Blackpool Teaching Hospitals NHS
NHS Foundation Trust

# Operational Plan Document for 2014-16

# Blackpool Teaching Hospitals NHS Foundation Trust

# Operational Plan Guidance – Annual Plan Review 2014-15

The cover sheet and following pages constitute operational plan submission which forms part of Monitor's 2014/15 Annual Plan Review

The operational plan commentary must cover the two year period for 2014/15 and 2015/16. Guidance and detailed requirements on the completion of this section of the template are outlined in section 4 of the APR guidance.

Annual plan review 2014/15 guidance isavailable here.

Timescales for the two-stage APR process are set out below. These timescales are aligned to those of NHS England and the NHS Trust Development Authority which will enable strategic and operational plans to be aligned within each unit of planning before they are submitted.

Monitor expects that a good two year operational plan commentary should cover (but not necessarily be limited to) the following areas, in separate sections:

1. Executive summary
2. Operational plan
    a. The short term challenge
    b. Quality plans
    c. Operational requirements and capacity
    d. Productivity, efficiency and CIPs
    e. Financial plan
3. Appendices (including commercial or other confidential matters)

As a guide, we expect plans to be a maximum of thirty pages in length. Please note that this guidance is not prescriptive and foundation trusts should make their own judgement about the content of each section.

The expected delivery timetable is as follows:

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| Expected that contracts signed by this date | 28 February 2014 |
| Submission of operational plans to Monitor | 4 April 2014 |
| Monitor review of operational plans | April- May 2014 |
| Operational plan feedback date | May 2014 |
| Submission of strategic plans to Monitor<br>(Years one and two of the five year financial plan will be fixed per the final plan submitted on 4 April 2014) | 30 June 2014 |
| Monitor review of strategic plans | July-September 2014 |
| Strategic plan feedback date | October 2014 |

## 1.1 Operational Plan for y/e 31 March 2015 and 2016

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

| | |
|---|---|
| **Name** | **Wendy Swift** |
| **Job Title** | **Director of Strategy / Deputy Chief Executive** |
| **e-mail address** | **Wendy.swift@bfwhospitals.nhs.uk** |
| **Tel. no. for contact** | **01253 655550** |
| **Date** | **4th April 2014** |

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

**Approved on behalf of the Board of Directors by:**

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| **Name** *(Chair)* | Ian Johnson |

**Signature** 

**Approved on behalf of the Board of Directors by:**

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| **Name** *(Chief Executive)* | Gary Doherty |

**Signature** 

**Approved on behalf of the Board of Directors by:**

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| **Name** *(Finance Director)* | Tim Bennett |

**Signature** 

## 1.2 Executive Summary

Blackpool Teaching Hospitals NHS Foundation Trust is situated on the west coast of Lancashire, and operates within a regional health economy catchment area that spans Lancashire and South Cumbria, supporting a population of 1.6 million. The Trust provides a range of acute and community services to the 440,000 residents of Blackpool, Fylde, Wyre and North Lancashire, as well as specialist tertiary care for Cardiac and Haematology services across the wider region.

The population served by the Trust has considerable deprivation, transience, poor health and high death rates, which results in ~3% of the local population accounting for 48% of spend in hospital services, with 12% of the population accounting for a further 40% of spend. This has been a key driver in the development of short and long term plans that see the Trust working in partnership across health care, social care and the voluntary sector to prevent ill-health and better support an aging population and those people with long term conditions outside of hospital settings wherever possible. Plans for the implementation of extensivist and enhanced primary care models are in development, which is in direct alignment with the recently published transformative six visions for the future NHS.

The Trust has recently been inspected by the Care Quality Commission as part of its new hospital inspection regime. Whilst this identified many examples of good practice and several areas were rated as “good”, the overall rating for the Trust was that it “requires improvement”. In addition, one service (maternity and family planning) was rated as “inadequate”. Steps have already been taken to address the specific areas of concern but clearly a major focus for the Trust over the next two years will be to ensure these actions lead to rapid and sustained improvements in the quality of care we provide. The Trust was one of the first organisations to undergo the new inspection process. However, this followed an earlier external review led by Sir Bruce Keogh after the Trust was found to be an outlier on specific indices of mortality. Since the Keogh review, the Trust has made good progress in addressing the findings of that review including significant investments, such as to improve staffing numbers, totalling £6m. The main indicator of mortality (Summary Hospital-level Mortality Indicator – SHMI) has fallen consistently such that the Trust expects to be within the expected range given its size, the type of services provided and the underlying demographics and epidemiology of the population it serves. The improvements that have been made recently demonstrate the commitment of the Trust to continuously improve the quality of care it delivers and to be responsive to the needs of its patients.

The key challenge for the Trust is therefore to continue to improve the quality and safety of care provided against the backdrop of a challenging financial environment and some specific operational pressures including the achievement of the A&E standard.

Whilst the Trust returned a surplus and a CoS rating of 3 at the end of 2013/14, the underlying financial position of the Trust is much weaker and requires the Trust to deliver cost savings of £20.6m (>4.5%) in 2014/15 and 2015/16. The Trust will continue to make specific targeted investments to improve quality and safety, but this will be alongside the need to make other improvements in efficiencies in order to ensure that the Trust remains financially viable for the foreseeable future. The Trust’s liquidity position also requires improvement and, together with CIP, this forms the major financial challenge over the period of the operational plan. The financial outlook over the planning period is that despite above current sector average CIPs the Trust will incur a deficit in year 1 (2014/15), which improves to a £2.3m surplus in year 2 (2015/16). The financial priorities are therefore to ensure delivery of the CIP, make improvements in the underlying position and retain a positive cash balance of at least £5m during the planning period.

The main areas of opportunity for cost savings across the Trust include both traditional CIPs supported by an ever growing number of transformational schemes which the Trust is well placed to deliver due to the fact that it provides a comprehensive range of community as well as acute services.. The transformational schemes are focused on a reduction in unnecessary attendances / admissions; optimisation of length of stay; the productivity and efficiency of the outpatient function, including rationalisation of the estate; the productivity and efficiency of operating theatres; the

procurement of goods and services (including medicines management); and a review of the workforce, particularly in corporate departments. In order to ensure that the CIP does not adversely impact on patient safety or the quality of care we provide a rigorous process of quality impact assessments has also been put in place.

The Trust's quality goals are related to the need to involve patients and carers in decision-making; a reduction in inappropriate admissions, harms and delays; and the implementation of standard care pathways. Existing quality concerns relate to the recommendations of the local Keogh review and CQC inspection, along with delivery of the A&E standard which the Trust failed to achieve in Q3 and Q4. Key risks to quality and the delivery of associated improvement plans are the Trust's mortality rate, its local demographics, workforce, infrastructure (predominantly medical equipment and IT hardware and systems), and the financial context. Immediate priorities remain the recruitment and retention of clinical staff, which in turn will reduce agency and locum utilisation; continued implementation of care pathways, focusing on conditions with higher than expected mortality and/or linked to meeting quality standards; and the prioritisation of investments across the estate, medical equipment and IT hardware and systems.

In order to achieve the 18-week RTT standard and the cancer standards over the next two years, the Trust will need to continue to respond to changing patterns of demand. Current areas of risk will be addressed through creation of additional internal capacity achieved by pathway redesign, including demand management via agreed referral criteria, and a review of efficiencies across outpatient clinics, diagnostic services and operating theatres.

## 1.3 Operational Plan

### a) Strategic context and direction

Blackpool Teaching Hospitals NHS Foundation Trust is situated on the west coast of Lancashire, and operates within a regional health economy catchment area that spans Lancashire and South Cumbria, supporting a population of 1.6 million. The Trust is a provider of specialist tertiary care for Cardiac and Haematology services across this region.

