the resource set aside for the increase (£500k) to be part of the improvement plan. This equates to a planned reduction of 10 beds above the level assumed in the annual plan.

A key component of the improved bed productivity is to introduce an acute oncology service. Acutely unwell cancer patients will be treated in the cancer centre rather than an acute medicine ward, freeing up medical beds and, as evidenced by the same care model elsewhere, reducing the overall length of stay of patients.

Cost Improvement Plans: Overview of management, leadership and assurance arrangements for the life of the Strategic Plan

The Trust has historically performed well in achieving cost improvements. In 2012/13 however cost reductions and additional contribution earning activities generated a net benefit of £7.5m, which fell short of the savings target by £2.7m. This gap was closed as a result of Somerset PCT recognising increased activity and acuity levels in non-elective care.

Over the life of the three year strategic plan the estimated cost improvement target is £33m, approximately £11m in each year. Achieving this target will:

- Generate cash surpluses
- Fund expected future cost pressures (both inflationary and service development driven)
- Achieve a Financial Risk Rating of 3 under the current risk assessment framework and a 4 under the proposed Continuity of Service measure that has been subject to a recent consultation process.

The savings programme for 2013/14 is divided into distinct work streams each with a senior manager who is responsible for the co-ordination of the activities required to realise the benefits. These work streams are:

- Patient flow related (beds, theatres and diagnostics support services)
- Pay modernisation
- "Business as usual" where budget managers are expected to make efficiencies of 1.5% of budgets.

In addition to CIPs, there are also income initiatives in place to generate additional funds through productivity improvements. Taken together these have contributed £3.5m additional funds to offset the original CIP target of £11.8m in 2013/14.

Robust governance arrangements are a key ingredient to the delivery of such significant savings targets to ensure that schemes are properly scoped, planned, resourced and monitored to ensure the benefits are realised and remedial action is taken where delivery deviates from plan. With this in mind there are three elements to the governance of the CIP – planning, reporting and performance management.

Project documentation required in the planning phase recognises that a simple summary outlining key actions, risks and where savings will be realised is sufficient for a range of schemes that are not complex in nature. There will be more complex schemes however that will require a greater level of rigour in planning and therefore require a project initiation document (PID) which allows for a greater level of understanding regarding key milestones, resources required to deliver savings, interdependencies, accountabilities and risks. Any project with savings planned in excess of £100,000 will require a PID.

The performance of CIP against both targets set for overall delivery and the planed achievement of individual schemes is reported to the Trust Board on a monthly basis as a part of the normal financial performance report. Performance will also be highlighted at Directorate level through the performance assurance process and to the operational management board and trust executive committee meetings.

Where performance is at variance to that planned highlight reports will be generated to highlight work required to bring performance back in line with planned delivery, or to identify where further ideas for savings need to be generated where delivery cannot be remedied back to plan.

As savings become more difficult to release as efficiency improves, it is recognised that schemes will become more complex and that a longer planning phase will most likely be required. With that in mind the overarching programme structure includes a committee, "Making the Most of Musgrove" that has the focus of ensuring that future year CIPs are planned well in advance of the financial year in which they are expected to realise benefits.This process is being managed using a savings development pipeline tracking proposed schemes from 'idea' through 'assessment', 'scoping', 'planning' and 'approval' to 'start'.

Ensuring that quality is maintained during the realisation of CIP schemes is important, and the Trust strives to do this. The Trust's approach to CIP planning reflects this. For example, it is becoming clear that after several years of efficiency savings, it is no longer appropriate simply to "salami-slice" services. As a result, service-lines have been asked to make only 1.5% reductions in their budgets this year. The remaining savings (approximately 2/3rds of the total) are being managed through Trust-wide schemes which look to fundamentally change pathways across all services and to manage changes Trust-wide. Quality assurance of CIP schemes (by Medical and Nurse Directors) attempts to ensure that savings do not result in a reduction in service quality. Quality measures are established and reported on, and outcomes monitored. Where risks to quality are identified action is taken as appropriate.

The key CIP schemes for 2013/14 are outlined elsewhere in this plan.

