Lancashire Teaching Hospitals NHS
NHS Foundation Trust

Operational Plan Document for 2014-16

Lancashire 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 is available 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:

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 (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	**Paul Havey / Carole Spencer**
Job Title	**Finance Director / Strategy and Development Director**
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Tel. no. for contact	**01772 522676 / 01772 522692**
Date	**31 March 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.

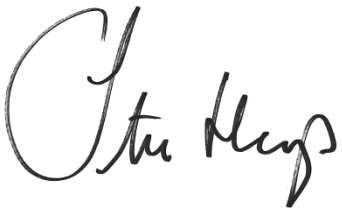
In signing below, the Trust is confirming that:

- **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:

Name *(Chair)*	**Stuart Heys**

Signature



Approved on behalf of the Board of Directors by:

Name *(Chief Executive)*	**Karen Partington**

Signature

Approved on behalf of the Board of Directors by:

Name *(Strategy and Development Director)*	**Carole Spencer**

Signature

1.2 Executive Summary

This annual plan is designed to ensure that we continue to focus on the delivery of high quality care to our patients as encapsulated in our vision: “Excellent care with compassion.’

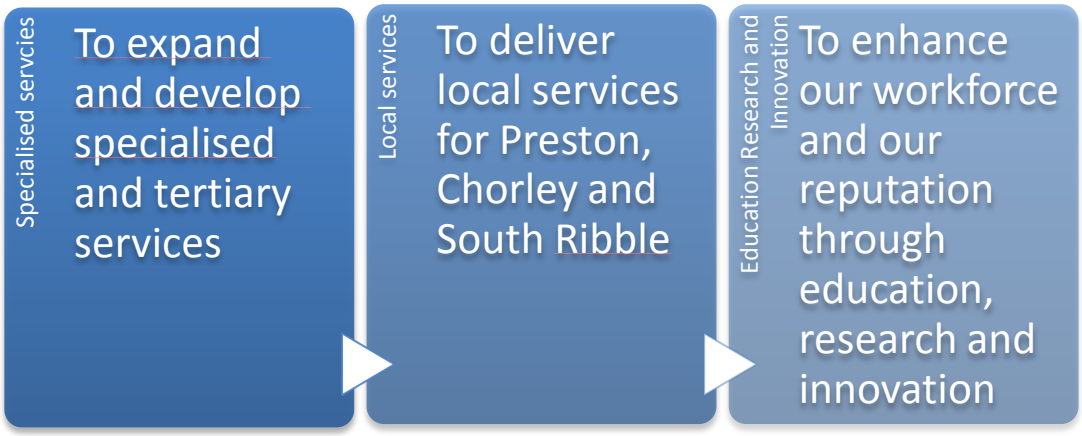
The strategic framework:

Our Purpose:

To always provide excellent care with compassion

As reported in previous annual plans, Lancashire Teaching Hospitals NHS Foundation Trust (the Trust) has three strategic aims, namely:

Our Aims:

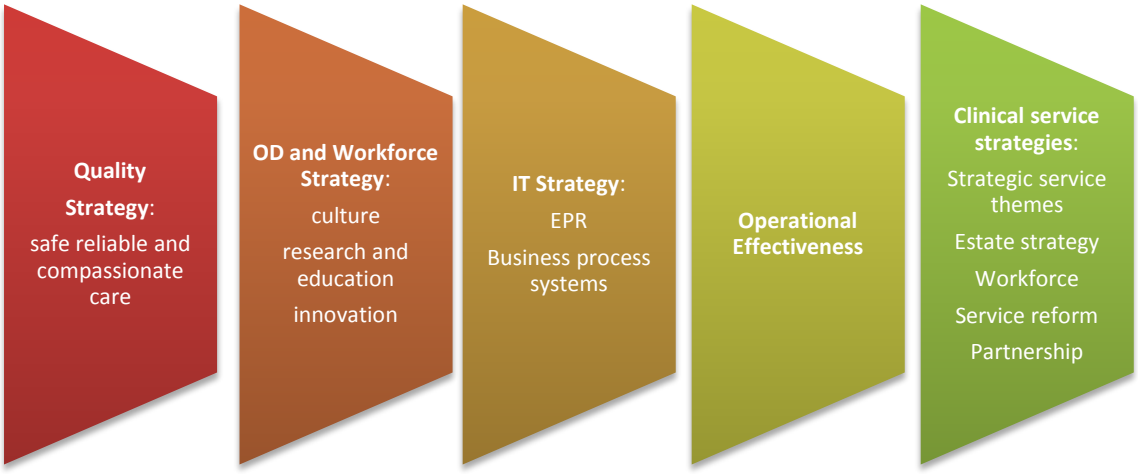


Our Values

The organisational values that were refreshed and launched just over a year ago are now fully embedded and reflect the manner in which the organisation wishes to pursue its activities.

Our Key Delivery Strategies:

Our long term aims are being driven forward through key delivery strategies. Together they provide the focus and drive on clinical quality and long-term sustainability whilst informing local service planning and development priorities. All strategies have metrics associated with their delivery.



The Annual plan is directly connected to the key strategies. All annual plan priorities can be aligned and associated with the key strategies, and with our long-term aims.

Annual priorities and actions are aligned to individual team and department goals and through objective setting and appraisal to each staff member.

All objectives are risk assessed for delivery and captured within the Board assurance framework.

The Two Year Plan : 2014-16

The remainder of this document shows the intended priorities over the next two years, the risks to the delivery of that plan, the financial outlook across that time and the overall sustainability of the Trust.

In summary:

- The Trust does not expect major change to its income flows from local services. Contracts represent outturn 2013/14 levels of activity. Over time we do expect emergency adult medical flows to reduce in proportion as the CCG increases its capacity to maintain people in the community. We are well connected into this planned change and support it as a direction of travel. We will incorporate changes into our activity projections as they become more firmly quantified.
- The Trust has agreed a specialised service contract for 2014/15 and rolled it over in projections for 2015/16. However, the commissioner has indicated an intention to alter its approach to commissioning and is developing a strategy during 2014. This may result in fewer primary contractors. All local stakeholders are committed to supporting the Trust to maintain Lancashire-based access to specialised services. This plan has been set with no significant change to specialised services.
- The Trust has made its financial statements with an intention to maintain a COSR of 3 across both years.
- The Trust has a cost reduction plan (CRP), PET (productivity and efficiency target) of just over c5% each year.
- The Trust assesses all risks in the delivery of this plan and incorporates them within the board assurance framework.