The Trust provides a range of acute services to the 330,000 population of the Fylde Coast health economy and the estimated 11 million visitors that visit the seaside town of Blackpool each year. Since 1st April 2012, the Trust also provides a wide range of community health services to the 440,000 residents of Blackpool, Fylde, Wyre and North Lancashire. This provision of community health services over a wide geographic region is a key strength for the Trust, enabling increased opportunities for changes to its models of care that will support the needs of the local population.

The population served by the Trust is wide ranging, with areas of considerable deprivation, transience, poor health and high death rates neighboured by areas of prosperity, good health and longer life expectancy. In 2010, Blackpool was ranked as the sixth most deprived region of 354 local authorities in England. The population of Blackpool is older than the national average, its health is generally worse, and life expectancy is the lowest in the country for men at 73.8 (England = 78.8), and the third lowest in the country for females at 80.0 years (England = 82.8). However, there are significant health inequalities, with men in the least deprived areas living almost 10 years longer than men in the most deprived areas, and for women the difference is 8 years. The population of Fylde and Wyre also has an aging population, with 8% more adults aged over 65 than the national average. By 2022, it is anticipated that the number of people aged over 70 will increase by 28% and by 2030 the number of people aged over 85 will have doubled. People within this region also experience health inequalities. Men living in the most deprived wards have a life expectancy that is 10.6 years shorter than in the more affluent wards, whilst for women this difference is 6.4 years.

The Trust's catchment population has high rates of smoking (including smoking in pregnancy), alcohol consumption, and drug use. Prevalence of long term conditions such as chronic obstructive pulmonary disease, diabetes, hypertension and coronary heart disease is higher than the national average, along with other health issues such as alcohol-related conditions, cancer, kidney disease and stroke. The prevalence of dementia is also higher locally compared with national figures.

These demographic challenges result in ~3% of the local population accounting for 48% of spend in hospital services, with 12% of the population accounting for a further 40% of spend. This, coupled with indications that the demand for health and social care services will increase over the coming years, demonstrates that the Trust must work in partnership across health care, social care and the voluntary sector to prevent ill-health and better support an aging population and those people with long term conditions to manage care provision outside of a hospital setting wherever possible.

The Trust is currently working with local and regional stakeholders to fully develop its five year strategic plan, with a focus on safe, high quality care. Its vision for 2020, whilst still under development, will be centred on three key statements:

- We will work in partnership with health and social care to improve the health and well-being of the population that we serve;
- Our care will be safe, high quality and managed within available resources, provided in the most appropriate environment and to agreed pathways of care;
- Our highly skilled and motivated workforce will be patient-centred, caring and compassionate.

This is supported by five strategic objectives:

- To improve the health and well being of the population through partnership working with health and social care, focusing on ill-health prevention, management of long term conditions, and timely access to treatment;
- To prevent unnecessary emergency admissions to hospital through new service models that provide enhanced support in community settings and integrated care for the most needy and frail patients;
- To provide safe, high quality and patient-centred care, using evidence-based pathways to deliver standardised approaches to care with positive outcomes;
- To be financially viable, managing our services within the available resources and able to invest in our future;
- To support and develop a skilled, motivated and flexible workforce that is able to innovate in developing our services.

The Trust strategy will be underpinned by supporting long-term plans that focus on workforce, transformation and innovation, the use of technology and information, and the use of estates and facilities.

Partnership working with the local Clinical Commissioning Groups (CCGs) and the Local Authorities (Blackpool Borough Council and Lancashire County Council) is productive, with a common recognition of the challenges facing the local population and a shared understanding of the need for transformational change and new models of care in the coming years articulated through the joint Health and Well Being Strategies. The Better Care Fund and local commissioning intentions will assist the local health economy in steering this service redesign.

The Trust's strategic plan is focused on three key areas of delivery:

***Community-centred models of care***

The elderly and those living with long term conditions will be better supported by an holistic health and social care system that provides coordinated care in a domiciliary setting or community health centre. Patients will have well-defined care plans that allow health and social care professionals to maintain continuity of care and follow appropriate escalation routes that will prevent the default position of an acute admission. These extensivist services will be tailored to the needs of the population, linked to enhanced primary care support, and focused on prevention as well as treatment. This will address the current challenges associated with high intensity users of healthcare resources, particularly those individuals who are repeatedly and unnecessarily accessing acute care. The Trust is working in partnership with its local CCGs to develop detailed proposals for the implementation of this extensivist care model which is in direct alignment with the recently published transformative six visions for the future NHS.

Ambulatory care centres will provide an increased range of treatment regimes and minor surgical procedures in non-acute settings, and the use of early supported discharge schemes and 'prehabilitation' models across therapy services will facilitate shorter lengths of stay for those patients who do require a hospital admission.

***In-hospital care***

Admission to hospital will only occur when acute care is necessary, and standardised care pathways will be used across the diagnostic, treatment, recovery and rehabilitation stages of patient care. The management of A&E attendances and emergency admissions will be streamlined to deliver care in an appropriate setting, with improved integration between in-hospital and community-centred services to ensure that patients do not stay in hospital any longer than is necessary. This will be particularly important for the frail elderly, who will receive coordinated care with a responsible named clinician.

Operating theatres and diagnostic services will be used efficiently and effectively, with support from community health and social care services pre- and post-surgery to ensure that length of stay in an acute setting is optimised, with no unnecessary delays at discharge.

The Trust will support 7-day services where required, with particular focus on diagnostics.

***Regional partnerships***

The Trust will be a key partner in the planning and delivery of safe, high quality, sustainable care across Lancashire and South Cumbria through its willingness to participate in the federation of services and to share resources across local public sector providers.

## b) The short-term challenge

The key challenge across 2014/15 and 2015/16 for Blackpool Teaching Hospitals NHS Foundation Trust and its partners within the local health economy is to continue to deliver improvements in the quality and safety of its clinical services whilst meeting the forecasted financial challenges.

The challenge associated with the delivery of improvements in the quality and safety of clinical services encompasses the need for the Trust to:

- Reduce mortality rates and meet the recommendations of the Keogh review in 2013/14;
- Meet the recommendations of the CQC inspection in 2013/14;
- Meet the required quality and safety standards, including the quality domains of the NHS Outcomes Framework and both national and local CQUIN requirements;
- Meet the required operational standards, particularly the A&E 4-hour standard, cancer waiting times, and 18-week waiting times;
- Ensure safe staffing levels across all clinical services;
- Manage the increase in demand for services across the winter period;
- Begin the redesign of clinical services to support an increasingly community-centred model of care provision.

The underlying financial position of the Trust at the start of the two-year period is challenging, and will require the Trust to generate considerable levels of CIP in the planning period as well as ensuring that all quality and operational standards are delivered to minimise the impact of any financial penalties. The Trust faced an extremely challenging financial environment in 2013/14 with the Trust downgrading its financial forecast in-year from a surplus of £6.4m to £3.2m. Whilst the Trust returned a surplus and a Continuity of Services (CoS) rating of 3 at the end of the year, the underlying financial position of the Trust is much weaker and requires the Trust to generate high (>4.5%) levels of CIP in the planning period. The short-term financial constraints are predominantly related to liquidity as the Trust begins to formulate transformational changes to the shape of care provision across the local health economy and model the financial impact to the Trust.

