Sheffield Children's NHS
NHS Foundation Trust

Operational Plan Document for 2014-16

Sheffield Children's NHS Foundation Trust

Operational Plan for y/e 31 March 2015 and 2016

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

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Date	**3rd 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)*	**Mr N Jeffrey**

Signature 

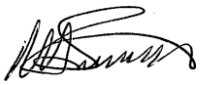
Approved on behalf of the Board of Directors by:

Name *(Chief Executive)*	**Mr S Morritt**

Signature 

Approved on behalf of the Board of Directors by:

Name *(Finance Director)*	**Mr M Smith**

Signature 

EXECUTIVE SUMMARY

Sheffield Children's NHS Foundation Trust is a specialist provider of healthcare to children providing a comprehensive range of hospital, community and mental health services for children and young people. The Trust is dedicated to providing the highest quality care to children and young people living in South Yorkshire, the Humber, North Derbyshire and the North of England and we continue to make improvement to the quality and range of services we provide. The reputation of our clinical services is excellent and our specialist teams work closely together to co-ordinate and deliver care to children with the most complex health problems. Increasingly the work we do is delivered in partnership with others, both in Sheffield, and across the region, and our plans for the future are closely aligned with commissioners and other providers.

Sheffield Children's NHS Foundation Trust is an effective organisation with a good track record and strong performance. The Trust is registered with the CQC with no qualifications and neither of the unannounced inspections by the CQC over the last three years identified any areas for improvement. The Trust met all targets and indicators included within Monitor's Compliance Framework in 2013/14, and expects to demonstrate achievement of all the CQUIN targets agreed with commissioners for the year. The financial performance of the Trust remains strong and the Trust expects to meet all financial requirements in 2013/14 with a surplus of £2.8m forecast at year end.

This Operational Plan sets out the Trust's intentions for the next two years, setting out our plans for clinical service development and for the organisation itself. We recognise the substantial challenges ahead, and the critical importance of transforming how we deliver our services to ensure we maintain the excellence of our services, whilst also reducing costs. This is particularly important given the £40million capital investment we are making in new ward accommodation. Our two year plan sets out the actions we are taking in the short term to ensure our continued success from 2016/17 onwards, when the revenue consequences of our investment will be incurred.

The Trust has set a strategic direction which differentiates between the highly specialised services it provides for a significant geographical area across South Yorkshire, North Derbyshire, the Humber and in some cases, nationally, and the general services provided for the local population of Sheffield. We are driving forward with the development of our specialist services, responding to the continued rise in demand and ensuring national designation standards are met for these services. Simultaneously, we are working closely with local partners to change the way in which the general, (non-specialised) services are delivered for the families of Sheffield. Given that the Trust provides a comprehensive range of hospital, community and mental health services for

children the Trust is well placed to increase the proportion of care delivered outside the Children's Hospital. These two key strategic aims are highly compatible; we expect the release of capacity brought about through the transfer of care to community settings will provide the additional room for the expansion of specialist activity.

Specialised services

The Trust is a major provider of specialised services for children and young people and approximately two thirds of the Trust's clinical contracted income is now received from NHS England, primarily for specialist activity. NHS England has now set out plans to concentrate specialist activity with a smaller number of providers nationally. The Trust has strong foundations, a proven track record, and is well placed to play a pivotal role in the provision of specialist healthcare for children nationally within this changing context. We have ambitious plans to treat more patients and deliver more care to patients with complex needs in the future. We are proud of the high quality of our specialised services, having developed the range, quality and quantity of healthcare we provide to children and young people in recent years. We have further improvements and developments planned, and we are working to meet all the requirements of the specifications published by NHS England for specialised children's services. We intend to remain firmly at the forefront of delivering excellence in healthcare for children in the UK. We will continue to expand the role we play in providing highly specialised services, treating more patients with complex and rare conditions and increasing the range of treatments offered in neurosciences, musculoskeletal services, respiratory services, specialist mental health care and a number of specialities.

Sheffield Children's Hospital is a Major Trauma Centre for Children, and also provides a full range of highly specialised critical care services including the excellent 'Embrace' specialist critical care transport service for sick babies and children. The Trust hosts the Paediatric, Neonatal Operational Delivery Network (ODN) for the Yorkshire and Humber region, and will host the Paediatric Neuroscience Network for the North-West of England from April 2014, and we work closely with other providers to deliver care through well governed networks.

Demand for the Trust's services is rising fast; referrals to the hospital services rose by 9% in 2013/14 compared to the previous year. Whilst demand for the Trust's services has risen year on year in the last decade, demand is now rising at a sharper rate than previously. Demand for the Trust's services has grown by 30% over the last five years, with the number of referrals rising from approximately 25,000 in 2008/9 to nearly 33,000 in 2013/14. This reflects the Trust's role as an expert provider of healthcare for children, and the shift of activity away from District General Hospitals to Sheffield Children's Hospital, given the difficulties faced by local hospital in meeting higher standards required for safe paediatric practice. The Trust planned to reduce the numbers of

patients waiting for treatment during 2013/4 and delivered higher levels of activity during the year. However, the higher than predicted number of referrals received in 2013/14 prevented the Trust from achieving a reduction in the queues, which have instead risen slightly in year.

Redesign of services for children in Sheffield

As well as providing specialised services, the Trust provides a range of non-specialised community and hospital based care for the children and young people of Sheffield. We are working with local commissioners in the CCG and the Local Authority to improve the health of children locally and to redesign services, particularly urgent care services, for children in the city. By building capacity in primary and community care we expect to support more care for children to be provided without admission to hospital. Over the last year, attendances at A&E have fallen, and this may indicate that we are building capacity and confidence in primary and community services in managing acute illness in children. However, further work is needed to support the shift to community based service provision.

Addressing capacity constraints

Given the growth in demand for its services, the Trust does face some operational challenge in meeting demand for its services, and there are a number of constraints on capacity. Plans are being taken forward over the next two years to address these constraints. In the short term, additional accommodation is being acquired on the Northern General Hospital site for the delivery of extra outpatient activity. We are also progressing the capital scheme to build two new operating theatres, which are needed to meet the growth in surgical activity. This scheme also includes a new intra-operative MRI required to meet the rise in patients requiring diagnostic imaging and to provide a higher specification of diagnostic assessment required for specific specialities.

We are progressing with the £40million ward development scheme to provide new ward accommodation along with a new outpatient department and front entrance to the hospital. This scheme will substantially improve the quality of our in-patient accommodation and facilities for parents and is due for completion in 2016/17.

Our future role

The Board has carefully assessed the opportunities and threats for the organisation and considered the Trust's future role in the provision of both specialised and non-specialised healthcare for children. The Trust's strong reputation is built on the quality of expertise it has in the delivery of specialised health care, evidenced by the significant growth in demand for these services in recent years. NHS England is now setting clear standards for specialised services, which providers will be expected to meet and there is an expectation that in future a smaller number of providers will be involved in the delivery of these services. The Trust expects to

demonstrate the high standard of care it provides and take opportunities to grow this specialist activity further given the likely consolidation of service provision.

The financial challenges facing the NHS will require substantial change in the way services are provided in future which will require highly effective collaboration between organisations and clinicians. Our expertise in the care of children, gives us a unique strength in the region, and we are increasingly taking a key leadership role in supporting the effective planning and delivery of children's services through reaching into other hospitals, leading clinical networks and as lead employer for medical personnel. The Trust is involved in a network of seven acute trusts in the sub-region, working on a collaborative programme, 'Working Together' to improve the delivery quality and cost of service delivery. The Working Together programme links closely with local and NHSE commissioners, and has a significant focus on the reorganisation of clinical services across provider organisations. Children's services have been highlighted as a priority area for this Programme, given the difficulties facing local hospitals in meeting quality and workforce requirements.

Financial management

The Trust continues to meet its financial requirements; the Board of Directors recognise how critical strong financial management is to the successful development of services for patients. Key to the organisation's future success will be the delivery of the efficiency targets contained within our long term financial model to achieve significant improvements in productivity. Delivery will require the full focus of the organisation, supported by the Trust's Project Management Office for Transformation and Efficiency. The delivery of major change programmes, including clinical productivity, workforce redesign, and the implementation of key enablers, such the Electronic Patient Record programme, will be key to our success in driving change.

The Board of Directors has undertaken a thorough analysis of the organisation's long term financial position as part of an assessment undertaken prior to the decision to invest in the capital scheme for the improvement of the children's hospital. The challenges ahead are understood, and Board members are confident in the assumptions contained within the Trust's long term financial plan. The key financial challenge is the delivery of the efficiency programme and a mitigation strategy is in place to manage this risk. A summary of the financial plan for the two years of the plan are detailed below.

Summary of financial plan2014/15 and 2015/16		
I &E Position		
	£m	**£m**
Clinical Income	145.486	145.389
Other Income	17.124	17.245
Charitable Contribution - Operating	0.500	0.500
Charitable contribution - Capex	2.500	2.500
Total Income	**165.610**	**165.634**
Operating Expenditure	156.429	155.477
EBITDA	**9.181**	**10.157**
Depreciation	4.341	4.888
PDC Charge	1.772	1.983
Loan Interest Payable	0.441	0.924
Interest Receivable	(0.050)	(0.050)
Surplus / (Deficit)	**2.677**	**2.412**

2. OPERATIONAL PLAN

2 .1 OVERVIEW OF OUR STRATEGY

Sheffield Children's NHS Trust is one of four specialist children's NHS trusts in England delivering high quality, safe and effective care to children and young people in the north of England. The Trust provides a comprehensive range of care for children and young people including highly specialised hospital services, general hospital services including A&E, and a full range of community and mental health services. Our mission is as follows:

> ***'To provide care and treatment of the highest standard to the children and young people of Sheffield, South Yorkshire and beyond, working closely with children and their families, other partners, and our staff to improve the health, wellbeing and life chances of the younger population.'***

The Trust is highly ambitious in its plans to develop and improve health care for children. The Trust has five primary strategic objectives which were developed in partnership with senior clinicians and key partners, including the Trust's Council of Governors, which are detailed below:

OUR FIVE STRATEGIC AIMS

We will:

- **Provide healthcare to children of the highest standards available in the UK**
- **Develop and expand our role as a provider of specialist services for children**
- **Work in partnership with others to reshape healthcare for children in Sheffield**
- **Expand the Trust's role as an expert provider of specialist pathology services**
- **Be a national leader in research and education in children's healthcare**

In order to support the effective delivery of our core strategy the Trust has a number of underpinning objectives which are summarised as follows:

Underpinning Strategies

a) Have robust arrangements are in place to ensure financial stability and the delivery of key financial targets to support high quality and efficient clinical services

b) Ensure that the Trust has an appropriately trained, skilled and supported workforce

c) Implement key improvements to the Trust's estates to support the delivery of our clinical strategies and implement key Information Management and Technology strategies

d) Ensure that the Trust is well governed and works effectively in partnership with others to redesign and improve healthcare.