The key risks to overall sustainability are:

In relation to targets and indicators

***Significant risks**:*

- A&E 4-hour target: The Trust achieved the Quarter 4 and year target for 2013/14. However, it remains a significant challenge and risk to sustained delivery is high.
- *C.difficile* maximum level of occurrence remains a significant on-going challenge. The Trust has significantly reduced the levels of *C.difficile* during the year, but further improvements will be impeded unless bed occupancy rates can be reduced.
- Cancer 62-day treatment target: The Trust receives a significant volume of referrals from secondary care providers that are received too late to achieve 62 days. The Trust has in principle secured an agreement with these trusts to refer at a maximum of 42 days or incur the breach themselves. This remains a significant risk until the Trust is confident that the agreement is working effectively

***Risks**:*

- The 18-week admitted refer to treat target has not been achieved throughout 2013/14. Recovery plans have worked effectively over quarter 4 and we expect to be compliant for the year from April and Quarter 1. 18-weeks is always vulnerable to surges in emergency care, particularly for our more complex surgical cases, so whilst we expect to deliver this target it is risk assessed and tracked as part of our board assurance framework as a high risk.

In relation to finance

The cost reduction target for the year is c5%, including a proportion of undelivered target for 2013/14. This represents a significant challenge and a significant risk particularly given the on-going high emergency activity levels the Trust has to deliver capacity against.

In compliance with licence conditions

The Trust is undergoing a Governance review under the new arrangements. It will act on all the improvements identified and whilst the risk to licence compliance is part of the board assurance framework, it is not deemed a high risk.

1.3 OPERATIONAL PLAN

1.3.1 External context and short term challenge

Lancashire Teaching Hospitals NHS Foundation Trust (LTH) is situated within the Lancashire and South Cumbria region. There are a total of four acute NHS hospital trusts in Lancashire and South Cumbria, covering a population of 1.6m people. Lancashire Care NHS FT is the local provider of community and mental health services

The commissioning landscape continues to develop with a Lancashire Area Team of NHS England which, along with the Area Team for Cumbria, covers the majority of our catchment population. There are eight clinical commissioning groups in Lancashire with Greater Preston and Chorley and South Ribble CCGs being our major commissioners.

The Trust has actively engaged with the two local CCGs to develop a shared vision for future services. A clinical service review of urgent care during 2013/14 has produced a programme for the reform of care for people who are elderly or who have long-term conditions. A clinical senate acts as the programme board for this work and is represented by chief executives, medical directors and nursing directors from each organisation. A process has begun to align the strategic plans of all stakeholders in the local health community.

Specialised services commissioning continues to develop with a changing range of services included within the definition set. Specialised commissioning has commenced a review of its own clinical commissioning strategy. This will take place through the summer of 2014. The Trust will remain close to specialised commissioning during that time, but recognises that it may need to review its own service strategies in this area in light of this work. For this reason the clinical service strategy for specialised and tertiary services has been 'rolled over' for the purpose of this 2 year plan. The 5 year plan due in June 2014 will update the position as it becomes clearer, but realistically detailed strategic reviews for these services may need to be refined after that date.

There are a number of private hospitals in the area providing a range of services. The Trust monitors closely its referral levels for elective activity levels in key specialties and the figures remain stable and are as projected.

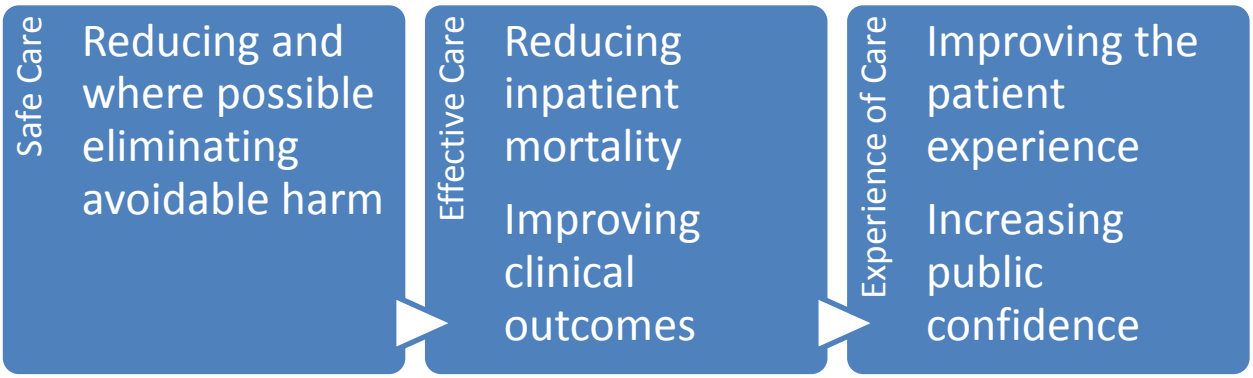
The Trust has positive relationships with its neighbouring hospital trusts. We are in the early stages of identifying where more formal partnership may evolve over the next few years. There are no financial assumptions set against this work in this plan as it is too early to assess.

1.3.2 Priorities for 2014/15 from our key delivery strategies:

a. Quality and Safety: Our Approach to Quality

The Trust will build on progress to date. Quality remains the number one priority for the Trust and continues to inform and define improvements in productivity and the reforms in service delivery. These goals were reviewed in 2013 in the context of learning from the Mid-Staffordshire NHS Foundation Trust public inquiry, the Keogh review and the Berwick review, utilising a process that involved members, governors and staff. As part of this process of review the safety and quality strategy has been updated and published in April 2014.