Key factors that have contributed to the current position and that must be addressed and managed differently during 2014/15 and 2015/16 are:

- The Trust has incurred, and will continue to incur, significant recurrent investment in medical and nursing staff in order to meet the quality and safety requirements highlighted by the Keogh review in 2013/14. With recruitment difficulties at the Trust and across the NHS, coupled with a need to increase staffing levels within a relatively short timeframe, a high use of locums and agency had led to significant financial pressures;
- During 2013/14, management capacity and focus was diverted from the financial challenge to the quality and safety agenda. The Trust has recognised that this cannot continue into 2014/15 and beyond, with a need to ensure that there is a clear focus on robust financial management concurrent with improvements in the quality of clinical care provision;
- The Trust has historically delivered significant levels of CIP through non-recurrent resources and projects;
- The considerable changes to the commissioning environment over the past eighteen months has led to significant financial pressures being experienced by three of the Trust's main commissioners.

## c) Quality plans

The strategic vision for 2020 is focused on the provision of safe, high quality care as defined by the Trust's quality

goals:

- All patients and carers involved in decisions about their care.
- Zero inappropriate admissions.
- Zero harms.
- Zero delays.
- Compliance with standard pathways

The key aim of the Trust's strategy is to increase the quality of patient care through the provision of care in the most appropriate setting by the most appropriate professional. In many cases this will see a move away from hospital-centric care to community-centric care, with patients treated in health centres or at home wherever this can be safely supported. Integrated care plans across primary, community and secondary health care, coupled with partnership working with social care providers, will enhance continuity, increase quality, and improve the patient and carer experience.

The Trust's strategic aims are reinforced by the standards outlined in the NHS Outcomes Framework 2014/15. The five quality domains set out the high-level national outcomes that the Trust should be aiming to improve, with domains one to three focused on the effectiveness of care, domain four on the quality of the patient experience, and domain five on patient safety.

**Existing quality concerns and plans to address these**

***Local Keogh review***

The Trust was selected to undergo an external review into the quality of care and treatment it provides in 2013/14 as part of the Keogh review of Trusts with high levels of mortality. On the basis of the evidence gathered during the review, the Trust was one of only three Foundation Trusts not requiring 'special measures', although a comprehensive set of actions was agreed, with key areas of focus being the recruitment of clinical staff and the implementation of clinical care pathways. Both of these have seen significant improvements during 2013/14, with a resultant reduction in mortality rates, and further work is planned for 2014/15 and 2015/16:

- Continued recruitment of nurses and doctors to ensure safe staffing levels across inpatient wards and wider clinical services. Investment of >£1m in nurse staffing will take place in 2014/15, which will address quality and safety concerns as well as reducing high levels of agency / locum expenditure.
- Continued implementation of the Better Care Now campaign, which draws together all quality and safety initiatives under one scheme with key strands focused on workforce, pathways and delays. Care pathway implementation will continue using the same high-intensity approach to launch, awareness, audit and feedback to clinical teams, focusing on conditions with higher than expected mortality and/or linked to meeting quality standards defined by NICE, CQUIN and Advancing Quality.
- New standards for medical care and record keeping, coupled with further implementation of new ways of working such as electronic prescribing and medicines administration and electronic referral / task management / handover systems, will assist in improving quality and safety and removing delays. The Trust has been successful in receiving funding from the Safer Hospitals Safer Wards Technology Fund to support the implementation of clinical systems during 2014/15 and 2015/16.
- The use of Nursing and Medical Care Indicators to report clinical quality will continue, with the Medical Care Indicators focusing on an in-depth review of clinical teams. This is an innovative approach to reviewing the work of medical teams which will be used to contribute to appraisal, revalidation, training and development.

A comprehensive, Trust-wide action plan has been created in response to the Keogh review, which will continue to be implemented / monitored during 2014/15. It is intended to convert this into an overarching Quality Improvement Plan that will address the recommendations / findings of the Francis report, national Keogh report, Berwick report, local Keogh review and local CQC inspection within a single document.

It is recognised that the Trust is likely to remain an outlier in mortality reporting due to the time lag in the published

mortality indicators.

***Care Quality Commission (CQC) inspection***

The Trust received an inspection from the CQC in January 2014, with the outcome report received in March 2014. Its acute services received an overall rating of "requires improvement". Key Trust-wide compliance actions highlighted by the CQC that must be addressed during 2014/15 are:

- Incident reporting and learning from incidents
- Quality of record keeping and access to information in patient records
- Higher than expected rates of post partum haemorrhage along with a high rate of hysterectomy in these patients
- Processes for service users to share experiences with the Trust
- Appropriate levels of clinical staffing

***Achievement of quality standards***

During 2013/14, the Trust failed to meet the A&E standard in Q3 and Q4. Short-term plans to address this include increased partnership working with local primary and social care providers, coupled with improved integration across acute and community services, to improve the flow of patients into and through the hospital. Medium-term plans include an expansion of existing admission-avoidance schemes across a wider geographic area following successful pilots, for example community nursing and therapy teams providing in-reach support to local care homes, IV therapy services in community settings (an increase in volume and type of treatments), and rapid response teams. Long term plans are linked to the Trust's strategic direction to transfer care from acute to community settings with the establishment of an holistic health and social care model to support frail elderly patients and those with multiple long term conditions.

**Priorities for quality improvement**

| NHS Outcomes Framework Quality Domains (2014/15) | Trust priority indicators / actions for Quality Improvement (2014/15 and 2015/16) |
|---|---|
| **Domain 1**<br>Preventing people dying prematurely | - Reduce premature mortality from the major causes of death<br>- Maintain compliance for pathways implemented during 2013/14:<br>Pneumonia<br>Sepsis pathway<br>Stroke<br>Cardiac chest pain<br>Acute Kidney Injury<br>- Implement clinical pathways for second wave of high mortality conditions:<br>COPD<br>Heart Failure<br>Acute abdominal pain<br>Fractured neck of femur<br>- Implement a North West Advancing Quality initiative that seeks compliance with best practice to improve patient outcomes in seven clinical pathway programmes:<br>Acute Myocardial Infarction<br>Hip and Knee Surgery<br>Coronary Artery bypass graft surgery<br>Heart Failure<br>Pneumonia<br>Stroke<br>Patient Experience Measures |

| | |
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| **Domain 2**<br><br>Enhancing the quality of life of people with long term conditions | - The percentage of patient deaths with palliative care coded at either diagnosis or speciality level for the Trust for the reporting period.<br><br>- Enhancing quality of life for people with dementia<br><br>- Improve the outcome for older people with dementia by ensuring that 90% of patients aged 75 and over are screened on admission. |
| **Domain 3**<br><br>Helping people to recover from episodes of ill-health or following injury | - Medical Care Indicators and Nursing Care Indicators used to assess and measure standards of clinical care.<br><br>- Improving outcomes from planned procedures<br><br>- Improve Patient Reported Outcomes Measure (PROMs) scores for the following elective procedures:<br>Groin hernia surgery<br>Varicose veins surgery<br>Hip replacement surgery<br>Knee replacement surgery<br><br>- Reduce emergency readmissions to hospital within 28 days of discharge (Quality Accounts January 2013 DH) |
| **Domain 4**<br><br>Ensuring that people have a positive experience of care | - Improve hospitals' responsiveness to inpatients' personal needs by improving the CQC National Inpatient Survey results in the following five questions:<br>Were you involved as much as you wanted to be in decisions about your care and treatment?<br>Did you find someone on the hospital staff to talk to about your worries and fears?<br>Were you given enough privacy when discussing your condition or treatment?<br>Did a member of staff tell you about medication side effects to watch for when you went home?<br>Did hospital staff tell you who to contact if you were worried about your condition or treatment after you left hospital?<br><br>- Improve staff survey results in the following area<br>Percentage of staff who would recommend the Trust to friends or family needing care.<br><br>- Improve the experience of care for people at the end of their lives<br>Seek patients and carers views to improve End of Life Care<br>Ensure that patients who are known to be at the end of their lives are able to spend their last days in their preferred place across all services. |
| **Domain 5** | - Achieve 95% Harm Free Care for our patients by 2016 through the following strands of work |

| | |
|---|---|
| Treating and caring for people in a safe environment and protecting then from avoidable harm | Risk-assessment for VTE<br><br>Rates of Clostridium Difficile and MRSA<br><br>Reported patient safety incidents (including falls, medication errors, and hospital / community acquired pressure ulcers) |

**Key quality risks**

***Mortality***

The Trust has had a high reported level of mortality as measured by the Summary Hospital-Level Mortality Indicator (SHMI) for the past three years. Since 2012, a series of distinct workstreams has been developed to improve the provision of safe, harm-free care as well as ensuring that national mortality ratios accurately reflect the Trust's position. Continued action in relation to this is described above.