We have reviewed our five year strategy in the light of the priorities defined by NHS England for the NHS in '*Everyone Counts Planning for Patients 2014/15 to 18/19'* and in the light of locally defined priorities. The Trust's Board of Directors is confident that the existing main strategic priorities that have been defined for the Trust remain fit for purpose at this time, and fit well within the context of the national agenda. However, the details of our plans have been adjusted to reflect specific changes determined both nationally and locally. Our detailed plans for the two year period are set out in **Table A**, **in Section 3** of this Operational Plan

2.2 THE SHORT TERM CHALLENGE

Whilst the Trust is positioned within the Sheffield Health Economy, approximately half of its activity is commissioned by NHSE. There are therefore two sets of key partners that we are working with to address future challenges:

- *The Sheffield Health Economy* – primarily, Sheffield CCG, Sheffield City Council, Sheffield Teaching Hospitals Foundation Trust and Sheffield Care Trust
- *The South Yorkshire and Bassetlaw Health Economy*– primarily, NHSE Yorkshire and Bassetlaw Area Team, South Yorkshire CCGs and NHS providers in the sub-region

2.2.1 Sheffield Health Economy

Working with partners, including Sheffield City Council and NHS provider organisations, Sheffield CCG have set out details of the specific challenges facing the local health economy within their Commissioning Intentions for the period 2014 -2019.

a) The financial challenge

Sheffield CCG will receive the minimum uplift in its allocation over the next two years as whilst Sheffield's population is growing, this is at a slower rate than a number of other places in the country. The information on target allocations published in December shows Sheffield CCG to be more than 5% "above target", and as a result, Sheffield CCG will receive the minimum uplift and it is expected that this position will continue to 2018/19. Along with all CCGs nationally, Sheffield CCG will also have a 10% reduction in its Running Cost Allowance from 2015/16. Sheffield CCG are therefore assuming a requirement of a significant QIPP savings; £5million in 2014/15 and £6million in 2015/16. Whilst details of allocations from 2016/17 onwards are not available at this stage, minimum growth is assumed, and given the expected rise in expenditure, QIPP savings requirements are planned to increase to £9.5million from that year. Details of the CCG's financial assumptions and QIPP savings targets are set out in **Tables A and B** below:

Table A: Sheffield CCG Allocations 2014-15 – 2018/19

	2014/15 £'m	2015/16 £'m	2016/17 £'m	2017/18 £'m	2018/19 £'m
Expected Recurrent Allocation	**694.6**	**718.8**	**731.8**	**744.2**	**756.9**
Target Allocation per NHSE agreed formula	657.1	682.2	Information not available (note 2)		
Distance ABOVE target	37.5	36.6	Information not available (note 2)		
as a % of actual allocation	+5.63%	+5.41%	Expected to remain over 5%		
Expected Growth in funding	14.6	11.8	12.9	12.4	12.7
as a % of prior year allocation	+2.14%	+1.70%	+1.80%	+1.70%	+1.70%

Note 1: In 2015/16 and beyond actual and target allocation includes £12.4m which will be added to CCG allocation for transfer to Better Care Fund ex NHS England
Note 2: NHS E have not published target allocations beyond 2015/16 but have provided assumptions on growth uplift – Sheffield to receive minimum growth meaning they are expected to stay more than 5% above target

Table B: Summary of Sheffield CCG QIPP plans 2014/15 – 2018/19

	2014/15 £'000	2015/16 £'000	2016/17 £'000	2017/18 £'000	2018/19 £'000	TOTAL £'000
Acute Elective	1,300	700	1,800	1,900	2,000	7,700
Acute Urgent Care	3,700	4,300	7,200	7,100	7,000	29,300
CHC	500	500	0	0	0	1,000
Prescribing	500	500	500	500	500	2,500
Total Gross Savings	6,000	6,000	9,500	9,500	9,500	40,500
Planned Investment	(1,000)					(1,000)
NET QIPP	**5,000**	**6,000**	**9,500**	**9,500**	**9,500**	**39,500**

Sheffield City Council is also facing substantial cost pressures, with 15% savings expected in each of the next two years, a reduction of £80million over the two year period. Specifically, within the Children and Young People's Directorate, savings of £10m of an £80milion budget are required, with an additional £4million required to meet cost pressures.

b) Working with partners

The key partners in the commissioning and delivery of health and social care in Sheffield are increasingly working closely together to both plan and deliver services together, with the following partnership arrangements in place to support this work:

- *Health and Wellbeing Board* – whilst provider organisations are not included in the membership of the Board, quarterly meetings with providers have now commenced, and a first meeting was held in January 2014.

- *Joint commissioning arrangements* – joint commissioning arrangements between Sheffield City Council and the CCG have been strengthened with a new Executive Joint Commissioning Group in place. This Group is developing plans for the Better Care Fund in Sheffield.

- *Right First Time Programme* – is a city-wide strategic multi-agency change programme aimed at changing the delivery of services, with a high degree of focus on delivering care outside hospital, and with an emphasis on integrated community based provision. The Programme includes the redesign of children's urgent care services.

- *Future Shape Children's Health Programme* - this is a well established health and social care strategy group, which has a focus on improving outcomes for children, and involves all commissioning and provider organisations in the city, including the voluntary sector.

c) Response to the financial challenge

In understanding the scale of the challenge facing all the organisations involved in health and social care in the city, there is a clear recognition of the need for all parties to work together. The city wide approach assumes a far greater emphasis on community based service delivery and the avoidance of hospital admissions. The CCG's stated aim in its Commissioning Intentions is to reduce emergency admissions by 20% over 5 years. The CCG's operational plan quantifies this impact over the next two years and includes £4m reduction in acute emergency admissions in 2015/16, mainly related to reconfiguring services for older people; however there will also be an emphasis on reducing emergency admissions of children to hospital. The joint concept is that through integrating health and social care services there is substantial scope for more efficient delivery of these services, such that the pressures which will come from demographic and other trends should be capable of being managed through these efficiencies.

Whilst savings from emergency hospital admissions are expected to contribute to the financial plan for the city, the health community are jointly realistic about the scale and timing of these savings, given the considerable joint work which has already taken place particularly in the last three years through the Right First Time Programme. Benefits are expected to increase post 2015-16 when the impact of redesigned fully integrated community services is realised. It is understand that expansion of services aimed at keeping people well in their local communities can only be delivered when all parties are confident that the right robust financial risk management arrangements are in place. This principle is important as part of managing the impact should savings from acute admissions not materialise

The level of savings which Sheffield City Council seek to achieve during 2014-15, and again in 2015-16, are significant, and this is a recognised risk in the city. Detailed plans have been drawn up by the Council for 2014-15 and delivery will be carefully monitored as part of the shadow governance arrangements between the partners.

Better Care Fund - The Executive Commissioning Group plan to establish a substantial Better Care Fund in Sheffield in order to drive forward with plans for the integration of services and to mitigate risk in relation to the financial challenge in the City. The partners plan to establish a £300m BCF with the emphasis of the plan mainly based on changing the way in which services for older people are commissioned and delivered. The CCG is meeting with each of the NHS providers in the City to consider the implications of the BCF on the services managed by each trust. Having reviewed the details of the areas included in the BCF for 2015/16, it appears that the impact on Sheffield Children's NHS Foundation Trust will be minimal in the initial period, as the only budget included relevant for children is the community equipment budget.

Better Start Project - Sheffield has submitted an application for a Better Start Lottery grant. The national initiative aims to improve outcomes for children through more integrated and innovative approaches in early years for those with the highest levels of need. If successful Sheffield would receive up to £10m over a five year period to support new approaches to delivery of support for families. This initiative is required to be led by the voluntary sector, with the involvement of the statutory sector, and the Trust is closely involved in this application, the outcome of which should be known by July 2014.

2.2.2 South Yorkshire and Bassetlaw Health Economy

a) CCGs in South Yorkshire and Bassetlaw

The financial position facing CCG's across the South Yorkshire and Bassetlaw sub-region is similar to that facing Sheffield, although with some variation between CCGs. However the average growth for the sub-region is below the average for England, so the health economy across the area is facing a substantial financial challenge, which is a significant issue for both commissioners and providers in the sub-region.

b) Response to the financial challenge

The seven acute trusts in the sub-region have established a partnership in order to work together on areas of common interest in order to improve efficiency and address issues of clinical service sustainability. The **Working Together Programme** is a jointly funded work programme, with a Programme Management Office. It has seven work- streams, each led by a Chief Executive. To be

supported for inclusion the WTP Programme any proposed work needs to demonstrate potential benefits associated with the ability to:

- Create large scale and demonstrate the benefits of scale
- Standardise processes where there is collective benefit in standardisation
- Raise standards, clinical and managerial, to a high/acceptable level
- Manage the impact of scarcity on quality and financial grounds
- Optimise the deployment of intellectual property across all partners
- Optimise the use of physical property across all partners
- Limit duplication and the associated confusion, effort and cost.
- Manage the paradox of competition and the need to plan and operate with rationality
- Subordinate organisation preference to user (customer) preference
- Demonstrate a clear ability to add value to an existing collective mechanism

Initial plans have been agreed for efficiencies resulting from specific work-streams, the impact of which are included within this two year plan, (specifically relating to procurement and locum costs). This Programme is also mirrored by a commissioner Working Together Programme, which is focused on clinical service configuration issues, and it is intended that the provider and commissioner groups will work jointly on these issues.