The priority goals are shown below:



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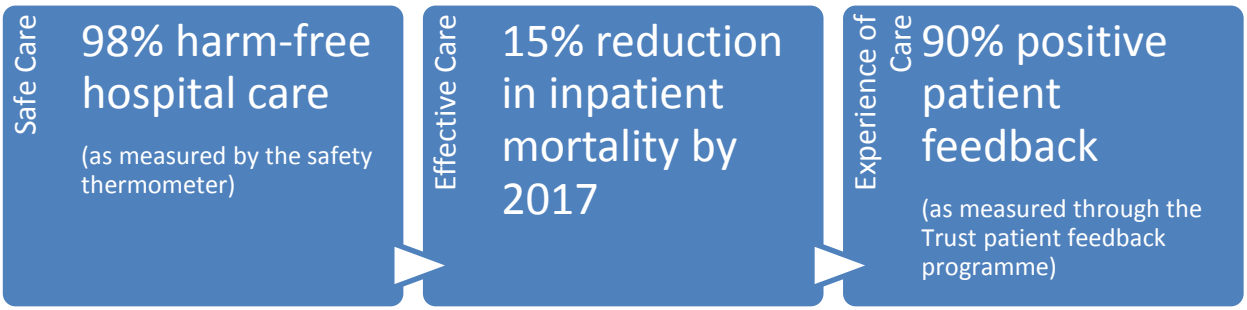
Achievement of these goals will be demonstrated by:



The goals will be achieved through a framework of safety and quality programmes facilitating service improvements that are explicitly linked to and supported by:

- strengthening of shared purpose and values
- further investment in effective leadership at all levels
- establishment and embedding of clear principles of and systems supporting accountability
- on-going development of a skilled and knowledgeable workforce
- strong organisational focus on improvement

The features of the Trust's safety and quality programmes will continue to include:

- prioritising the areas for improvement
- measuring, monitoring and reporting progress
- identifying clinical leaders as champions for change
- supporting clinical leaders to deliver change
- improving information and sharing results and outcomes
- developing the skills and knowledge of all staff

Safety and quality programmes are dynamic and constantly evolving in response to learning, innovation and listening to patients. They are framed within evidence-based standards and research, monitored through credible metrics, nationally benchmarked data, local and national audit data and staff and patient feedback. These initiatives are at the heart of the Trust's clinical service strategy and, in a rapidly changing NHS, remain the top priority for patients, public and staff. In the wake of the Francis and Keogh reports, these initiatives and their focus on quality are crucial in rebuilding public confidence in the NHS. The success of these initiatives is grounded in research and credible clinical evidence supported by a positive culture and driven and sustained through effective leadership (particularly at ward level), team effectiveness, and staff satisfaction.

Safe Care

The Trust acknowledges patient safety as 'the keystone dimension of quality' (Berwick 2013). The strategy will continue to focus on reducing patient harm through on-going delivery of the Trust's quality improvement programmes, underpinned and sustained through effective clinical leadership, clear goals and effective monitoring and response systems. In-year performance trajectories will ensure progress towards the Trusts 3-year strategic goal to achieve 98% harm-free hospital care as defined by the avoidance of pressure ulcers, falls, catheter associated urinary tract infections (CA-UTI) and VTE (http://harmfreecare.org/).

Mortality

Following successful achievement of the Trust to reach its previous 3-year goal to reduce mortality rates (hospital standardised mortality ratio – HSMR) by 15%, the current strategy will maintain that ambition with an associated annual performance trajectory of 5%. On-going improvement in mortality rates will be achieved through the Trust's quality programmes, specifically in relation to:

- Implementation of robust clinical pathways underpinned by Royal College and NICE guidance, specifically as they relate to urgent and elective care, specialist services, including trauma, cancer and vascular, long-term conditions, care of older people, including dementia and stroke, and end of life care.
- Improved clinical recording and coding for complexity, ensuring accurate data upon which mortality rates will be determined. Mortality review processes, introduced in 2014, will ensure accuracy of data, and identify learning and improvement actions to eliminate substandard care and its impact on patient outcomes.

Experience of Care

The Trust's 2014/15 ambition to achieve 90% positive overall patient feedback by March 2015 reflects the Trust's on-going commitment to ensure that patients remain the first and foremost consideration. Intelligence gathered through the Trust's extensive patient feedback programme, along with national survey, friends and family test feedback and complaints data, will continue to inform patient experience-related quality improvement programmes, which will specifically focus on communication, information and involvement.

Everyone within Lancashire Teaching Hospitals NHS Foundation Trust has a role to play in improving safety and quality and there are already many excellent examples of services and care provided by highly committed teams and individuals. The evidence on the importance of engagement in the delivery of high quality care is compelling. In revising the Trust's safety and quality strategy, clinical and quality priorities and milestones over the next 3 years were developed in consultation with directors, governors, members and staff. They build on the many achievements to date by providing focus, drive and commitment to achieve measurable and sustained improvement, continuing to focus on the delivery of safe, reliable and compassionate care. These priorities include

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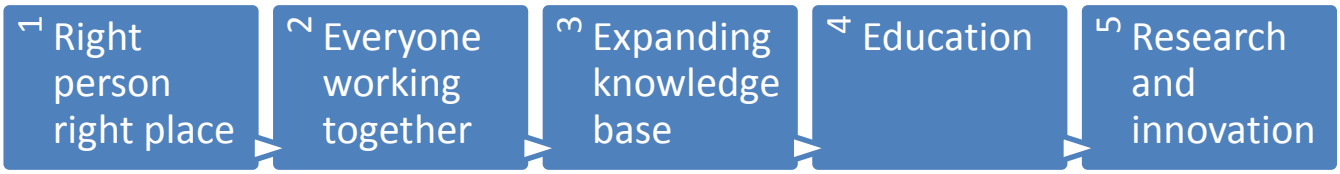
Goals	Key actions	Key milestones	Delivery risks	How risk will be managed
SAFE CARE **98% harm-free hospital care as described by the safety thermometer**	**Pressure ulcers** Root cause analysis (RCA) of causes of all grade 2/3/4 pressure ulcers to identify cases that may be avoided. Creation and completion of local action plans in response to all RCAs. Embed the process for shared learning	Achievement of 99.5% harm-free care as it relates to pressure ulcers by 2017	Clinical engagement in response to improvement programmes	A clinical lead has been identified and is in place. The Safety Improvement Group will coordinate improvement programmes that will be subject to on-going monitoring throughout the year, with rapid response to any deviations from the plan.
	Catheter associated urinary tract infections Rationalise the use of urinary catheters, expedite removal and improve documentation of care and management.	Achievement of 99.5% harm-free care as it relates to catheter associated urinary tract infections by 2017	Clinical engagement in response to improvement programmes and best practice guidance Absence of specialist clinical leadership/ support	Improvement programmes have been identified and will be subject to on-going monitoring throughout the year, with rapid response to any deviations from the plan. Enhanced support though access to specialist training and learning resources
	Falls Consistent compliance with risk assessment processes Creation and completion of local action plans in response to all RCAs. Embed the process for shared learning. Embedding of intentional rounding Monthly Essentials of Care Audit Programme (ECAP) audits	Achievement of 99.5% harm-free care as it relates to falls by 2017	Changes in case mix. Inadequate levels of supervision (workforce) Reliability of incident reporting may vary Impact of comorbidities/ presenting conditions on risk of falls	The Safety Improvement Group will coordinate improvement programmes that will be subject to on-going monitoring throughout the year, with rapid response to any deviations from the plan. Engagement with NHS Quest quality improvement programme relating to falls
	VTE Creation and completion of local action plans in response to all RCAs. Embed the process for shared learning. Review of prescription charts in relation to recording of risk and prescription of anti-embolitic treatment	Achievement of 99.5% harm-free care as it relates to VTE	Clinical engagement in response to improvement programmes and best practice guidance	A clinical lead has been identified and is in place. The Safety Improvement Group will coordinate improvement programmes that will be subject to on-going monitoring throughout the year, with rapid response to any deviations from the plan.