***Local demographics***

The Trust provides healthcare services to a population that has considerable levels of deprivation and transience, is older than the national average, and has a low life expectancy. High rates of smoking (including smoking in pregnancy), alcohol consumption and drug use contribute to increased prevalence of long term conditions. These factors result in a hard-to-reach population in relation to ill-health prevention, ownership of self-care, and education on appropriate places to receive care. Changes to models of care and partnership working with primary and social care providers, along with the voluntary sector, are required to support the local population – this includes tailoring community-based services to the needs of the local neighbourhood population.

The Trust is working in partnership with various organisations (voluntary, public, private and community) in the submission of a bid to the Big Lottery Fund for 'A Better Start – A Better Future for Blackpool's Children'. This aims to give every new baby born in Blackpool a better start in life through a range of targeted actions that will support children (from pre-birth up to 3-years) and their families in the most deprived wards within Blackpool with issues such as health and wellbeing, child development, parental addiction / substance misuse, and safeguarding (both children and adults). If successful, the scheme will be awarded up to £50m over 10-years.

***Workforce***

The Trust has historically had a doctor-to-bed ratio that is lower than the national average and below average for Trusts in the North West. The Trust faces challenges in recruitment of medical staff. Being at the northern extreme of the North West Deanery, there is a reluctance to travel to Blackpool (even though those who do report high satisfaction rates with training opportunities and training delivered). This in turn results in a continuing reliance upon locum medical staff, which can impact on continuity/consistency of care.There has been significant investment to increase consultant numbers and improve the doctor-to-bed ratio in 2013/14 and, in support of this, an international recruitment campaign has been developed in response to stakeholder feedback about the potential barriers to attracting individuals to work for the organisation.

Historically the Trust has had issues in recruiting nurses and had been dependent on the use of temporary staffing. Recent recruitment from the UK and overseas has been successful, with further investment in nursing planned for 2014/15.

***Infrastructure***

The Trust has limited resources available for capital expenditure in 2014/15 and 2015/16, and must prioritise its investments across the estate, medical equipment, and IT hardware and systems. The establishment of a Capital Strategy Group, with significant clinical representation, will enable the Trust to ensure that any impact on quality is

considered and expenditure prioritised accordingly.

During 2013/14, the Trust has been successful in receiving awards of capital funding from the Safer Hospitals Safer Wards Fund to support the implementation of electronic clinical systems, the Nursing Technology Fund to support the deployment of mobile devices to support utilisation of these systems, and the Department of Health to support the development of a complex pregnancy suite.

**Risks to delivery of key plans**

***Financial context and the consequence of financial penalties***

As defined in the short-term challenge, theTrust has to achieve improvements in quality and safety in a challenging financial climate. The Trust's financial forecast for 2014/15 and 2015/16 is one of limited investment, in both capital and revenue, and a requirement to deliver a £20.6m CIP. Continued investment in staffing without significant redesign of clinical services and an associated change in the configuration of the workforce is unsustainable.

Assurance that CIP schemes do not have a negative impact on quality and safety is achieved through the requirement that each project has an accompanying Risk and Quality Impact Assessments. This is assessed by a cross-functional team of Executive Directors and Deputy Directors for its impact on quality, safety, workforce, financial performance, and strategic alignment, with the opportunity for veto if significant concerns are raised in any of these areas.

***Regional service changes***

As part of a regional health economy, the Trust must consider its position in relation to its neighbouring providers. Increasing referrals have been experienced in some clinical services (e.g. maternity) due to reputational concerns with a neighbouring Trust. Whilst this increase has been accommodated to date, unplanned additional increases may place a strain upon our ability to offer high quality services. The Trust is dependent on other providers for some specialist cancer work and the level of activity pressures within other providers has led to the cancellation of some elective activity; this has lengthened waiting times for cancer patients referred from Blackpool. This issue has been raised with commissioners and is monitored closely. The ongoing review of vascular services in Cumbria and Lancashire has recommended the provision of three specialist centres to serve the population. None of these will be situated in Blackpool despite the fact that the Trust hosts the regional Cardiothoracic Centre. This reconfiguration may impact upon our ability to recruit surgical and radiology consultants in the future.

**Board assurance on quality**

The Trust has a Board Assurance Framework, which is based on six key elements:

- Clearly defined principal objectives agreed with stakeholders together with clear lines of responsibility and accountability;
- Clearly defined principal risks to the achievement of these objectives together with assessment of their potential impact and likelihood;
- Key controls by which these risks can be managed. This includes involvement of stakeholders in agreeing controls where risks impact on them;
- Management and independent assurances that risks are being managed effectively;
- Board reports identifying that risks are being reasonably managed and objectives being met together with gaps in assurances and gaps in risk control;
- Board action plans which ensure the delivery of objectives, control of risk and improvements in assurances.

Information governance risks are managed as part of the processes described above and assessed using the Information Governance Toolkit. The risk register is updated with the currently identified information risks.

A review is underway to develop a new Board Assurance Framework and Risk Register system that will better serve the divisions and the Trust Board in managing risk.

The Board of Directors has three directly reporting committees that review all aspects of quality and safety: Quality Committee, Audit Committee and Finance Committee. In addition, the Risk Committee reports via the Chief Executive's Assurance Report to the Board of Directors. Performance against quality and safety standards is reported through the Compliance Monitoring Assurance Report. The Chief Executive's Assurance Report provides detailed narrative on quality, safety, risks, workforce, audits, finance and strategy; assurance from agencies such as CQC, Monitor, the Health and Safety Executive, Royal Colleges and external audit; and outcomes of national and local patient surveys, including the Friends and Families Test.

### d) The workforce as a key enabler in the delivery of safe, high quality care

The Trust's workforce is an integral part of achieving the vision of an organisation that will deliver safe, high quality patient care, excellent education and world class research.The aim is to deliver success through our people, understanding the importance of having all of the Trust's human resources focused on achieving excellent outcomes, through staff who care, teach and research; managers who manage; and leaders who lead. A key enabler to the delivery of high quality and safe patient care is the workforce strategy which will be aligned to the Trust's clinical strategy. The workforce strategy is currently being developed by engaging with staff and key stakeholders in its design, alongside being cognisant of the Trust's strategic direction. The Trust strives to be the place of choice for both our patients for their care and treatment, and our workforce for their employment and development. The Trust is driven by its belief that an engaged and flexible workforce that is valued and supported will deliver safe, effective and personal healthcare for every patient, every time.