Within the operational planning period it is anticipated that agreement will be reached to mitigate pressures on individual specialties by taking collective action to sustain the existing service models. This, however, is not seen as a long term sustainable position, and within the strategic planning period we anticipate that alternative service models will have been explored and options for change evaluated and implemented. These models will include a reduction in the number of in-patient services supported by strengthened local ambulatory services that will continue to support patient choice. The quality of the in-patient service will be sustained by this type of service model and the ability to introduce a higher degree of sub-specialisation to ambulatory services across the partnership is seen as a major advantage. Reduction in the costs of supporting a safe in-patient service for very small numbers of patients will be delivered by reducing the number of in-patient providers. Financial incentives to enable this type of service model will be managed by the WTP to ensure that the costs and benefits of change are shared equitably.

The sustainability of Children's services has been identified as a key priority both by providers, but also by commissioners, and it is likely that the Programme will identify changes to the configuration of services for children, particularly given the workforce and financial challenges relating to this service area. The Trust is well placed to support this strategic work, given the leadership role it has in the delivery of clinical networks.

b) Specialised Services

Approximately 65% of the Trust's income comes from NHS England, primarily for the specialist activity undertaken by the Trust. The commissioning of specialised services for Yorkshire and the Humber is undertaken locally by the South Yorkshire and Bassetlaw Area Team.

The financial challenges facing specialist services are significant both nationally and regionally. The North of England has a budget of £3.6billion, and there was considerable pressure on this budget in 2013/14, with an estimated £18million overspend predicted against budget for year end, and a significant further challenge anticipated in 2014/15. Commissioners in the North of England have met with all specialised service providers to assess the challenges and to consider how all parties might work together to develop a strategic plan for the region for the future.

The NHSE planning guidance '*Everyone Counts'* sets out the intention to concentrate the provision of specialist provision within a smaller number of centres of excellence in future, with services likely to be centralised within 15-30 trusts nationally in future. As a specialist provider of services for children and young people, with a strong track record in providing high quality care and good performance, we believe the Trust is well placed to be recognised as one of a smaller number of centres of excellence for children's services for the future.

2.3 QUALITY PLANS

2.3.1 National and local commissioning priorities

a) National priorities

The Trust has reviewed the national priorities set by NHS England in *'Everyone Counts – Planning for patients 2014/15 to 18/19'* and NHS England's commissioning intentions for specialised services as set out in *'Prescribed Specialised Services Commissioning Intentions 2014/15 - 2015/16'.* We recognise the importance given to transformational change, both within, and between Trusts, in order to support significant improvement in the delivery, quality and cost of healthcare over the next two years, and we expect to work with other partners to make significant change during this period.

Whilst not all the priorities set nationally are relevant to services for children and young people, we are incorporating a number of key priorities within our quality goals for the next two years. Our plans take account of the following:

a) Francis, Berwick, Keogh and Winterbourne View **-** our response to these reports are provided in more detail later in **Section 2.3.7**.

b) Access to the highest quality urgent and emergency care– as a recognised Major Trauma Centre for children we plan to collaborate with others to further improve the care and management of children in urgent need of care or in an emergency. We will work with commissioners to address remaining gaps in compliance against Trauma standards. The Trust provides the Embrace critical care transport service for children and babies, and supports local hospitals in the managing children who are acutely unwell prior to transfer. Working through clinical networks, many of which we host, we expect to increase the support provided to other hospitals in the future. We will also continue to work with Sheffield Urgent Care Board to support primary care services in their management of unwell children, in order to reduce unnecessary admissions to hospital, and to review the potential to establish an integrated Urgent Care Centre for children, jointly delivered by primary and secondary care clinicians providing a single out of hours service for children.

c) Care integrated around the patient – In addition to the collaborative work on Urgent Care detailed above, the Trust is working closely with partner organisations on the Children and Young People's Partnership Board in Sheffield to identify how community services provided by the Local Authority, the Clinical Commissioning Group and GPs, the voluntary sector and the Trust, can work together to develop more integrated provision. The development of locality based GP Associations in Sheffield provides an opportunity for greater collaboration between services. The partners are working together on a number of key projects, including the Big Lottery Better Start Bid, focused on improving the lives of children before they start school, with a substantial focus on improving health

and well-being. Whilst not the major focus, it is likely that some initiatives for children's services will be included within plans for the Better Care Fund in Sheffield in the future.

d) Specialised services concentrated in centres of excellence – We are working to ensure our compliance with standards set nationally by NHS England and the Clinical Reference Groups within the service specifications for specialised services. We have undertaken a gap analysis against the standards and have sought derogation from NHS England against action plans to address gaps in compliance where they exist. The Trust is compliant against most of the standards within the 53 specifications applicable to this organisation. The Trust is in discussion with NHS England in relation to the cost of compliance against the remaining standards.

e) NHS Services, Seven Days a week – in line with requirements, the Trust during 2014/15 the Trust will undertake a full analysis and develop an Action Plan to increase access to services, with a particular focus on urgent and emergency care. The Trust has already taken action in 2013/14 to improve out of hours cover arrangements with additional medical and nursing staff on duty during the busy evening periods, which is proving beneficial.

b) Local commissioning priorities

Improving health outcomes

The Sheffield Health and Wellbeing Board has identified improving the health of children as a key strategic priority for the city and the ***Future Shape Children's Programme Board****,* is the multi-agency group responsible for leading a programme aimed at improving outcomes for children. This Board was established when community services for children transferred to Sheffield Children's NHS Foundation Trust in 2011, and the Board is jointly chaired by the Trust's Chief Executive and Sheffield City Council's Director of Children's Services. There is substantial evidence that the very early stages of a child's life are critical to their future health and well-being and there is a strong focus on prevention and early intervention in the Programme of work which the Future Shape Programme Board has developed. Sheffield has higher infant mortality rates compared to the national rate, and the activities of the Board are focused on making improvements in this and other key outcomes measures.

NHS Constitution pledges

Sheffield CCG recognises the importance of providing treatment within 18 weeks, and have specified that they will fund elective activity required to ensure these standards are met. Elective activity levels agreed for 2014/15 include an increased level of activity to support this aim, and the CCG have agreed to do the same in 2015/16.

New model for 16-17 year old Mental Health care

Sheffield CCG have prioritised commissioning a new model of service for young people aged 16-17 years of age. Services have previously been provided by the adult mental health service in the city, however, there is a recognition that the needs of this age range are best provided by a Child and Adolescent service. The CCG have therefore requested the Trust to develop an alternative model of services provision, which would be provided alongside the existing CAMHS service, and it expected that this service development will be implemented during 2014/15, with an in-year variation to the Trust's contract with the CCG.

Development and delivery of the Urgent care plan

Sheffield CCG wish to work with the Trust on the development of a new model of urgent care for children in the city. Work will include consideration of a new integrated urgent care service, which would be provided at Sheffield Children's Hospital, provided jointly by GPs and hospital staff.

Redesigned service pathways

Sheffield CCG want to work with the Trust on the development of particular pathways, in order to improve and streamline service models, where possible delivering care in local communities based on clinical evidence, and these areas of work are identified within the Service Development Plan in the contract between the two parties.

2.3.2 Trust quality goals

The Trust has strong clinical governance arrangements in place and has an excellent track record in delivering high quality standards of care to the patients and families we serve. The Trust has unqualified registration from the CQC. Services were judged as fully compliant with no recommendations made, at the last unannounced inspection in November 2012. The Trust will be inspected by the CQC again between 6-8 May 2014.

The Trust has a good record in effective control of infection; in the last year the Trust had no cases of MRSA. The Trust had five cases of C. Difficile in 2013/4, two cases above the target of three set within the contract for 2013/14. However, this is recognised as a very low level of infection and is within the de minimis set by Monitor for this target.

In the staff survey undertaken in 2013, 83% of staff said they would recommend the Trust to a friend or relative, placing the Trust in the top quartile and within the top 22 trusts nationally on this indicator.

The Trust has listened to patient feedback and this has driven its capital investment program to provide improved in-patient wards, out-patient facilities and parking for our families.

Our priorities for 201415 are:

a) Continue to Implement the Department of Health Response to the Mid Staffordshire Public Enquiry, 'Patients First and Foremost'

Our reasons:

The NHS recommendations from the Mid Staffordshire Public Inquiry have been emerging over the last year and the Trust has responded to these. Like all public services, the Trust faces significant economic challenges and performance targets. Continued concentration on the Trust action plan is crucial to ensure that quality is not sacrificed in pursuit of these requirements. Our Council of Governors see this safeguarding of quality as their key role and responsibility.

The Trust will:

- Pilot a children's nursing dependency assessment to provide evidence that our nursing establishments are sufficient for the needs of the families and children we care for.
- Show, at the entrance to each ward, the nursing staff numbers rostered and available to look after children on that shift.
- Extend our family surveys to our new-born high dependency ward and benchmark ourselves against other units. The survey will be published and an action plan produced to address any improvement needed.
- Fully implement a hospital Out of Hours model within the hospital, with supernumerary senior children's nurses available to assist medical staff, advise nursing staff and coordinate patient care at night and weekends

b) Review our Tier 4 Mental Health Service to ensure that it has adapted to fit with the type of referrals we are receiving.