EFFECTIVE CARE **15% reduction in Hospital Standardised Mortality Ratio (HSMR) by 2017**	Implementation of NICE Quality Standards and Royal College guidelines as they are relevant to patients Embedding of Trust Mortality review processes and effective sharing of learning derived from the process	5% reduction in Hospital Standardised Mortality Ratio (HSMR) by March 2015	Significant changes to case-mix. Rebasing of mortality data. Accuracy and depth of clinical coding Clinical engagement in response to improvement programmes and best practice guidance	The Head of Clinical Excellence will lead the process of mortality review and analysis of mortality data. The Clinical Effectiveness Improvement Group will coordinate improvement programmes that will be subject to on-going monitoring throughout the year, with rapid response to any deviations from the plan.
EXPERIENCE OF CARE **90% positive feedback relating to overall experience of care** **(as reported through the Trusts electronic patient feedback system)**	Introduction of Always Events as determined by patients and staff through consultation Implementation of NICE Quality Standards Promotion of positive staff behaviours and attitudes. Increased patient engagement and involvement in clinical and care decision-making. Increase access to information to support decision-making. Embedding of bedside handovers, integrated care pathway documents and ward round standards Continue to develop / strengthen the communication skills of the front line staff. Ensure that all patients receive personalised care within an environment that protects their privacy and dignity.	90% positive response to EQIP feedback question relating to overall experience of care by 2017. (If achieved and sustained, consideration will be given to increase this to 95%)	Capacity of staff to support timely information sharing. Failure to assess patients' desired levels of involvement Clinical engagement in response to improvement programmes and best practice guidance Access to information resources capacity to support timely information sharing. Activity levels/significant changes to case mix. Delayed transfer of care / discharge. Non-clinical transfers of care/bed moves	Improvement programmes have been identified and agreed by the Trust Patient Experience Improvement Group and will be subject to on-going monitoring throughout the year, with rapid response to any deviations from the plan.

In addition to the goals described above additional key performance indicators have been identified and progress against these will be subject to on-going monitoring through Divisional governance arrangements, Trust improvement groups and safety and quality sub-committee and reported via the safety and quality performance dashboard.

b. HR and Workforce and Research and Development Strategy

The Trust continues to implement its human resources strategy which was agreed in early 2012. The strategy, which is modelled on an organisational development approach, is concerned with creating sustainable improvements in business results by:



This strategy is supported by a number of sub strategies including those focussing on:

- Leadership development
- Education and training
- Research
- Staff engagement
- Health and wellbeing
- Communication

The implementation of these strategies has begun to demonstrate tangible outcomes and this is reflected in the results of the 2013 staff attitude survey which has seen considerable improvement in staff engagement.

Right Place Right Time

The delivery of a quality service to patients is reliant on having the right staff with the right skills, competencies and behaviours, in the right place at the right time.

The assessment of staff competence is critical in supporting the Trust's quality agenda and to further develop the efficacy of appraisal, an on-line appraisal tool will be rolled out in the next 12 months.

Everyone Working Together

***Board of directors and board development**:*

There have been a number of changes in board membership over the last 12 months. There is now a full complement of non-executive directors, the most recent appointment having commenced in February 2014. The skills and composition of the board is reviewed prior to any recruitment taking place. In the coming year there will be further focus on board development with the production and delivery of a board development plan.

Board effectiveness continues to be evaluated in a number of ways; these include:

- annual appraisal for all non-executive directors which assesses their competence against a skills, knowledge and behavioural framework with the outcomes of each individual assessment being collectively considered to determine the strengths and areas of development for the group as a whole
- annual appraisal for all executive directors
- chairman's appraisal which is a 360^{o} feedback process involving non-executive directors, executive directors and governors

A full assessment of compliance against the Code of Governance has been undertaken and whilst the Trust is meeting all the requirements of the Code, there is potential for developing and strengthening our approach in some areas. A work programme has been identified and this will be implemented in 2014.

***Governor development**:*

Governors are a valuable asset to the organisation and the Trust recognises the need to continually support and develop governors to be effective in their roles. A formal training needs analysis has been developed for governors and this will be implemented as a rolling development programme in 2014.

***Staffing levels**:*

To ensure that the right numbers of staff are available to provide safe and effective care, 2014-2015 will see a strengthening of workforce planning and establishment control processes.

Over the coming 2 years, a major focus will be placed on activities that support the Trust's recruitment processes and our desire to be an employer of choice. In line with other organisations both locally and nationally, the Trust continues to face difficulties in recruiting to some professions. A 'widening participation' strategy will be further developed and implemented in this timeframe to support this agenda.

A 6 monthly review of nursing levels takes place and adjustments made when necessary. The Trust is evaluating how to publicise real-time data on ward staffing levels to patients and the public, as well as providing board assurance.

***Responding to Francis, Berwick and Keogh**:*

Over the last 2 years, the Trust has focussed on developing and embedding values. This has included:

- developing Trust values in consultation with over 1,000 staff
- assessing staff against Trust values during the recruitment process
- writing job descriptions in a way that is explicitly linked to values
- assessing staffs performance in respect of the values through annual appraisal
- publicising the values across the organisation through new and innovative communication techniques

Specifically in 2013, the Trust organised a series of events entitled 'Putting Patients First' that aimed to remind staff about the values of the organisation and how they could make a personal contribution to ensuring the quality of patient care. Over 600 staff from all professions attended the events and they were invited to make personal pledges to support this agenda. These pledges are now being used as part of the Trust's communication strategy. A range of further events to feedback to staff on the actions taken in respect of their input to these sessions is planned for 2014.