At the heart of the workforce strategy will be staff engagement, building on the work that has been undertaken to date. The Trust will review how it continually engages with staff by working with managers to create an environment that supports great conversations on a day-to-day basis, alongside listening events that bring together staff from across our diverse organisation. The core values for the Trust are being refreshed, to ensure that they are representative of the integrated organisation, together with the creation of an underpinning behaviour framework that will bring the values to life, creating a better experience for staff and patients. The Board of Directors will continue to engage with staff to seek feedback both corporately and also at a local level. We have well-established partnership working with trade unions and professional organisations that play a key role in ensuring the future success of the Trust, which will be strengthened through partnership working going forwards.

It has been a Trust priority to undertake a comprehensive approach to workforce planning during 2013/14. All divisions have examined service and financial plans to identify the workforce baseline and immediate priorities, which will be further developed in the next 12-months to identify supply and demand around the workforce over the next 5 years. The approach, which has been applied to the largest staff groups (medical and nursing), involved divisional and departmental discussion alongside workforce analysis and benchmarking in order to establish workforce priorities, potential savings and skill mix reviews. A detailed narrative workforce plan has been produced by each division and presented to Executive Directors in January 2014.

The Trust is committed to developing its approach to workforce planning with an analytical role being introduced into the workforce team to support managers and HR in developing these plans. Over the last year, workforce information has been produced to support managers in accessing and analysing workforce data and to assist workforce planning. Given the challenges identified as part of the Keogh review and CQC inspection regarding medical and nursing staffing levels, there has been specific analysis and monitoring around these staff groups. This has led to improved staffing levels through targeted recruitment campaigns.

The immediate workforce planning priorities are:

- Identifying and addressing current gaps (recruitment and retention, reducing agency usage)
- Longer-term strategic workforce development
- Improving workforce information and metrics in line with patient safety and quality indicators

Identified targets for achievement in 2014/15 and 2015/16 are staff turnover of 9%, sickness absence rates of 3.5%, a vacancy rate of 5%, and 90% of staff receiving an appraisal.

There has been significant investment to increase consultant numbers and improve the doctor-to-bed ratio in 2013/14 and, in support of this, an international recruitment campaign has been developed in response to stakeholder feedback about the potential barriers to attracting individuals to work for the organisation. The 'Change Your Landscape' campaign has been designed to challenge current thinking through images and words, as well as to celebrate the significant investment the Trust has made to improve the delivery of its services. It challenges what Blackpool is and isn't, and guides people to make connections between locality, lifestyle, personal aspirations and shaping patient care.

In addition, the need to move towards 7-day working will continue alongside recruitment into key roles that facilitate this. Working towards the new models of care provision will necessitate the design of the workforce around care pathways, examining competencies and skills that facilitate a seamless transition for the patient, with care delivered closer to home. This 7-day working will mean a redesign of clinical services and staffing rotas to ensure the correct skills are available through the full working week. Good progress has already been made in key medical specialities.

There will be a reduction in the number of the doctors in training in most specialties over the coming years. This will have an impact where the Trust is reliant on middle grades to provide appropriate levels of senior medical cover and may make some rotas less sustainable than under current working methods. This will give an impetus to assess the use of non-medical roles, utilising the skills of nursing staff and Allied Health Professionals, as well as increasing consultant cover.

As an integrated care organisation, the Trust has the ability to take full advantage of having direct influence over what services are provided within a community setting for the benefit of our patient population. This necessitates growing the skills and competencies to care for patients in a domiciliary or community-based environment, including specialist workers, in particular the Allied Health Professionals and nursing workforce. Joint working between health and social care in the community, supported by joint education and training programmes, will support a more integrated and efficient approach to care delivery. The increasing number of patients with complex co-morbidities and dementia will require a workforce that is appropriately skilled and qualified to look after these patients.

The shift towards a more preventative model of care will require the whole workforce to be able to deliver public health interventions such as smoking cessation advice, alcohol screening and brief interventions, and general lifestyle advice in relation to diet and exercise.

The Francis Report highlighted the need for a real focus on compassion and the development of the non-registered workforce in basic aspects of patient care. In relation to the non-medical workforce, the increased acuity and dependency of patients has led to an increased demand, particularly for nursing staff.The Trust is adopting a values-based assessment process, in order to recruit staff with the behaviours and competencies that the Trust needs to meet this increased demand to ensure the quality and safety of patient care.

### e) Operational requirements and capacity

**Non-elective services and waiting times in the Emergency Department (A&E)**

During 2013/14, the Trust failed to meet the A&E standard in Q3 and Q4. Short-term plans to address this include increased partnership working with local primary and social care providers, coupled with improved integration across acute and community services, to reduce the flow of patients into the hospital and ensure timely discharge for those who are admitted. This will include an extension in scope of the Primary Care Assessment Unit and continued implementation of the Better Care Now campaign to remove unnecessary delays in the patient's hospital stay.

Underlying growth in non-elective admissions associated with demographic and epidemiological changes means that the current service model for adults, particularly the frail elderly population, is not sustainable. Medium-term plans to manage this across the LHE include an expansion of existing admission-avoidance schemes across a wider geographic area following successful pilots, for example development of multi-disciplinary care pathways for at-risk patients, in-reach support from community nursing and therapy teams to local care homes, an increase in IV therapy services in community settings (an increase in volume and type of treatments), and an increase in the geographic coverage of rapid response teams.

Long term plans are linked to the Trust's strategic plan to transfer care from acute to community settings with the establishment of an holistic health and social care model to support frail elderly patients and those with multiple long term conditions. Supported by individual care plans and evidence-based care pathways, a reduction in A&E attendances and non-elective admissions is predicted.

Similar issues have been identified in children's services, with an increasing number of referrals to the Children's Assessment Unit. The Trust is working in partnership with the local CCGs, and other local secondary care providers, to implement standardised pathways of care for the management of children's health and social care that will support primary care professionals to make appropriate choices in urgent / emergency situations.

**Elective services including Referral To Treatment (RTT) and cancelled operations**

The Trust is committed to providing high quality, safe care in a timely manner and expects that all patients referred to the hospital will receive their first treatment within 18-weeks of referral. Referral ToTreatment (RTT) for admitted and non-admitted care is used as a measure of clinical service capacity and delivery of high quality care, and the Trust continued to meet these standards during 2013/14. However, the Trust's ability to maintain elective capacity at the levels necessary to ensure that cancelled operations are minimised has been compromised during winter 2013/14. This will have a resultant effect on the delivery of the RTT and cancelled operations standards in 2014/15, with potential financial penalties if this is not resolved swiftly. Current areas of significant risk include orthopaedics, gynaecology, general surgery and cardiology.

In order to achieve the 18-week RTT standard over the next two years, the Trust will need to continue to respond to changing patterns of demand. To mitigate risk and address capacity issues, a combination of actions will be taken including negotiation of spot purchase contracts, creation of additional internal capacity, and identifying opportunities to redesign pathways and create new ways of working. In addition, key CIP schemes for 2014/15 will review the operational efficiencies of outpatient clinics and operating theatres which will have considerable impact.

In partnership with local CCGs, care pathways for high volume conditions and interventions of lower clinical value (ILCV) are in development, with agreed referral criteria from primary to secondary care and well-defined treatment plans across the pre-assessment, treatment, recovery and follow-up stages of the pathway. In support of this, some clinical specialties will see community based services acting as a central referral point (e.g. MSK service) whilst others will benefit from the introduction of prehabilitation services or improved surgical techniques. These schemes will introduce a level of demand management for elective services, promote 'readiness for surgery' being managed within primary care, ensure that treatment plans follow national best practice guidelines, and optimise length of stay in an acute setting.