Our reasons:

Our Tier 4 CAMHS service at Becton is one of the largest of its kind in the UK. It has four main Lodges and has been running for over three years. Since transferring from Oakwood at Northern General Hospital, we have seen a significant increase in referrals from all over the country. The nature of the referrals has also been changing, with more young people who are exhibiting self-harming behaviours and require intensive support through episodes of severe emotional turbulence. CAMHS and its availability is a regular priority for our local authority Children and Young People's Scrutiny Committee.

With our commissioners, we will seek to understand what service is required in future, and to ensure that national standards for Child and Adolescent Mental Health care, as detailed in the NHS England Service Specification for the service, are met.

The Trust will:

- Demonstrate that the services are provided in accordance with the standards of the Royal College of Psychiatrists, Quality Network for Inpatient CAMHS (QNIC).
- Work with commissioners to ensure that local 16-18 year old patients are accommodated, where needed, within the Becton Unit.
- Ensure that when young people are treated under the provisions of the Mental Health Act, they and their families have full access to information, advice and representation.

c) Minimise disruption to our services from the building of the new hospital wing

Our reasons:

The current building work is some of the most extensive in the Trust's history. Although it has the potential to fundamentally improve the experience of families, it has the potential to worsen their experience while the work is undertaken. Patient access has consistently been the single greatest source of negative family survey comment over the past four years.

The Trust will:

- Improve access by aiming to have most of the parking improvements in place by the end of 2015. This includes the multi-storey parking opposite the main entrance and the underground parking with direct lift access for disabled families.
- Move some outpatient clinics to the Northern General for the duration of the work.
- Set up a remote supplies depot to ensure that all supplies, pharmacy and laboratory deliveries are consolidated into as few goods vehicles as possible. Remaining deliveries and construction traffic will require to book on an online scheduling system to minimise conflict with patient traffic.

How we will monitor performance against our Quality goals

Progress on the above indicators will be monitored by reports to the Clinical Governance Committee and regular reports to the Trust Board. The Board will share its reports with the Council of Governors and its commissioners in NHS Sheffield and NHS England. All reports will be published on the Trust website.

Further detail on these priorities is provided in section 3.1 Table A.

2.3.3 Existing quality concerns

The CQC last visited the Sheffield Children's Hospital in November 2012 and found the Trust fully compliant with the standards reviewed and made no recommendations for improvement. A recent visit to the Becton Centre, found some issues of non-compliance relating to the correct completion of Mental Health Act forms, and actions to address these issues is underway.

The Trust has identified the following specific areas for improvement:

a) Nursing Staff dependency levels

Recognising that it is not just the number, but the acuity of patients in our care which should determine nurse staffing levels, we have identified the need to adopt a dependency tool suitable for routinely assessing the dependency of patients in our care. We expect to implement the PANDA paediatric dependency tool during 2014/15 to ensure that staffing levels match the acuity of patients within our acute wards.

We also plan to jointly develop the PANDA tool for use in mental health services, so that we have access to a dependency tool suited to this purpose to support the delivery of our in-patient Tier 4 mental health service in the future. (Currently there is no dependency tool available in the market for this purpose).

b) Staffing Review Becton Centre

The severity of the case mix of patients referred to Tier 4 mental health services has increased over recent years, and there is a national shortage in provision in this area. In view of the impact of the increased acuity of patients in 2013, the Trust commissioned an external skill mix review in order that we could assess the appropriateness of our staffing levels and skill mix to support the changing needs of the clients referred to the service. The Trust has received advice from the external team, and work is underway to determine an appropriate staffing level for the numbers and mix of patients at the Centre. This is a priority area for the Trust in the coming year.

c) Readmission rate

The Trust has a higher level of readmission to hospital of patients admitted both electively and non-electively. Whilst it appears that the higher rate of readmission for non-elective admission may reflect the way the Trust classifies shorter stays in hospital, which differs from some other hospitals, we are seeking to understand and address factors which might be contributing to this current comparatively higher rate of readmission. This will be a priority for the Trust in 2014/15.

d) Staff Appraisal rates

The proportion of staff who reported having had an appraisal over the last 12 months was lower than the average for acute Trusts with 79% of staff reporting having had an appraisal, against an average of 85% of comparator trusts. We have recognised this is an area for improvement and the Trust Executive Group has identified this as a key action for managers to address during 2014/15.

e) Mandatory training

The rates of compliance on mandatory training have dropped below expectation in some key areas and the Trust has identified the need to take action in those areas in which compliance is less good. This will be a priority for the year ahead.

2.3.4 Quality risks within the plan

The key quality risks within the plan are:

- **Management of patient dependency and workload capacity** – the Trust plans to treat more elective patients over the next two years, but also manages a variable level of non-elective admissions to hospital. Given the constraints of the hospital currently, there is a risk that the number of beds will be insufficient to meet the needs of both elective and non-elective patient activity over the next two years prior to the completion of the new hospital ward block. In order to mitigate that risk in the coming year have appointed additional nursing staff in order to reopen some surgical beds which had previously been closed. We are also working on a Business Case to develop additional high dependency provision linked to the new Theatre development, which we would expect to see in place in 2015. However, an unusually high level of acute admissions during the winter of 2014/15 would put pressure on the hospital, and we would need to mitigate the risk to patient care by reducing those elective admissions which require in-patient admission.

- **Impact of cost efficiencies:** the Trust plan includes a 4.1% efficiency target in 2014/15 and a 3.2% efficiency target in 2015/16 and there is a risk that plans could inadvertently have a negative impact on quality. In order to mitigate this risk, the Trust has established a Transformation and Efficiency Programme with a Programme Management Office, to support the delivery of cost efficiencies through a robust approach to improving productivity as a more effective way of delivering cost reductions than traditional approaches. Long term projects are in place to provide efficiencies that improve patient outcomes, safety and productivity without the need for additional resources. The key performance indicators for

the major projects will include balancing quality indicators alongside indicators relating to productivity in order that we identify and manage any unintended consequences.

Further details of how we expect to manage transformational change as described in **Section 3**.

2.3.5 How the Board derives assurance on quality and safety

All efficiency proposals have been risk assessed by the Medical and Nursing Directors for impact on quality and plans deemed to represent a potential risk to quality or safety are removed, with Divisions required to substitute these with other plans. The Trust's plans will also be reviewed by clinical representatives, including GPs, from the Sheffield CCG early in 2014/15.

All staff are responsible for managing risks within the scope of their role and responsibilities as trust employees. Incident reporting is openly encouraged through staff training and the Trust promotes open and honest reporting of incidents, risks and hazards through its incident reporting policy which is supported by a clear and structured process. The Trust Board also receives and reviews all reports and action plans following a serious incident investigation.

All risk management reporting is standardised and reports can be tailored to departmental requirements. Root cause analysis is routinely used to learn from incidents and tailor standard operating procedures. New and revised policies are impact assessed by our patient and public involvement group. Each month Divisional Performance Review meetings are held with Executive Directors meeting the senior clinical and managerial staff from each Division to review performance against a range of measures. This includes a review of key quality measures, and the discussions are informed by Divisional performance scorecards, which contain details of historical trends and measures over time against quality indicators, alongside other performance measures, with a review of achievement and assessment on where improvement is necessary.

Monitor's Quality Governance Framework is used annually to review the non-executive board members views on the quality of the information supplied to the Board. It allows an honest reflection on the quality of the debate and the challenge that is a feature of board meetings. It has been one of the key instruments in informing review of the board committee structures and facilitating involvement of governors in core trust business

2.3.6 What the quality plans mean for the Trust's workforce

Staffing levels

The Trust now undertakes an annual review of nurse staffing levels. During the coming year, we will pilot a new nurse staffing dependency tool, in order that both the number and the acuity of patients is taken into account when planning staffing levels for wards.

We are also reviewing staffing levels at the Becton Centre, having undertaken a Staffing Review of Sapphire and Emerald Lodges in 2013 as a result of the increasing complexity and acuity of patients referred to the Lodges. As a specialised provider of Tier 4 mental health services for children and young people we are required to comply with the nationally recognised staffing requirements for the full multi-disciplinary team as specified by QNIC and Marsipan. We are working with commissioners to review and address current compliance with these standards.

Medical Workforce

One of the key challenges identified by the Trust is the sustainability of the Medical workforce, specifically at trainee level. This is a challenge not only in terms of maintaining existing rotas in key specialties e.g. Paediatric Intensive Care, but also in relation to moving towards seven day working over the medium term. We are working towards the recruitment and development of Advanced Nurse Practitioners (ANPs) to reduce the reliance on the junior doctor workforce. This will be done in conjunction with the Local Education and Training Board, part of Health Education England, to develop plans to achieve this in relevant specialties.

NHS Services, Seven days a Week

We are aware of the importance of providing consistent care for patients twenty-four hours per day, seven days a week. During the year ahead the Trust will undertake a gap analysis using the national Clinical Standards and produce an Action Plan to address gaps in compliance with the standards. We recognise the significant workforce implications of this policy and of the significance of the organisational change that will be required within all NHS provider trusts to make the required improvements.

Over recent years, the Trust has sought to strengthen its initial response to emergency care and has increased consultant presence in the Emergency Department by appointing additional consultants into the Department. During 2014/15 an additional consultant will be appointed so that the hospital has a consultant on site between 9am – midnight each working day, with this cover in place 75% of the time at weekends. An additional appointment will provide full cover from 9-midnight every day of the week and the Trust will prioritise this development in the future.