In order to ensure that staff are aware of the Trust's corporate strategy and priorities for the coming 12 months a series of 'Big Plan' events will take place in April each year to which staff from across the organisation will be invited.

The board and executive team will continue their 'walkabouts' and members of the executive team will continue with their 'back to the floor' programme.

The Trust has revised its communication strategy following feedback from the staff attitude survey which was supported by further qualitative analysis. The revised communication strategy will commence implementation in 2014 and will focus on deployment of a wider range of communication media in order to ensure that staff are more effectively communicated with.

A staff engagement proposal was agreed by the executive team in February 2014 to further support this agenda and this will be rolled out over the next two years.

Key Workforce Risks

It is apparent at both national and local level that the NHS is currently experiencing a number of shortages in the workforce with medical, nursing and pharmacy staff being particularly difficult to source. A detailed recruitment plan has been produced in response to these recruitment difficulties. This will be implemented and reviewed on an on-going basis over the next 24 months.

The Trust will continue its contribution to the LETB and will, through this means, continue to raise concerns about future workforce supply, supporting HEE in developing strategies to mitigate what is a growing risk.

The board will continue to monitor the risks associated with workforce supply as part of the board assurance framework.

Sickness absence levels continue to be a concern and current strategies for reducing sickness levels have had limited impact. External review of these strategies was undertaken through NHS Employers in 2013 and limited areas for further development were identified. A renewed focus and management attention must be given to improvement in this area over the next 12 months.

Expanding Knowledge Base

In 2014/2015, human factors training will be further developed and aligned to support the Trust's safety and quality strategy.

Education

The education team within the Trust are fully aligned to the Trust's quality committees. Their attendance at the safety, experience and effectiveness quality meetings enables them to ensure that all training is aligned to current issues, themes and trends. The education team also have full access to the Trust's incident reporting tool and through this are also able to identify where educational resources need to be targeted to support the Trust's safety and quality agenda.

***Developing the organisation as a leader in education**:*

A review of the Trust's education departments will take place in 2014/2015 to ensure that not only is the multi-professional education agenda enhanced but the service is fit for purpose in moving towards its aim of becoming a leader in health care education.

The Trust is advanced in discussions with a local University to open a 'student-funded' nursing degree course during 2014/15 that will supplement numbers provided by Health Education England.

A revised marketing plan will be produced to enhance the reputation of the service in support of the Trust's ambition to increase the number of medical students on campus and provide high quality education to staff from all professions.

Research, Development and Innovation

The Trust wishes to develop its research capacity and capability and support the use of research in driving forward innovation. In 2013/14, the Trust launched an innovation pathway which has attracted substantial interest from NICE and is clearly aligned with the vision of the AHSN's. The innovation pathway has already seen one idea reach fruition and in the coming years the further development and use of this pathway will be a priority.

In addition, the Trust wishes to open a clinical trials facility to support the Trust's research agenda. This is expected to be designed during 2013/14 and delivered within the following 2 years.

c. IT Strategy

Clinical System Development (Electronic Patient Record)

The Trust uses an electronic patient record system called Quadramed. This will be continuously developed over the next 5 years towards a fully electronic patient record.

Priority developments over the next 2 years are:

- Embed the vision system on wards for patient progress tracking and bed management and alerting specific patient issues
- Complete the case note digitisation project
- Ensure the hardware and wireless system is capable for on-going demands.
- Non-Quadramed systems will be incorporated into the system architecture where appropriate. In particular an assessment of a theatre booking and scheduling system will be a priority for 2014/15.
- The Trust will work with the health economy to create connectivity between health and social care records.

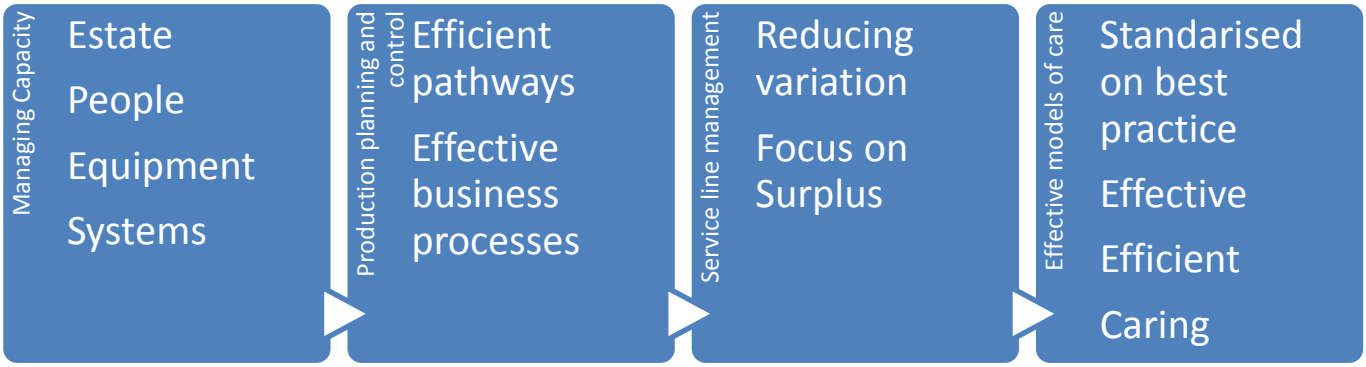
Patient Administration Systems

The Trust will evaluate all processes and systems that support the scheduling and control of the patient journey and put in place actions for improvement. This supports both the quality goal for improved patient experience and the efficiency goal for increased effectiveness at reduced cost.

d. Operational Effectiveness Strategy

The emerging operational effectiveness strategy incorporates the delivery plans for a significant component of the cost reduction plan (CRP), locally called the productivity and efficiency target (PET). This strategy sets the ambition for the Trust to be known for ***running amongst the most effective clinical management and patient administration processes and systems in the NHS.*** Effectiveness is measured by a combination of cost, staff satisfaction and patient experience.

Key Goals



The key priorities for the next 2 years are:

- The Trust will undertake an overhaul of its capacity and demand scenario planning tools. This is to ensure it is more real time and capable of aggregating multiple scenarios. We may develop this together with our hospital partners as we will be working together on some of the changes required as a result of specialised commissioning decisions.
- The bed and theatre allocation system will be reviewed and changes made where necessary. Quality metrics will be set alongside this work. The aim will be to align beds to demand in order to improve the patient journey, reduce outliers, reduce patient moves and reduce length of stay.
- Consultant job plans are reviewed as part of the annual process and linked to both the demand model and bed allocation model to ensure that we are aware and can mitigate risks arising from any capacity and demand imbalances.
- Service line reporting will be continually developed towards a fully incorporated service line management approach.
- The deployment of our services between our two sites will be continuously reviewed to ensure the services are delivered safely and sustainably across the two.
- A two-site masterplan for the estate of the Trust will be developed so that 'ideal' service configurations are supported by the physical design of our hospitals. The strategic section of the capital programme will be prioritised to support this strategy.