Clinical engagement in the CIP process is important and happens via the Directorate Management structures. Clinical Directors, Clinical Service leads and Matrons work closely with Directorate Managers to formulate CIP plans and assess their potential impact on clinical quality. All schemes are assessed and reported-on from a clinical quality point of view prior to being agreed and reviewed against clinical quality matters as they progress.

Support is provided to managers throughout the planning cycle. It begins at the planning stage, with assistance provided by service planning staff, HR and Finance to work with Directorate Management teams to assess opportunities and articulate plans. Where necessary, communications with staff, patients and/or commissioners are provided explaining plans and the impact of changes on the way that services are delivered.

Key CIP schemes including risk ratings for individual schemes

Key CIP schemes are detailed at Appendix 2 of this Plan.

Financial & Investment Strategy

The Trust experienced a challenging year financially in 2012/13 with the cost improvement falling short of the £10.2m planned for the year, influenced heavily by non-elective activity and the extended winter period; both factors impacting on key savings plans. Overall however, the financial target was still achieved due to the contribution earned from additional revenues covering the shortfall in cost improvement.

The Trust reported a surplus for 2012/13 is £0.5m. This position includes impairments of £2.9m which were not included in the annual plan, the majority of which is brought forward from the value originally planned for 2013/14. The surplus before impairments is therefore £3.4m, £0.2m higher than the comparable planned surplus in the annual plan (£3.2m).

The Trust has put a focus on improving working capital and as a result has improved the Debtor position in 2012/13 significantly with over 60 day debt reducing from £1.3m at the beginning of the year to £156k at the end of the financial year.

Although cash balances are currently healthy at £34.5m (50 days cover on expenses), the profile of capital investment expenditure over coming and future years, in excess of depreciation and surpluses, will reduce cash to a more modest level for a Trust of our size. This level however will remain acceptable. The main draw on cash will be the continued development of the Jubilee Building, Emergency Department expansion and investment in major IT projects, including the purchase of an Electronic Patient Record IT system (EPR) to replace our National Programme system in November 2015.

These investments are linked to driving a more efficient way of working with consideration to the flow of patients through the physical estate, the working practices of staff (e.g. reduced administration requirements through investment in IT), as well as more traditional replacement programmes for equipment and buildings. Such an investment strategy will also help to deliver the key financial strategy and priorities.

The financial strategy of the Trust has been to generate cash surpluses to satisfy regulatory assessment of the organisations financial health and for investment in the fabric of the estate to replace dated clinical

service accommodation and address rising demand, prime example being radiotherapy services. In order to achieve this strategy an efficiency programme of £33m is required over the life of the three year strategic plan. We recognise, however, that large financial surpluses are not deliverable in the short term which means investment plans require strict control and planning.

The key financial priorities are therefore to ensure that market share is retained and grown where margins are earned, services or procedures that do not make a contribution to overheads are understood in the context of the wider portfolio of services and made as cost efficient as possible where divestment is not possible, manage working capital efficiently to ensure that cash balances are maintained and ensure that a rolling three year CIP is in place to underpin the financial strategy. The Trust has already developed a Pathology Joint Venture, with plans for expansion to generate new revenues for the Trust. We are exploring collaborative opportunities, including back office sharing, with neighbouring organisations and opportunities to integrate vertically, incorporating new pathways of care.

The key risks to the achievement of the financial strategy are clearly the increasing difficulties in realising cash releasing savings year on year and the length of time these more fundamental service redesign required to deliver such efficiencies, as well as the potential fragmentation of the health care market between public and private sector providers. To mitigate such risks the Trust is seeking to work more collaboratively with other organisations, both vertically and horizontally in terms of the patient pathway, to protect our income base whilst addressing the needs of the patient and new delivery models. This will be underpinned by work on pay modernisation to align staff terms and conditions to the needs and values of the organisation towards a more flexible workforce (enabling us to extend the working week, change and expand roles). Our planned investment in an electronic patient record system will also support improved working practices, reducing the need for paper records and introducing new administrative processes.