During 2013/14 the Trust also made progress in improving staffing levels to support urgent care outside normal working hours in order to reduce the variation in provision between normal working hours and the rest of the week. A new Out of Hours service was established to provide a team of experienced senior nurses to undertake duties which would otherwise be undertaken by junior

doctors, and also to provide advice to nursing staff in the hospital. This has increased the out of hours staffing capacity to address non-elective care. This service was in place during the autumn and winter of 2013/14 and proved to be extremely successful in reducing the pressures on staff, particularly during the busy evening and weekend periods, and improving cover arrangements. We are now evaluating this scheme, with a view to making this a permanent arrangement within the hospital in the future.

Compliance with specialised service specifications

One of the stated strategic ambitions of the Trust is to develop and grow our specialised services. As part of this and our work towards delivering the requirements of relevant 'Safe and Sustainable' reviews, we will look to work with commissioners and other providers to strengthen our clinical workforce in key areas. This will include consideration of how consultant advise can be available 24/7 for highly specialised services.

Working Together Programme

The Trust is currently collaborating with other acute provider organisations in South Yorkshire, West Yorkshire and North Derbyshire. This initiative, 'Working Together' is designed to look at ways of co-operating to addressing clinical and financial challenges over the coming years. During 2013/14 the trusts undertook a project to look at working together to reduce spend on agency locum staff across the provider organisations. Over the next two years the trusts will work together on a number of key projects, a number of which are workforce related, including a review of clinical rotas, to ensure more robust arrangements are in place to provide safe and effective care outside normal working hours. There is a particular focus on paediatrics within this programme, given the shortfall in the medical workforce in this area, and therefore a recognition that new approaches will need to be adopted in order to ensure safe and effective care.

Trust Values

The Board of Directors at its meeting in April 2013 approved a revised set of organisational values that had been developed in consultation with a wide range of stakeholders. During 2013/14 the Trust took action to roll out of these values across the organisation in order to embed them. During 2014/15 this work will continue to ensure that values are communicated, understood and incorporated into performance assessment criteria through the appraisal process. The Values adopted by the Trust are shown below:

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TRUST VALUES

Keeping children, young people and families at the heart of what we do

Committed to Excellence
We will seek to improve the way we work and deliver a high quality standard of care.
We will be open to new ideas, through innovation, research and education nationally and internationally.

Accountability
We will create a supportive working environment where everyone takes responsibility for their own actions.

Compassion
We will show empathy and understanding, treating everyone with dignity and courtesy.
We will respect each other and those we care for.

Teamwork
We will work together with and for our patients and their families.
We will work to the best of our ability and take pride in our achievements.

Integrity
We will value differences and treat everyone with a fair and consistent approach.
We will take an open, honest and ethical approach

2.3.7 Trust response to Francis, Berwick and Keogh and Winterbourne View

The Trust has undertaken a review of the findings of the Francis, Berwick and Keogh reports and developed an action plan to make improvement in line with the recommendations of these reports. The Trust's response to *Patients First and Foremost* has been considered by the Council of Governors and the Trust Board on three occasions over the last year and progress against the 39 actions identified by the Trust is reported to both the Governors and the Board. A summary of the key recommendations from Francis, Berwick, Keogh and Winterbourne are given below, along with a summary of the Trust's response and action taken as a result of these key reports:

Table C: Summary of Trust response to Francis, Berwick, Keogh Winterbourne View

REPORT	RECOMMENDATION	RESPONSE
Berwick	**1.** The NHS should continually and forever reduce patient harm by embracing wholeheartedly an ethic of learning.	Participation in audit, risk and incident reviews through Trust and Divisional Governance meetings.
Berwick	**2.** All leaders concerned with NHS healthcare – political, regulatory, governance, executive, clinical and advocacy – should place quality of care in general, and patient safety in particular, at the top of their priorities for investment, inquiry, improvement, regular reporting, encouragement	Trust has a proven track record of placing quality and patient safety as the first consideration in capital investment, and cost efficiency proposals.

	and support.	
Berwick	**3.** Patients and their carers should be present, powerful and involved at all levels of healthcare organisations from wards to the boards of Trusts.	Trust has Patient and Carers Advisory Group, Patient Governors - present in Board meetings, Clinical Governed Committee, and reviewing complaints. 15 Steps and PLACE inspections have patient and carer involvement,
Berwick	**4.** Government, Health Education England and NHS England should assure that sufficient staff are available to meet the NHS's needs now and in the future. Healthcare organisations should ensure that staff are present in appropriate numbers to provide safe care at all times and are well-supported.	Nursing staff are reviewed 6 monthly, a paediatric nursing dependency tool is being piloted, and a staffing review has been commissioned into tier 4 CAMHS.
Berwick	**5.** Mastery of quality and patient safety sciences and practices should be part of initial preparation and lifelong education of all health care professionals, including managers and executives.	All professional staff are recruited with priority to Paediatric qualifications and experience. In Service Training is accorded high priority. Mandatory training program is being rolled out across trust.
Berwick	**6.** The NHS should become a learning organisation. Its leaders should create and support the capability for learning, and therefore change, at scale, within the NHS.	Trust culture reviewed with emphasis on transformation of processes and systems on the basis of feedback and incidents.
Berwick	**7.** Transparency should be complete, timely and unequivocal. All data on quality and safety, whether assembled by government, organisations, or professional societies, should be shared in a timely fashion with all parties who want it, including, in accessible form, with the public.	Good reporting culture fostered with all Board papers and minutes available on web site. Transparent risk and clinical governance reporting with regular public dashboard reporting. Embedded Being Open policy.
Berwick	**8.** All organisations should seek out the patient and carer voice as an essential asset in monitoring the safety and quality of care.	Commissioned surveys of over 40 questions to 2500 families on In Patient, Out Patient and A&E experience.
Berwick	**9.** Supervisory and regulatory systems should be simple and clear. They should avoid diffusion of responsibility. They should be respectful of the goodwill and sound intention of the vast majority of staff. All incentives should point in the same direction.	Good record of engagement with regulators including Monitor, commissioners and CQC.
Berwick	**10.** We support responsive regulation of organisations, with a hierarchy of responses. Recourse to criminal sanctions should be extremely rare, and should function primarily as a deterrent to wilful or reckless neglect or mistreatment.	Low incidence of complaints, Never events or serious incidents resulting in harm.
Francis	Changing Culture	Review of the trust values: A trust wide consultation, led by the HR Dept., on trust values.
Francis	Outcomes Information and Commissioning	The trust submits regular returns to the HSCIC to ensure that its performance can be benchmarked with appropriately matched services

Francis	Inspection	Participation in OFSTED, CQC, CPA Laboratory accreditation. Involvement of Healthwatch, Patient Governors and Non-Executive Directors in service inspection.
Francis	Publishing Outcomes and Benchmarking	Risk Management Reports, benchmarked patient survey results, root cause analyses, controlled drugs and infection control reports all published regularly.
Francis	Quality Accounts standardisation	Quality Accounts consulted widely and subject to change based upon feedback.
Francis	Engaging with patients, families and staff	Large scale annual user surveys conducted annually into principle services. Multiple reviews of user experience based upon generic questionnaires and including Friends and Family Test. Complaints independently reviewed by Governors.
Francis	Duty of Candour	Being Open Policy in place.
Francis	Fundamental Standards	Data base of CQC essential standards evidence updated annually.
Francis	Managerial Assurance	DBA review of all appointments, medical revalidation and professional registration updated for all relevant staff.
Francis	Nurse Staffing Levels	6 monthly review of nursing staffing levels, clear escalation plan for staff shortage, innovative responses to staff shortages - Advance Nurse Practitioners and Hospital Out of Hours Service.
Francis	Acute Nursing Leadership	Supernumerary nursing managers, development of clinical nurse specialist roles, health visitor and safeguarding named nursing roles, site clinical management roles developed.
Francis	Nursing Leadership Training	Dedicated nursing educators, training release package, funded training and online training, support package for junior nurses and student nurses.
Francis	In-Service Training for Staff Nurses and Care Assistants	Induction package for all staff, dedicated classroom package for newly qualified staff nurses with preceptorship package.
Francis	Training for Advanced Nursing Posts	Work with LETB to specify and fund academic preparation for ANP role.

Keogh	Standardised Mortality Review - Outliers subject to Keogh review - trust not identified as an outlier.	Not applicable to children: too few deaths for statistical analysis Individual deaths are subject to CDOP review national submission of ICU deaths made to PICANET - no outlying deaths reported.
Keogh	Accuracy of clinical coding (the way hospitals make a computerised record of diseases, operations and other "healthcare episodes") can impact on death indicator numbers.	Not applicable to this Trust
Keogh	More than 90% of deaths in hospital happen when patients are admitted in an emergency rather than for a planned procedure.	No evidence of this at SCFT
Winterbourne View	CQC will tighten inspection and regulation of hospitals and care homes for vulnerable groups, with more unannounced inspection and greater involvement of service users and their families	3rd wave CQC inspection due in May 2014
Winterbourne View	Improving quality and safety standards, including more staff training and better leadership in care settings	Recruitment and Development of community support team for children with special needs.
Winterbourne View	the NHS and councils are expected to work more closely on joint plans in future, with pooled budgets to ensure children with challenging behaviour get the support they need	Work with Sheffield LA to develop and fund joint care plans.
Winterbourne View	Children, young people and adults with learning disabilities or autism, who also have mental health conditions or behaviours described as challenging can be, and have a right to be, given the support and care they need in a community-based setting, near to family and friends.	A review of CAMHS Tier 4 commissioning to reduce out of locality placements Opening of a dual diagnosis (learning disability and mental health) assessment inpatient facility at Becton.
Winterbourne View	For children and young people with special educational needs or disabilities the Mandate to the NHS Commissioning Board sets out the expectation that children will have access to the services identified in their agreed care plan and that parents of children who could benefit will have the option of a personal budget based on a single assessment across health, social care and education.	Review of In Patient Respite provision in line with LA partners
Winterbourne View	Ofsted, CQC, Her Majesty's Inspectorate of Constabulary (HMIC), Her Majesty's Inspectorate of Probation and Her Majesty's Inspectorate of Prisons will introduce a new joint inspection of multi-agency arrangements for the protection of children in England from June 2013.	Participation in OFSTED safeguarding and LAC inspection of Sheffield services.
Winterbourne View	The Department of Health will work with professionals, providers, people who use services and families to develop and publish by end 2013 guidance on best practice so that physical restraint is only used as a last resort where someone's safety is at risk and never to punish or humiliate.	Review of physical restraint policy 2014.