Productivity and Efficiency Target (PET)

For 2014-15 the Trust has a £22m efficiency programme consisting of schemes that affect all services to specialty specific schemes. The Trust had a recurrent shortfall in 2013-14 of £6m.

During 2013-14 the Trust centralised the management of its programme management office (PMO) in order to provide a consistent approach and shared knowledge particularly for schemes that cut across more than one specialty. For 2014/15 and beyond the Trust is now focussing on how to use the PMO to get clinical input into service change. Software supporting electronic project management is also being actively explored.

The existing monitoring and control process of the programme will continue. CIP targets are allocated at divisional level. Divisions undergo efficiency planning sessions within their clinical and operational teams to identify areas for potential efficiencies. Divisions also participate in a number of national benchmarking initiatives that help identify areas of efficiency.

Schemes are worked up at divisional level and recorded on an efficiency template for circulation to the relevant authorising officers within the division. The template requires the division to identify clinical and delivery risks associated with the scheme prior to sign-off by the authorising officers who include lead clinician, nurse and accountant.

Schemes are then circulated to the wider Trust which includes all executive directors and the senior management team. Schemes are not approved until any risks identified during a voting process have been resolved to the satisfaction of the individual who raises the risk. The chief executive, medical director, nursing director and finance director also have the option to veto any scheme if they believe that the scheme may have a negative impact on quality of services or the operational effectiveness of the Trust.

The Trust monitors achievement of targets through a monthly programme board which considers:

- annual divisional targets
- review of major schemes
- barriers to current progress and cross-division issues
- approves support/resources for individual schemes
- high risk schemes
- benefits review

Divisions are held accountable through a regular divisional review.

The monthly finance report to the Trust board identifies any shortfall against target, its effect on the overall financial plan and the Trust's strategy to ensure the financial plan risk rating is achieved. The Trust's financial plan includes a contingency for non-achievement and a surplus of 1%.

CRP/CIP/PET Profile

The main elements of the efficiency programme for 2014/16 are:

- Procurement – this has been a significant area for efficiencies in previous years and continues to be a focal point for the Trust. In 2014/15 the Trust is embedding its new structure which includes clinical input into the implementation of the procurement strategy. The Trust is also working closely with other Lancashire and northwest providers to take advantage of economies of scale.
- Workforce initiatives – the Trust has seen a large increase in pay expenditure at premium rates whether through agency or additional capacity payments. Embedding this capacity in a more cost efficient way is a key strand of the efficiency programme. The Trust has already invested in technology e.g. e-rostering systems, to support workforce schemes going forward. The Trust is working towards recruiting a permanent workforce in areas which have traditionally seen temporary staff in post and workforce planning strategies in these areas are underway.
- Patient pathways – the Trust has recently implemented an electronic bed management system that is expected to support a reduction to length of stay. The Trust is also embarking on a review of administrative booking processes in relation to the achievement of patient targets, this is expected to streamline processes and therefore provide efficiencies.

- The Trust's case note digitisation project is expected to complete in the last quarter of 2014/15. This is a transformational scheme that is changing the way the Trust records and manages patient records.
- Theatre utilisation and outpatient utilisation improvement projects commenced in 2013/14 and will continue to deliver benefits throughout this period
- The Trust will be consolidating work that has already started on a review of services on both Trust hospital sites to consider the most efficient and sustainable configuration of services. This work may extend to include partner hospital trusts across the region. Any outcomes from this work that have financial impacts will be featured in future year plans.

e. Clinical Services Strategies

The Trust is refreshing its approach to Clinical service strategies over the coming months. Working with the specialised commissioners, the local health community, and our hospital partners we will share our plans and priorities. We will review the balance of our service portfolio as part of this process and a refreshed set of clinical service strategies will be developed.

Notwithstanding this system-wide review of clinical strategy, a number of potential service developments are already underway. They are only reflected in the financial data within this plan if the change is sufficiently well developed to do so:

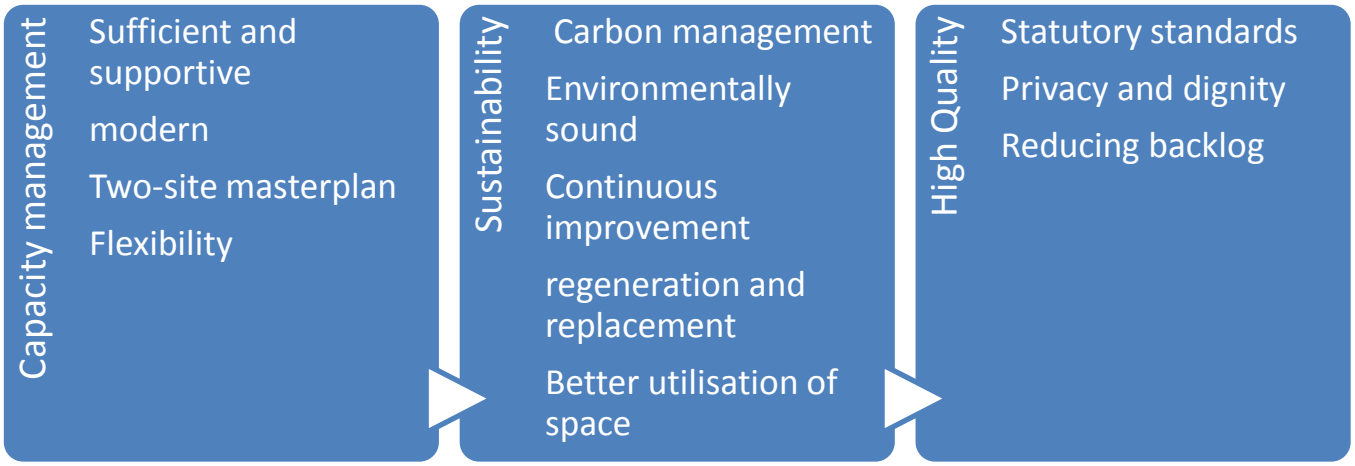
- Vascular surgery partnership: The Trust will incrementally become a centre for arterial repair for Lancashire and South Cumbria. This change is agreed with commissioners and partners and will happen incrementally over the next 2 years. A hybrid theatre development will be delivered in 2014/15 to support this change.
- The critical care service will be expanded over the next 2 years to match the increasing level of complex surgery the Trust is undertaking for a larger population base. This expansion requires a significant capital scheme that will commence in 2014/15, and a staged expansion of staffing numbers as the additional bed capacity is brought into use. A part effect of this development is included in the plan data.
- The interventional radiology service will be grown and developed as part of the vascular service change.
- Neurosurgery is not on a tariff and is not commissioned to develop the level of activity required to achieve the 18-week admitted referral to treat standard. Commissioners have agreed to work with us during 2014/15 to undertake a review of the service and then intend to align the contract with the commissioned level of demand. We would then realign capacity with demand.
- Obstetrics will be well positioned in terms of a second theatre and increased hours of consultant labour ward cover to meet higher birth numbers and to retain its recently received CNST level 3. A midwifery-led unit will be developed on the Royal Preston Hospital site to provide wider choice to women.
- The emergency department/trauma centre capability will be enhanced as a co-located CT scanner opens and the pelvic service develops with new consultant appointments.
- Urgent care centres will be built at Preston and Chorley alongside the emergency departments.
- The model of care for acute medicine is being reviewed following a number of externally supported evaluations. The service is currently managed with a clinical team at each of our sites. This will change during the year so that the two sites are managed by a single clinical service. Any changes required as a result of this work will be incorporated into divisional plans.
- The cancer service plans will be positioned to ensure that all service components are IOG compliant and that timed pathways are able to work effectively to deliver the 62-day pathway in a resilient manner.
- We are active supporters of the local health economy plan to develop capacity for out-of-hospital care. Recent agreements have brought some community teams into the hospital setting to improve the effectiveness of discharge planning. Over the next 2 years we would expect :