In alignment with the Trust's strategy to provide increasing community-based care, outpatient activity associated with the management of long term conditions will be moved away from the acute setting wherever possible. Instead, this will be provided through an enhanced primary care model, or an holistic health and social care service that is centred on frail elderly and those patients with multiple long term conditions. In addition, minor procedures / treatments that are currently undertaken in an acute setting will be managed in an increasing number of ambulatory care settings.

**Cancer services**

The Trust continued to experience challenges in the delivery of the cancer standards in 2013/14 due to an increase

in 2-week wait referrals, five national cancer campaigns, a significant number of late referrals into the tertiary cardiothoracic surgery service, and capacity shortfalls to deliver tertiary surgery within the 62-day target. These challenges are forecast to continue into 2014/15. Key risks to achieving the standards also include the increased uptake of specialist diagnostic tests (e.g. EBUS, PET scanning) and increased patient choice to defer outpatient appointments and key diagnostic tests. Tumour site specific risks include urology, lung and breast.

The Cancer Services Team will continue to work collaboratively with primary care clinicians and Cancer Network Teams to implement plans for 2014/15. The Trust is committed to developing the quality agenda around cancer treatment with the local CCGs, and key areas of focus include'routes to diagnosis' to improve the quality of cancer 2-week wait referrals into the Trust, working with other providers within the LHE to improve the flow of referrals, ensuring that all patients referred into a tertiary centre are at day 42 in their pathway, and responsive capacity and demand reviews to ensure sufficient capacity is in the system to address increased demand as a result of national and local cancer campaigns.

**Diagnostic services**

The level of capacity across diagnostic services is a key factor in the delivery of operational standards relating to cancer services and the 18-week RTT. The radiology department has experienced a further year of increasing demand in 2013/14, and this is forecast to continue in 2014/15. Particular capacity issues have been identified in MR imaging, which is currently supported by the use of mobile scanning units, and in reporting times across plain-film imaging. The Trust plans to introduce weekend working to the MR imaging service, which will halve the current requirement for outsourcing. In the short term, reporting will continue to be outsourced prior to the recruitment of additional radiologists and a job planning review to meet demand. This increase in radiologists will also support improved attendance at MDTs associated with treatment of patients with suspected / diagnosed cancers.

The radiology department is undertaking a full review of processes across administrative tasks, direct patient contact and reporting with the anticipation that this will increase capacity across all modalities. This, coupled with a workforce review which aims to redesign roles to allow staff such as reporting radiographers to be responsible for duties historically undertaken by radiologists, should allow the department to manage the further increase in demandwithin existing resources. The transition to electronic ways of working, including requesting and protocolling, will enable enhanced demand management.

The pathology service also continues to experience an increase in demand, with difficulties in recruitment to a histopathologist role. Similarly, the pathology department will undertake a workforce review which aims to redesign roles to allow scientists, nurses and supporting technical staff to undertake enhanced roles.

**Specialist services**

The Trust is a provider of specialist tertiary care for Cardiac and Haematology services, which are commissioned by NHS England through Specialised Commissioning. As part of the strategic intent of specialised commissioning to reduce the number of centres nationally, the services currently provided by the Trust are potentially at risk in the long term. The Trust is working with the Specialised Commissioning Team and other providers in shaping the future service provision across the region.

**Risks to delivery of key plans**

***Financial context and the consequence of financial penalties***

As defined in the short-term challenge, the Trust has to achieve improvements in quality and safety in a challenging financial climate. The Trust's financial forecast for 2014/15 and 2015/16 is one of limited investment, in both capital and revenue, and a requirement to deliver a £20.6m CIP. Continued investment in staffing and outsourcing of diagnostic and surgical activity is unsustainable and must be replaced by clinical and workforce redesign that supports demand management and/or increased capacity within existing resources.

## f) Productivity, efficiency and CIPs

The Trust has to deliver cost savings of £20.6m in 2014/15 and 2015/16 in order to be confident of maintaining financial stability, with an acceptable level of liquidity and Continuity of Services (CoS) Rating. The target CIP figure of £20.6m has been derived from financial modelling of various scenarios, discussions with the Board of Directors and Divisional Management Teams, and a table top exercise to review those areas identified as having productivity and/or efficiency opportunities. The figure is considered to be a realistic albeit challenging target.

This significant level of cost savings, coupled with the requirement to ensure continued improvement in the quality and safety of clinical services and the need to introduce new models of working in alignment with the Trust's strategic direction, means that the existing processes for the management of cost savings need to be strengthened. In order to ensure that the review and redesign of these processes is undertaken at pace, the Trust has appointed a CIP Director to lead on the identification of a number of CIP themes across the Trust, as well as establishing a robust governance process that encompasses the entire CIP cycle, from idea generation through to monitoring of delivery against plans, for both traditional and transformational CIPs.

An initial assessment of the areas of opportunity across the Trust has been completed, with a number of traditional and transformational CIP schemes identified. These include a range of cross-divisional (and in some cases LHE-wide) transformational schemes that are focused on:

- A reduction in unnecessary attendances / admissions

  Building on previous successful projects and pilots, the Trust is aiming to prevent a proportion of avoidable admissions, through a number of schemes including the expansion of the Care Home Project, exploration of the use of telehealth and a virtual ward model.

- Optimisation of length of stay

  An analysis of length of stay by HRG has been undertaken which shows a significant opportunity for reduction compared with the upper quartile benchmark. Two clinical areas offer the most sizeable opportunity – cardiac and orthopaedic services – with a potential reduction of 60 beds. Work is already well underway to identify causes of variance, and to eliminate delays in pathways.

- Improvements in the productivity and efficiency of the outpatient function, including rationalisation of the estate

  An analysis of outpatient clinic utilisation indicates that there is significant opportunity to improve levels of utilisation, reducing the need for waiting list initiatives, removing / minimising premium staffing costs, and releasing capacity to either generate income through additional activity or provide an opportunity to remove both excess costs and capacity. Further opportunities are available through improving the efficiency of individual clinics, reviewing follow up rates and changes to the way in which long term conditions are managed. A number of schemes are already underway and have been brought under the umbrella of this workstream.

  As an integrated Community and Acute Trust, services are provided from a large number of buildings across a wide geographical area. This can create tensions between the need for services to be provided locally and the need to exploit economies of scale; however it is recognised that there can be a balance between the community centred model of care and a reduction in costs through appropriate rationalisation, and quality can improve as a consequence of vacating old estate that is no longer fit for purpose. The Trust is working closely with other local stakeholders to ensure a coordinated approach and that the benefits of estate rationalisation across the health and care economy are maximised.

- Improvements in the productivity and efficiency of operating theatres

  An analysis of current levels of theatre productivity shows a substantial opportunity for cost saving through improved utilisation of operating theatres, a reduction in list cancellations, and an associated reduction in the need for waiting list initiatives or outsourcing of activity in order to meet targets.

- Improvements in the procurement of goods and services (including medicines management)

  A comprehensive programme of work has been developed covering all areas of the Trust's procurement activities, including exploitation of areas not previously covered comprehensively by the Trust's procurement team. In addition, the Trust is exploring collaborative working opportunities with neighbouring Trusts.