2.3.8 Risks to delivery of key plans

Details of the risk to delivery of key plans, and the mitigating actions relating to these risks are detailed in **Section 3, with Table A** outlining these details for all areas of the plan.

2.3.9 Contingency that is built into the plan

The Trust has identified contingency funding to support the Trust's operational plan over the next two years. This funding will support the Trust during a period of change, supporting the Transformation and Efficiency Programme and offsetting any delays which might incur in the delivery of more substantial change and in the delivery of efficiencies.

3. OPERATIONAL REQUIREMENTS AND CAPACITY

3.1 Two year plan

The Trust has set objectives for the organisation for the following two years, in line with the Trust's five year strategy, as detailed in section 2.1, which the Trust adopted in 2011 for the period up to 2016. This strategy sets out the Trust's longer term goals, and informs the annual priorities for the Trust, taking into account national and local priorities.

Table A below, sets out the action the Trust will take in progressing with the main aims over the next two years, with specific details included on how the Trust expects to meet demand for its services, and the action being taken to address capacity requirements over the next two years. It details the specific plans that the Trust has to make progress against its key priorities, the risks to delivery and how risks will be mitigated, and the measures the Trust will use to assess performance.

3.2 Demand and activity

An assessment of demand and capacity has been undertaken for the two year period. Detailed demand and activity modelling has been undertaken by the Trust for a five year period as part of the planning work undertaken to support the investment decision for the new ward building. The demand and activity plans for the period 2014/15 and 2015/16 have been reviewed in the light of actual demand over the last year, and other information available to the Trust, and a summary is given below:

Table D: Activity plans (recurrent) for 2014/15 & 2015/16 showing comparison with 2013/14 plan

	2013/14 Activity plan*	2014/15 Activity plan*	2015/16 Activity plan*	Expected growth over two years
Outpatients				
New outpatients	31,646	34,371	35,422	12%
Follow-up/review	80,000	84,168	87,380	9%
TOTAL	**111,646**	**118,539**	**122,802**	**10%**
Elective admissions				
Inpatients	5,889	5723	5,926	1%
Day-cases	12,563	12,906	13,722	9%
TOTAL	**18,452**	**18,629**	**19,648**	**7%**
Non-elective admissions				
TOTAL	12,046	13,395	13,395	11%

***Excludes some services such as Clinical Genetics, Audiology and Therapy Services**

3.3 Meeting the demand for our services

The Trust continues to see a rise in demand for its services, with a 9% growth in referrals to the Trust received in 2013/14 compared to the previous year. In order to meet the higher demand, the Trust is planning for a further increase in activity levels over the next two years as detailed above; we have assessed that a further rise of 10% will be required in outpatient activity and a 7 % rise in elective activity over the next two years to address expected demand.

Over the last year the Trust made progress and delivered increased activity levels in all areas, with a 7% rise in outpatient appointments undertaken in 2013/14 compared to 2012/13, a 4% rise in non-elective patients treated and a small rise in elective activity undertaken compared to the previous year. The Trust achieved the higher levels of activity levels planned on a recurrent basis, other than in elective surgery were the Trust delivered 3% less than planned.

The Trust had also planned to undertake some additional *non-recurrent* activity during 2013/14 in order to reduce the size of the outpatient and elective queues. The Trust did not succeed in delivering this additional activity, and given the sharp increase in referrals, the numbers of patients waiting for treatment has grown over the year rather than reduced. The clearance times for outpatient and elective queues currently stand at six weeks and three weeks respectively, which is within an acceptable range. However, we need to address the rise in both queues during the year ahead and it is on this basis that we have set the activity plans for 2014/15.

3.4 Capacity plans for 2014/15 and 2015/16

On the basis of the assumptions on changes in demand and the activity required to meet this demand, we have undertaken a detailed capacity planning exercise with Divisions. We have assumed that a proportion of the additional activity will be delivered through improved productivity in outpatient clinics and theatres sessions, however, increased capacity will be required to meet the higher activity levels and work is underway to implement agreed plans within Divisions and Departments.

Theatre capacity – Over the last two years the Trust has been constrained by insufficient in-week operating capacity. All elective lists are allocated and maximum use is made of allocated elective lists, with a 93% utilisation rate of available lists. To meet planned activity levels, some specialities are dependent on lists handed back from other specialities, or on weekend or other out of hours working. To deliver planned activity levels we have estimated that we will need an additional 440 lists in the 2014/15, rising to 800 theatre lists per year in the second year of the plan, which equates to 21 additional operating lists being available each week. Due to constraints on theatre

capacity the Trust has approved a Business Case, and a capital scheme is underway to build two additional theatres for completion by the end of Q4 2014/15. Over the last two years, the Trust has undertaken a proportion of its operating during weekends, due to lack of capacity in the working week; however, this is expensive given the enhancements to pay that are incurred. The main challenge is to ensure delivery of the activity levels until the new theatre capacity is available. Whilst the Trust currently succeeds in having a very high use of available lists, with unused lists reallocated between specialities, there appears to be scope to increase the level of activity undertaken on lists to increase patient throughput and this will be a key priority of work undertaken through the Theatre Transformation Project.

Outpatient capacity – we have estimated that we will need 868 new outpatient clinics in the first year of the plan, which rises to 1736 in the second year of the plan, with extra 42 clinics required weekly. To accommodate this growth, the Trust has negotiated with Sheffield Teaching Hospitals Trust for access to additional accommodation on the Northern General Hospital site, where the Trust already has a small outpatient service. A minor capital scheme will be taken forward during the first six months of 2014/15 with the new accommodation available during the autumn 2014, and the plan includes the revenue consequences of expanding our Outpatient Services at the Northern General Hospital.

The scheme will also support a move of the Trust's Clinical Genetics Service to a bigger department, which is needed to support significant growth in this speciality; referrals have increased over 20% in the last year, linked to the national 100,000 Genome Project. The Clinical Genetics Department will move to the new accommodation during the autumn 2014, and the department will provide outpatient services in an area adjacent to their office bases, which will increase efficiency.

Bed and Day Care capacity – we have estimated that a small number of additional inpatient beds are required to meet the increased activity levels, and these additional surgical beds will be available from April onwards. During 2013/14 we increased the size of the Medical Day Care Unit in order to meet increased demand and the surgical day care unit can accommodate the predicted activity levels.

Critical Care capacity – A proportion of our elective surgical patients will require access to high dependency care post-operatively, particularly patients undergoing spinal surgery and complex airways patients. During 2013/14 there was an increase in the numbers of patients whose treatment was delayed due to a lack of high dependency beds. This is a concern from a quality perspective, and also a risk to performance during the winter months. Further growth in elective activity will exacerbate this problem. A Business Case for the expansion of critical care is under

development, and the potential to expand critical care is now feasible as a result of the theatre scheme – and the Trust has already included the provision of a physical shell on the top of the new theatres for this expected development.

MRI capacity - rising demand for MRIs has placed pressure on the existing service, and the Trust has therefore approved a Business Case for the provision of a new 3T MRI within the Theatre scheme. The new MRI will enable clinical staff to undertake MRI intra-operatively; however the equipment will also be accessible for patients attending as outpatients or day cases who do not require surgery. In the short term, the Trust has agreed a contract with a local private hospital for the provision of non-GA MRIs, and is undertaking more work at Sheffield Teaching Hospitals, although this is more difficult as it requires a full team of staff from Sheffield Children's to attend the Hallamshire Hospital.

Additional staff – the Trust has approved plans to increase clinical capacity in a number of specialities, including Clinical Fellows in Gastroenterology and Respiratory services and additional staff will be recruited to Theatres, Outpatients, Clinical Genetics and a number of other areas over the next two years to support the delivery of the higher activity levels included within the plan.

The plan also includes the appointment of additional staff for a number of specific service developments which have been agreed with commissioners including the following:

- Additional Health Visitors to meet trajectories for increased staffing agreed with commissioners for the two years
- Staff to support the Neurosciences Operating Delivery Network which the Trust will host on behalf of the North East of England
- Additional mental health staff to support the extension of Tier 3 CAMHS services in order to provide services for 16-18 year olds
- Further development of Out of Hours services, including an additional Consultant for the Emergency Department
- Additional Consultant Haematologist,

We would also expect to increase staffing in our Critical Care Services during the two year period in order to increase provision in this area to meet the needs of higher elective activity and to support emergency care. However, this development will be subject to Business Case assessment and negotiation with commissioners and the financial impact of this potential development is therefore not included in the plan at the current time.