- additional intermediate care and transitional care capacity
- maturing neighbourhood teams
- increased capacity in community-based admission avoidance activities

Whilst we support these changes, we are not yet seeing an activity impact that would cause us to forecast a downwards trend in adult medical admissions and as a result the on-going achievement of the emergency department 4-hour target remains high risk.

Estate and Site Development

The key goals for the estate strategy are shown below:



Capacity Management

Master plan development:

The Trust owns two main hospital sites, Chorley and South Ribble and Royal Preston Hospitals. Chorley is the smaller of the two sites and is in a good estate condition. Royal Preston Hospital is a larger site but now much more is expected of it than when it was opened in 1973. The site has developed incrementally over time but as a result the maintenance burden on the site has increased over the years and the clinical adjacencies are poor in some instances. The site is a key constraint to the efficiency and effectiveness of overall clinical service delivery. The site is constrained and the footprint occupies a significant proportion of the land. Royal Preston Hospital is likely to continue to develop regional clinical services, for example be the 'super emergency department' location for Lancashire. To plan for this future, a master plan is to be developed that sets out a framework to meet the clinical strategy:

- A phased redevelopment plan for Royal Preston Hospital that maintains the operational capacity of the site at all times but that will over time deliver appropriately sized co-located clinical services into zones.
- A development plan for Chorley and South Ribble Hospital that ensures its capacity is appropriately sized and fit for purpose.

This work will run in conjunction with the development of the service delivery plan across both sites.

Investment Programme

The investment programme has a number of schemes within it aimed at increasing capacity:

- expansion of the critical care facilities to meet the demand from services changes
- hybrid theatre and an additional standard theatre to meet the vascular and interventional radiology demands.

- GP urgent care centre at Chorley and South Ribble Hospital
- expansion of the emergency department at Royal Preston Hospital including a GP urgent care centre
- midwife-led unit at Royal Preston Hospital
- an additional CT scanner to support the trauma centre

The Trust will continue the regular annual investment in:

- Major maintenance
- Statutory compliance
- Sustainability and environment
- Medical equipment
- Information technology
- Ward upgrades

Analysis of Capital Expenditure Plans

	2013/14 Estimate £m	2014/15 Plan £m	2015/16 Plan £m
Maintenance/Replacement	15.1	22.5	12.9
New Capacity	5.2	14.3	12.4
Total Capital	20.3	36.8	25.3

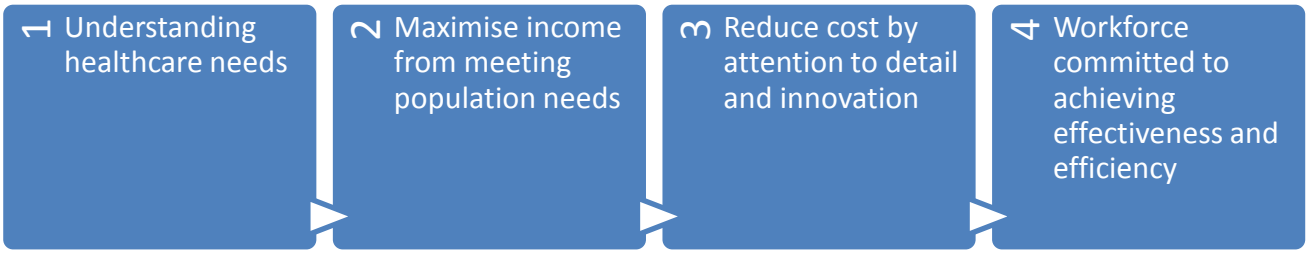
The Trust's capital investment strategy will be financed as follows:

	2013/14 Estimate £m	2014/15 Plan £m	2015/16 Plan £m
Internal Resources	11.3	22.5	12.9
External Resources	9.0	14.3	12.4
Total Resource	20.3	36.8	25.3

f. Finance

Financial Strategy

The Trust's financial strategy is to maintain a financially viable organisation capable of delivering the needs of the future through:



Given the national financial position, the financial strategy has focussed on the improvement to patient pathways and reduction to costs. This continues in the operational plan although the Trust has seen increases in income despite tariff reductions and the change to the commissioning landscape.