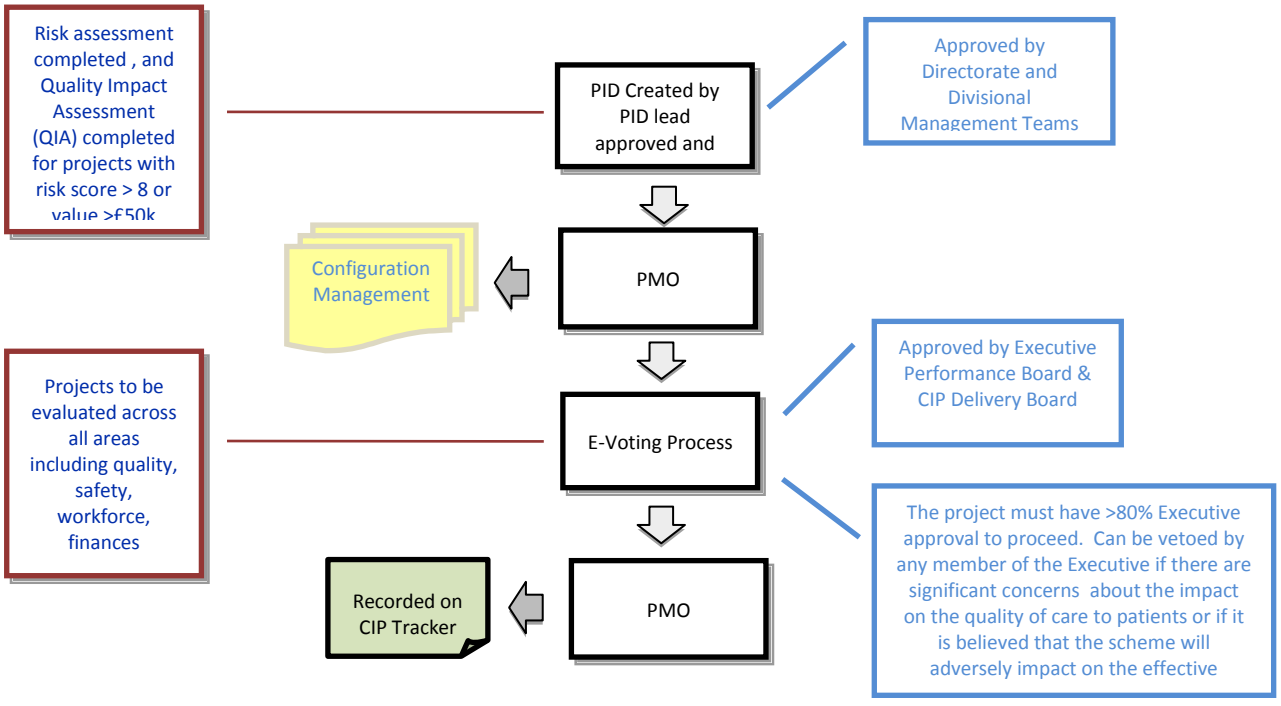
- A review of workforce opportunities, particularly in corporate departments

  Workforce is being reviewed in a number of areas, specifically specialist nursing, consultant job planning and agency spend, and corporate departments. Agency costs in the Trust are high, and strategies to reduce spend are being implemented including recruitment campaigns / approaches, skill mix reviews, and innovative use of technology. In order to preserve appropriate levels of clinical staffing, corporate areas are required to deliver significant savings through leaner processes, better use of technology and a review of non-essential output.

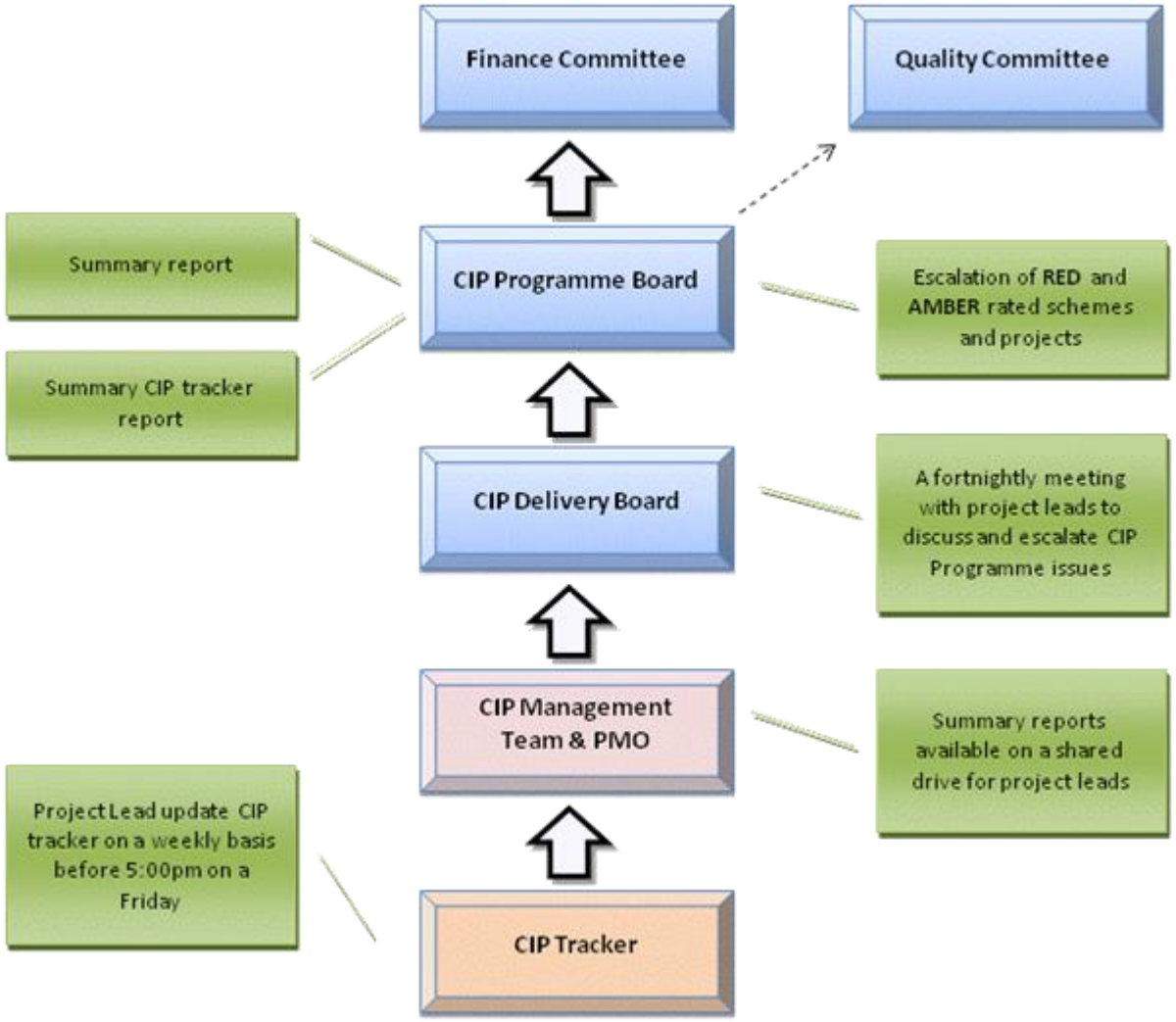
These are supplemented with smaller, divisionally led schemes and transactional CIP schemes.

The transformational schemes are in alignment with the Trust's vision for 2020 and its strategic objectives, providing the basis for the implementation of wider transformational change beyond 2015/16. Each of these cross-divisional, transformational schemes will be led by an Executive sponsor, a responsible officer, and a dedicated programme / project manager, supported by other disciplines including HR, Estates, Finance, ICT, etc. In addition, centrally managed project resources will be allocated to these and to smaller / divisional schemes to support planning and delivery.

The delivery of the CIP programme will be supported by a robust management and governance process, summarised in the flowcharts below. Each proposed CIP scheme (traditional or transformational) will require the completion of a Project Initiation Document and accompanying Risk and Quality Impact Assessments prior to submission to the Programme Management Office. The scheme will be assessed by a cross-functional team of Executive Directors and Deputy Directors for its impact on quality, safety, workforce, financial performance and strategic alignment, with the opportunity for veto if significant concerns are raised in any of these areas.