Table A. Trust clinical strategy - priorities and milestones over the next three years are:

Key actions to deliver goals	Key milestones (2014-15)	Key milestones (2015-16)	Expected outcome/key performance indicator	Risks to delivery	How risks will be managed
Strategic Objective 1: Provide healthcare to children of the highest quality in the UK					
a) Improve patient outcomes and safety including responding to the DH response to the Mid Staffordshire Public Enquiry' Patients First and Foremost'.	**1. Francis Report** – we will continue to take action in line with the DH *Response to the Mid Staffordshire Public Enquiry, 'Patients First and Foremost'.* *a)Nurse dependency assessments* Pilot a children's nursing dependency assessment to provide evidence that our nursing establishments are sufficient for the needs of the families and children we care for. *b) Publish nurse staffing levels on each ward* Show, at the entrance to each ward, the nursing staff numbers rostered and available to look after children on that shift. *c)Extend family survey* Extend our family surveys to our new-born high	**1. Francis Report** – we will take action in line with the DH *Response to the Mid Staffordshire Public Enquiry, 'Patients First and Foremost'.* *a)Nurse dependency assessments* Routinely use children's nursing dependency assessment to provide evidence that our nursing establishments are sufficient for the needs of the families and children we care for. *b) Publish nurse staffing levels on each ward* Continue to show at the entrance to each ward, the nursing staff numbers rostered and available to look after children on that shift. *c)Extend family survey* Extend our family surveys	**Maintain unqualified registration with CQC** **Good performance in CQC inspections** **High performance on Staff Surveys, including Friends & Family test** **High patient satisfaction in Patient Surveys including Friends & Family test**	Capacity of services to maintain and improve quality standards whilst delivering efficiency savings	There will be a high level of scrutiny on quality metrics through the Risk and Audit Committee oversight of clinical risks. The Clinical Governance Committee will also continue to have oversight of clinical effectiveness. Patient feedback will be assessed via three annual independent patient surveys. The Trust Board will review a balanced scorecard of indicators on a quarterly basis.

Key actions to deliver goals	Key milestones (2014-15)	Key milestones (2015-16)	Expected outcome/key performance indicator	Risks to delivery	How risks will be managed
	dependency ward and benchmark ourselves against other units. The survey will be published and an action plan produced to address any improvement needed. *d) Out of Hours Service* Fully implement a hospital Out of Hours model within the hospital, with supernumerary senior children's nurses available to assist medical staff, advise nursing staff and coordinate patient care at night and weekends *e) Trust values & culture* - Continue to embed values into all areas of the Trust including recruitment, PDRs and management practice. We will review improvements made and develop staff engagement strategies *f) Nurse Strategy* Undertake annual nurse establishment review. Increase time for Ward Manager to lead (year 2 of investment - £100k)	further into areas where the surveys are not routinely used. *d) Evaluate Out of Hours Service* Undertake an evaluation of the impact of the new Service to inform further improvement *e) Trust Values & culture* Take further action to embed Trust values			

Key actions to deliver goals	Key milestones (2014-15)	Key milestones (2015-16)	Expected outcome/key performance indicator	Risks to delivery	How risks will be managed
	2. Review Tier 4 Mental Health Service *a) QUIC Standards* Demonstrate that the services are in accordance with the standards of the Royal College of Psychiatrists, Quality Network for Inpatient CAMHS (QNIC). *b) 16-18 year olds* Work with commissioners to ensure that local 16-18 year old patients are accommodated, where needed, within the Becton Unit. *C0 MHA compliance* Ensure that when young people are treated under the provisions of the Mental Health Act, they and their families have full access to information, advice and representation. **3. Minimise disruption to the public from the construction of the new hospital wing** *a) Move Outpatient Clinics* Shift significant numbers of outpatient clinics to the Northern General.	**2. Review Tier 4 Mental Health Service** Take any further actions as may be required. **3. Minimise disruption to the public during final phase of construction of the new hospital wing** a) *Car Parking* Improve access by aiming to have most of the parking improvements in place by the end of 2015.	**Maintain high satisfaction rates during construction period, with low level of complaints relating to disruption.**		

Key actions to deliver goals	Key milestones (2014-15)	Key milestones (2015-16)	Expected outcome/key performance indicator	Risks to delivery	How risks will be managed
	b) Deliveries Set up a remote supplies depot to ensure that all supplies, pharmacy and laboratory deliveries are consolidated into as few goods vehicles as possible. Remaining deliveries and construction traffic will require to book on an online scheduling system to minimise conflict with patient traffic. **4. Meet agreed CQUIN targets**	This includes the multi-storey parking opposite the main entrance and the underground parking with direct lift access for disabled families. **4. Meet all agreed CQUIN targets**	**All CQUIN targets met**		
b) Continue to achieve high standards of cleanliness and low rates of infection	**1. Monitor and publish our hospital acquired infection rates**, maintaining our current high performance. Our supernumerary nursing managers will work closely with our Infection Control team to prevent and contain infection	**1. Monitor and publish our hospital acquired infection rates**, maintaining our current high performance. Our supernumerary nursing managers will work closely with our Infection Control team to prevent and contain infection.	**Hygiene and environmental standards maintained during construction phase over next two years.**	Capacity of services to maintain standards and respond to CIP target	Director of Infection Prevention and Control will report to the Board on a quarterly basis.
c) Meet CQC registration requirements and improve accreditation of safety systems	We will work with the CQC to advise on child health standards and attain full compliance in all aspects of CQC evaluation and inspection. We will review our clinical workforce to ensure sufficiency and good patient experience feedback.	Ensure continued compliance with all healthcare standards as defined and measured by the Care Quality Commission	**Maintain unqualified registration with CQC** **Good performance in CQC inspections**	Capacity of services to maintain standards and respond to CIP target over	Risk and Audit Committee oversight of clinical risks. Clinical Governance Committee oversight of clinical effectiveness. Patient feedback via 3 annual independent patient surveys.

Key actions to deliver goals	Key milestones (2014-15)	Key milestones (2015-16)	Expected outcome/key performance indicator	Risks to delivery	How risks will be managed
d) Progress plans to improve facilities at the Children's Hospital: • Progress capital scheme for a new ward block and outpatient department to improve patient and parent facilities • • Progress plans with Sheffield University for the development of a car park	Ensure robust project management arrangements are in place to deliver the New Ward Block scheme. Ensure alternative car parking spaces are available for families during the construction phase of the New Ward Block. Work closely with the University of Sheffield to ensure appropriate car parking provision is available to families as part of the Durham Road car park development.	Complete capital scheme	**New ward block and outpatient department in use and meeting expectations**	a) Ineffective management of planning process and implementation of capital scheme b) Financial risks	a) Appropriate infrastructure, Project Management and governance arrangements in place to support implementation. b) See Financial risk section
e) Ensure that patients receive treatment promptly and in line with standards defined in the NHS Constitution.	Ensure capacity and systems in place and activity delivered as detailed in 2A below Reduce patient queues Training is in place to support effective management of pathways and data recording Ensure that data recording maintained through transition to new PAS.	Ensure capacity and systems in place and activity delivered as detailed in 2A below. Reduce patient queues	**All waiting time targets achieved in each of the two years.**	Risk to performance as a result of increased demand and insufficient capacity. Risk to performance if processes for managing pathways are not robust	Activity plans include expected growth and capacity plans in place to meet predicted activity levels Monthly Divisional Performance Review meetings will review performance against full range of indicators and risk to future performance. Monthly performance report to the Trust Board to monitor progress and risk to future performance.

Key actions to deliver goals	Key milestones (2014-15)	Key milestones (2015-16)	Expected outcome/key performance indicator	Risks to delivery	How risks will be managed
Strategic Objective 2: Develop and expand our role as a provider of specialist services for children					
a) We will further improve standards of care in specialised services	• We will address gaps in compliance in line with plans agreed through the derogation process with commissioners We will ensure quality dashboards are in place	• We will address any gaps in compliance and developing plans to meet standards in line with plans agreed through the derogation process with commissioners.	**Specifications for specialised services fully met or agreement with NHS England regarding derogation for any unmet standards.**	Risk of not meeting required standards as a result of funding constraints leading to cessation of service	Negotiation with NHSE on the timetable and resource requirements for compliance underway.
b) Further develop Neurosciences service and ensure that national Safe and Sustainable standards are achieved for Paediatric Neurosciences	Complete Action Plan to ensure full compliance with Safe and Sustainable Neurosurgical standards and ensure continued delivery of Epilepsy surgery. Establish host arrangements for Neurosciences Operational Delivery Network, and eensure full participation in new ODN arrangements. Complete scheme for provision of 3T MRI as part of capital scheme for Theatres.	Work within agreed Neurosciences Network to determine plans for further development in line with national *Safe and Sustainable* standards	All Safe and Sustainable Neuroscience Standards fully met, with external validation through Peer Review.	Failure to comply with national designation requirements would threaten the viability of the Trust's Neurosciences Services	Effective management of development through monthly Trust Neurosciences Group to monitor progress of implementation of improvement with reports to Trust Executive Group.
c) Deliver higher levels of activity in agreed clinical priority areas and	*a) Activity levels* Deliver higher levels of activity as detailed in activity & income plans, by	*a) Activity levels* Deliver higher levels of activity as detailed in activity & income plans, by	**Agreed activity levels in plans met in each of the two years.**	Failure to ensure adequate capacity in place will put at risk delivery of key waiting time targets and income	Activity plans reviewed monthly and quarterly review of future activity and capacity projections now

Key actions to deliver goals	Key milestones (2014-15)	Key milestones (2015-16)	Expected outcome/key performance indicator	Risks to delivery	How risks will be managed
ensure capacity in place to deliver growth.	increasing clinical capacity in specialities and ensure sufficient outpatient & diagnostic capacity available to deliver planned activity levels for 2014/15. *b) New Theatres Scheme* Support the effective management of the capital scheme to extend the Theatre department and progress recruitment plans to ensure new theatres are available from Q4 and 3T MRI by Q1 2015/16. Undertake minor capital scheme for extended Outpatient accommodation for children at NGH with new facility in operation from September 2014. *c) Theatre & OPD productivity* Continue to drive efficiency and improve productivity in our services with a particular focus on Outpatient and Theatre productivity and on supporting earlier ward discharges.	increasing clinical capacity in specialities and ensure sufficient outpatient & diagnostic capacity available to deliver planned activity levels for 2015/16 *b) New Theatres scheme* Open new 3T MRI in Q1 *c) Theatre & OPD productivity* Maximise throughput of Operating Theatre and Outpatient Departments to deliver higher levels of activity through existing capacity through Transformation Programme.	**Capital scheme for expansion of Theatre Department successfully complete to timetable and cost with two new theatres in use from Q4 2014/15 & 3T MRI in use from Q1 2015/16.** **Capital scheme for expansion of NGH OPD complete with additional clinics and Clinical Genetics operating from NGH fully from Q3 2014/15 onwards.** **Targets agreed for improved productivity gains in theatres &outpatient clinics achieved.**	targets.	undertaken. Transformation Programme will also ensure that maximum use is made of existing clinical capacity.