A summary of the financial plan is shown below:

	2013/14 Plan £m	2013/14 Forecast £m	2014/15 Plan £m	2015/16 Plan £m
Income	396.6	413.9	417.6	405.8
Expenditure	371.4	393.0	391.5	377.5
EBITDA	25.2	20.8	25.8	28.0
Net Surplus/(Deficit) before exceptional items	3.8	(0.6)	4.1	4.0

Future years' plans are predicated on the following assumptions:

- Activity baseline is full year 2013/14 activity with an estimate for sustaining the achievement of 18-weeks. Where there are specific CCG plans in place that will change the service these are included.
- The Better Care Fund is included in shadow form in 2014/15 for implementation in 2015/16, estimates used are those that are currently being discussed within the health economy.
- Estimates for tariff deflation and expenditure inflation are from national guidance as amended for local circumstances in particular in relation to pay inflation for the NHS mandate.
- Future changes from the national tariff payment system are unknown and not included in the plan.

The assumptions above result in a plan that requires efficiency savings per annum of just over 5% in 2014/15 and 2015/16. The efficiency requirement is beyond the Trust's original QIPP modelling which expected large efficiencies up to 2013/14 returning to previous levels from 2014/15 onwards. It is also noted this level of efficiency is at the top end of Monitor's quality governance indicators and that this is also recognised in Monitor's annual planning guidance where the expectation is that not all of the efficiency savings will be generated by providers. The Trust however has not benefitted from any 'tariff leakage' and therefore is in the position of having to identify efficiencies for the full inflation shortfall.

The Trust's financial strategy recognises that growth from patient activity will not be significant in the period of the plan. However, there are a number of service developments that the Trust is currently working on: development of specialist rehabilitation services to complement designation as the Lancashire Trauma Centre, centralisation of vascular services and expansion of critical care services. Other than capital investment, these are not reflected in the plan at this stage, and are likely to have a positive impact overall in terms of contribution to overheads.

Until the effect of these service changes are known, the main part of the Trust's financial strategy is therefore the need to achieve significant efficiency savings through reduced expenditure and sustaining 18-week performance efficiently. This has necessitated an increased investment programme partly funded externally via loans. In addition to 'invest to save' schemes, the Trust has been developing patient pathways to improve the patient experience and use pay resources more efficiently, the Trust currently spends over 8% of its pay expenditure on flexible working i.e. locum, bank, agency and overtime. The Trust is also placing a significant emphasis on its procurement strategy having invested in resources and technology to support this programme going forward.

The Trust is nearing completion of the implementation of a case note digitisation system which will significantly reduce the resources associated with managing patient records. The scheme will offer significant savings towards the end of 2014/15 however during implementation will have a number of additional costs some of which have been classified as restructuring costs in agreement with the Trust's auditors.

The plan reflects an estimate of the impact of good housekeeping annual fixed asset impairments and an estimate of the 5 year estate revaluation in March 2015.

The Trust is planning on a risk rating of 3.

Sensitivity Analysis – Risks and Mitigation

Category of risk	Description of risk	Potential impact	Mitigating actions / contingency plans in place
Efficiency	The Trust has a significant efficiency target that may not be achieved fully in year	High Impact	Contingency included in financial plan. Surplus included in financial plan.
Expenditure	Recruitment continues to be challenging. There are assumptions for the phasing of expenditure associated with the national mandate and 7 day working.	High Impact	Minimise the use of agency staff through a strategy of using the Trust's payroll. Contingency included in financial plan. Surplus included in financial plan.
Income	Income is predicated on achieving 2013/14 outturn	Low Impact	Increase in population not included in activity plans but estimated as positive by the ONS
Contractual	There is no estimate for loss of income associated with contractual penalties	Low Impact	Additional capacity is available, has been factored into the financial plan and commissioners have recognized the increased cost

To mitigate the above risks, the Trust includes a contingency of £1.5m in expenditure in the financial plan and plans for an underlying operating surplus of £4.1m.

g. Membership and Communication and Engagement

The Trust has a membership management and engagement strategy 2011-14 which has been approved by both the council of governors and the board of directors. Each year, we also produce a more detailed membership engagement plan which is approved by the council of governors. As part of our plans, we continually strive to ensure that our membership is representative of the community we serve and therefore we undertake targeted recruitment of under-represented groups and have plans in place to ensure that this continues. Additionally, we aim to engage with our members wherever possible and we have planned a number of events to facilitate this.

h. **Governance**

Governance Review

The board of directors is committed to continual development and aspires to best practice. In January 2014, Monitor as the sector regulator for healthcare published its draft guidance on board governance reviews, which boards will be required to undertake every three years.

The board has commissioned a review against Monitor's guidance, and this will provide a framework for further development over the coming three years. The results of the review, and the associated recommendations, will be used to inform improvements over the life of this plan.

1.3.3 Key risks for Plan delivery

All major organisational risks are tracked and assessed as part of the board assurance framework. The significant risks in relation to compliance with regulatory requirements are:

In relation to targets and indicators:

Significant risks*:*

- A&E 4-hour target: The Trust achieved the Quarter 4 and Year target for 2013/14. However it remains a significant challenge and risk to sustained delivery is high as we are yet to see significant additional capacity in out-of-hospital care settings to reduce the pressure on the emergency department and hospital inpatient beds.
- *C.difficile*: To achieve the target for the maximum level of occurrence remains a significant on-going challenge. The Trust has significantly reduced the levels of *C.difficile* during the year and the action plan applies all aspects of national good practice, although as any target approaches zero the likelihood of sustained delivery rises.
- Cancer 62-day treatment target: The Trust receives a significant volume of referrals from secondary care providers that are received too late to achieve 62 days. The Trust has secured an agreement in principle with these trusts to refer at a maximum of 42 days or incur the breach themselves. This remains a significant risk until the Trust is confident that the agreement is working effectively.

Risks*:*

- The 18-week admitted refer to treat target has not been achieved throughout 2013/14. Recovery plans have worked effectively over Quarter 4 and we expect to be compliant for the year from April and Quarter 1. 18-weeks is always vulnerable to surges in emergency care, particularly for our more complex surgical cases, so whilst we expect to deliver this target, it is risk assessed and tracked as part of our board assurance framework as a high risk.

In relation to finance

The cost reduction target for the year is just over 5%, including a proportion of undelivered target for 2013/14. This represents a significant challenge and a significant risk particularly given the on-going high emergency activity levels the Trust has to deliver.

In compliance with licence conditions

The Trust is undergoing a governance review in line with Monitor's proposed framework. It will act on all the improvements identified, and whilst the risk to licence compliance is part of the board assurance framework it is not deemed a high risk.

CAROLE SPENCER

4 April 2014