Once approved, the tracking of planning, implementation and benefits realisation will be managed through an overview and scrutiny process that is led by the Chief Executive as chair of the CIP Programme Board.




The key aims of the CIP process are to:

- Provide a means of holding to account those responsible for delivery of CIP.
- Manage the delivery of sustainable financial balance through the identification and implementation of CIP schemes.
- Provide assurance to the Executive Directors that work is being undertaken to deliver the key financial sustainability targets, within a context that does not compromise delivery of safe, high quality clinical care.
- Provide a robust but fair challenge to the planning and performance of the programme ensuring that all projects have clear objectives, performance indicators, key milestones, savings targets (including phasing), timescales and accountability.
- Provide summary reports that highlight areas of concern and resultant contingency plans that have been implemented to mitigate the risks associated with the delivery of planned savings.
- Receive
  - updated financial plans and associated workforce impact summary reports showing the overall progress of the savings programme through an agreed CIP Tracking Tool;
  - detailed exception reports from the lead directors/managers and divisional finance manager for each project that is indicating a red or amber RAG status for delivery
  - a summary of the Quality Impact Assessment of CIP plans
- Identify and resolve potential conflicts that may arise between projects and the overall strategy of the Trust to deliver financial balance by year end whilst maintaining commitments to quality and service delivery.
- Recommend that additional projects are added to the programme of work so that risks to the delivery of financial

break-even are minimised.

- Assess the need for extra resource to be provided to projects that are underperforming but which are key to success.
- Communicate progress and news of the savings plan to the wider organisation.

## g) Financial plan

**An assessment of the Trust's current financial position**

The Trust faced an extremely challenging financial environment in 2013/14 with the Trust downgrading its financial forecast in-year from a surplus of £6.4m to £3.2m. Whilst the Trust returned a surplus and a CoS rating of 3 at the end of the year, the underlying financial position of the Trust is much weaker and requires the Trust to generate high (>4.5%) levels of CIP in the planning period.

A number of factors are contributing to the underlying financial position:

- The Keogh review of mortality and the quality of clinical services. The Trust is continuing to incur significant recurrent investment in medical and nursing staff. With the recruitment difficulties at the Trust and across the NHS, a high use of locums and agency has led to significant financial pressures. The recurrent investments made on the back of the Keogh review total £6m;
- Management capacity and focus diverted from the financial challenge to the quality agenda. The Trust continued to develop transformation projects to meet the short and medium term financial challenges, however focus had to be diverted from the integration / transformation agenda to develop plans to meet the Keogh action plan in the short term;
- The Trust has historically delivered significant levels of CIP through non-recurrent schemes;
- The changes to the commissioning environment over the past eighteen months has led to significant financial pressures being experienced by three of the main commissioners.

Whilst 2013/14 was a difficult year, the Trust will still end the financial year with a cash balance of £23.0m.

One of the highlights of the year was the opening of the £16.5m car parking and new main entrance facility and the opening of the third CT scanner based in the vicinity of Cardiac Services. Both facilities have been funded via a loan facility from the ITFF.

**Key financial priorities and investments and how these link to the Trust's overall strategy.**

The financial outlook over the planning period is that despite above current sector average CIPs the Trust will incur a deficit in year 1 (FY15) which reduces in year 2 (FY16) before returning to surplus in year 3 (FY17). This is driven by the underlying position and further recurrent cost pressures associated with the improvements to patient safety and quality. Clearly the financial priorities are to ensure delivery of the CIP, make the improvements in the underlying position and retain a positive cash balance of at least £5m during the planning period. The cash position is helped by the planned disposal of surplus estate.Further disposals are also being considered.

The Trust will deliver the financial plans through a CIP programme that focuses on:

- Further reducing the Trust's cost base through a robust process of reviewing services, systems, processes and people;
- Developing services within the community to reduce the requirement for patients to attend the hospital for access to secondary care services;
- Working with other organisations across the Fylde Coast, commissioners and providers, to re-design health and social provision to reduce the pressure on health services and enable long-term financial stability.
- A rationalisation of the estate and disposal of those sites deemed surplus to requirements under the Trust's future strategy.

The integration of Blackpool Teaching Hospitals, (BTH), Blackpool Community Health Services (BCHS) and North Lancashire Community Health Services (NLCHS) in April 2012 has begun to provide a number of opportunities for benefits to be realised, in terms of both value for money and quality of service. One of the reasons for this transaction was to deliver a financially robust, efficient and effective integrated healthcare provider to the Fylde and North Lancashire that will be able to invest those efficiencies in improving patient experiences and outcomes. The Trust has begun to develop whole system pathways which begin to move care out of acute settings into the community. By combining the organisations into one integrated health provider the transaction enables care pathways to be developed which cross traditional boundaries of responsibility, provide smoother and more efficient patient flows, avoid unnecessary duplications and deliver improved patient experiences and outcomes.

The 2014/15 plans have been through a budget review process with the Heads of Departments and Non-Executive Directors. The main assumptions underpinning the Trust's activity, income and expenditure for each of the 2 years is summarised below and detailed in the respective sections:

**Activity and Income:**

- The 2014/15 activity plan has been costed using the published national tariff and has used the 2013/14 forecast outturn, adjusted for known changes to activity, such as:
  - Known changes to demographics which may impact upon emergency activity;
  - Known impacts of any developments in 2013/14 and new developments for 2014/15;
  - Known capacity requirements to continue to meet operational standards such as A&E, Cancer and 18-weeks.
- Beyond 2014/15, the Trust has modelled deflationary pressures on all income categories of 1.5% annually in the planning period. All inflationary pressures are therefore expected to be met internally in the future through achievement of efficiency.

**Expenditure:**

Over 65% of the Trust's operating costs relate to the workforce. The main increases in pay costs are due to:

- 2014/15 pay impact of the changes to the income plan, both activity and non-activity related as described in the income assumptions above;
- Further investment in nursing following the third phase of the establishment review;
- Pay awards and incremental drift;
- Consultant contract commitments;

The Trust has built upon its already well established non-pay review process. Resources have been identified to support forecasted additional costs including:

- Budgets uplifted for known / assumed inflationary pressures;
- Calculated impact of NHSLA costs of £1.3m.

**Key risks to achieving the financial strategy and mitigations.**

As part of the downside modelling to assess the going concern, the Trust has identified a number of risks to achieving the financial strategy. The risks are summarised below along with the actions that the Trust has implemented to reduce their probability and to deliver mitigations against the risks:

- Achieving the required CIP target
  The Trust has an extremely challenging CIP requirement in the planning period with approx £40m to be delivered across two years. The CIP programme is theme based and linked to the known opportunities within the Trust and the strategic direction. Each major project is led by an Executive Director, with named responsible officers and dedicated project management resource to deliver improvements in clinical care and financial performance. In light of this risk, the Trust has implemented a monthly Programme Board chaired by the Chief Executive which

holds to account the Responsible Officers for the delivery of each project and therefore the financial requirements.

- Ensuring the Trust has sufficient cash to support the achievement of its plans
  The Trust continues to manage cash balances robustly to ensure continuity of the improvement in the underlying cash position generated in 2013/14. The short term cash forecast (the next 13 weeks) is refreshed every two weeks and performance against this forecast is submitted to the Directors each Friday by email. This will be managed through the Cash Committee.

- Loss of local resources due to the changing commissioning landscape
  Following the changes to the commissioning landscape the local CCGs have had a significant reduction in their allocations. The Trust is working closely with the Commissioners to ensure that resources are ring-fenced for the transformation agenda and to aid dual running of services or infrastructure changes associated with these changes.