Key actions to deliver goals	Key milestones (2014-15)	Key milestones (2015-16)	Expected outcome/key performance indicator	Risks to delivery	How risks will be managed
d) Following interim designation as Major Trauma Centre, the Trust will implement plans for full compliance with designation standards.	Implement further improvement to address gaps in compliance against Trauma standards and achieve full compliance, to include: Additional consultant staffing in the Emergency Department Q2 2014/15 The provision of a Trauma theatre (as part of Theatre redesign scheme) Q4	Completion of any residual action required for Major Trauma Centre designation	**All Trauma standards met.**	Funding to ensure compliance may not be available from commissioners	Finance plan includes assumption that Trust will meet some of the costs of achieving compliance.
e) Strengthen and develop services within recognised key clinical priority areas. *Agreed priority areas:* • *Neurosciences* • *Gastroenterology & nutrition* • *Growth &metabolic* • *Respiratory& ENT* • *Musculoskeletal & bone health* • *Surgical specialities* • *Cancer treatment* • *CAMHS Tier 4*	Expand Neurodisability services to meet growing demand. Develop plans for expansion of Tier 4 CAMH Services using external consultancy assessment of market opportunities. Further develop the Trust's specialised Respiratory Services Expand and develop the Trust's Metabolic Services Expand the Trust's Sexual Referral Assessment Centre for children Further developing the Trust's Rheumatology Services		**Agreed service developments achieved in line with plan**	Failure to develop services in line with agreed plans with negative impact on income and performance	Progress in implementation of this development will be undertaken through monthly Divisional performance review meetings.
Strategic Objective 3: Work in partnership with others to reshape healthcare for children in Sheffield					

Key actions to deliver goals	Key milestones (2014-15)	Key milestones (2015-16)	Expected outcome/key performance indicator	Risks to delivery	How risks will be managed
a) Work with the Clinical Commissioning Group in Sheffield to redesign Unscheduled Care	Work with the CCG and others on the redesign of children's urgent care, assessing the feasibility of establishing an integrated Urgent Care Centre for children at Sheffield Children's Hospital. Work with CCG on schemes to reduce emergency admissions to hospital in line with national target.	Develop and implement integrated out of hours model of care with single point of entry for children to integrated out of hours care, based at Sheffield Children's Hospital	**Integrated Urgent Care Centre for children in place jointly run by primary and secondary care clinical staff to create one point of entry for children out of hours.**	Risk that the partners fail to reach agreement on suitable models of service, and that the number of admissions to hospital continues to rise, with detrimental impact on plans for the development of specialised services.	Partnership arrangements are currently working effectively with stronger working arrangements in place with CCG and local GPs. Strategic direction agreed, along with agreement to use readmission funding for investment in alternative provision.
b) We will further develop Health Visiting Services	Develop and implement, with partners, robust plans for the training and recruitment of additional Health Visitors for the City to meet national targets and ensure delivery of Healthy Child targets. Support work with Local Authority on new single point of entry	Develop and implement with partners, robust plans for the training and recruitment of additional Health Visitors for the City to meet national targets and ensure delivery of Healthy Child targets. Support work with Local Authority on plans agreed for new single point of entry	**Health Visitor trajectories met in each of the two years.**	Ability to recruit additional Health Visitors	Training of existing staff and support to local training provider.
d) Work with partners to improve services for children with complex conditions	Work with Sheffield CCG on plans for reconfiguration of respite care services Work with key partners to develop transformed interagency CAMHS model to include Children's IAPT	Implement improvements to services for complex children as agreed with partner agencies.	**Respite services for children in Sheffield reconfigured to provide greater choice and improved efficiency.** **Children's IAPT in place**	No specific risks identified	

Key actions to deliver goals	Key milestones (2014-15)	Key milestones (2015-16)	Expected outcome/key performance indicator	Risks to delivery	How risks will be managed
	Further develop clinical outcome measures Engage service users in transformation Innovate tablet-based technology for patients to input outcomes feedback directly				
e) We will work with the CCG and the Sheffield Health & Social Care Trust to plan and implement the transfer of community mental health services for 16-17 year olds into the Trust.	Agree and implement funded plan to extend CAMHS service up to 18, to include age appropriate support and with links to T2 provision and adult mental health services. Work with SHSC to establish improved services and transition arrangements.	Review impact of new service and effectiveness of transition arrangements to adult services.	**Tier 3 CAMHS service extended to include young people between 16-18 years of age.**	Risk if funding is insufficient for the provision of a safe and effective service.	The Trust has notified commissioners that it would not agree transfer of service with insufficient funds.
Strategic Objective 4: Expand the Trust's role as an expert provider of specialist pathology services					
a) We will establish Next Generation Genetic Sequencing technology to transform patient services in all applicable areas	Seek funding for research project application to support research regarding Next Generation Sequencing and its use in NBS. Engage with Oxford nanopore regarding potential for their system to provide rapid throughput NGS to replace other diagnostic modalities	Develop and implement plans in line with agreed strategy, which will be determined during 2013/14	**Sheffield recognised as Biomedical Diagnostic Hub**	Risk that the Trust tries to develop services in isolation and then is unable to achieve reductions in cost base prior to national designation process for specialised diagnostic services.	By working on strategic alliances with NHS and commercial partners, the Trust is preparing for a reduction in providers which the NCB is likely to implement in future years.

Key actions to deliver goals	Key milestones (2014-15)	Key milestones (2015-16)	Expected outcome/key performance indicator	Risks to delivery	How risks will be managed
	Make application to become nationally recognised Biomedical Diagnostic Hub, undertaken jointly with Sheffield Teaching Hospitals Trust.				
b) We will review opportunities to expand Newborn Screening	Ensure that screening for the new disorders are successfully implemented Respond to request from National Screening Council on the expansion of newborn screening. Implement screening for Kurdistan if the contract is secured	Develop and implement plans in line with agreed strategy, which will be determined during 2014/15	**Newborn Screening Service expanded to include screening for a larger number of conditions.** **Contract in place for the provision of a Newborn Screening with Kurdistan.**	Risk that the Trust tries to develop services in isolation and then is unable to achieve reductions in cost base prior to national designation process for specialised diagnostic services.	By working on strategic alliances with NHS and commercial partners, the Trust is preparing for a reduction in providers which the NCB is likely to implement in future years.
c) Develop the strategy for specialised pathology services	Partnership arrangements in place with Sheffield Teaching Hospitals for joint working on Pathology services. Pursue collaboration with Leeds and Newcastle regarding future of genomics.	Development of joint strategy and partnership with Sheffield Teaching Hospitals in relation to Pathology	**Partnership with Sheffield Teaching Hospitals FT in place for Pathology Services.**		
Strategic Objective 5: To be a national leader in research and education					
a) We will promote excellence in	Ensure the Trust plays a key role in the new	To meet agreed growth targets and increase	**Trust as lead for paediatric research in**	Failure to develop Trust's research capability will	Appointment of new Research Director and new

Key actions to deliver goals	Key milestones (2014-15)	Key milestones (2015-16)	Expected outcome/key performance indicator	Risks to delivery	How risks will be managed
paediatric research in Sheffield	Yorkshire and Humber Clinical Research Network with the Trust as the leading centre for paediatric research in the Network. Strengthen links with local Universities to encourage greater collaboration in research and innovation and with the Clinical Research Facility at Sheffield Teaching Hospitals to share best practice, promote paediatric research. Attract Clinical Academics to the Trust to increase research capacity. Support applications to the NIHR Clinical Fellow scheme and support other clinical staff undertaking higher degrees. Continue to increase Research Capability Funding to support the expansion of research.	activity within the Clinical Research Facility in line with plan. Implement action to progress agreed Research Strategy. Attract Clinical Academics to the Trust to increase research capacity. Support applications to the NIHR Clinical Fellow scheme and support other clinical staff undertaking higher degrees. Continue to increase Research Capability Funding to support the expansion of research.	**Yorkshire & Humber Clinical Research Network.** **Increased number of research active clinicians**	have a negative impact on the Trust's clinical services and reputation. Strengthening research will reinforce the Trust's role as a specialist provider and support the development of highly specialist service development.	Research Manager has increased the capacity of the Trust to develop strategies and plans for Research within the Trust.
b) Increase commercial income and encourage innovation	We will expand our commercial research with a further 20% increase in 2014/15. Continue to play a key role in the development of a Paediatric Healthcare	We will expand our commercial research with a further 20% increase in 2015/16. Work with local Research Networks and the Yorkshire and Humber	**Commercial research increased by 20% in each of the two years of the plan**	None identified	N/A

Key actions to deliver goals	Key milestones (2014-15)	Key milestones (2015-16)	Expected outcome/key performance indicator	Risks to delivery	How risks will be managed
	Technology Collaborative in collaboration with D4D, Sheffield Hallam University, Trustech, Medilink and other Children's Hospitals. .	Academic Health Science Network to further develop South Yorkshire Research Board			
c) Ensure regulatory compliance and quality within the Trust's Research to a high standard,	Undertake annual programme of audit of research to ensure regulatory compliance. We will develop a comprehensive suite of guidance documents Meet or exceed CLRN accrual targets and maintain excellent study turnaround times.	Comply with all MHRA requirements & ensure a safe & efficient quality led research environment is available	**All MHRA standards met.**	Failure to meet standards would damage Trust reputation and put at risk research income	New Research Director and Research Manager appointed.

4. PRODUCTIVITY AND EFFICIENCY

4.1 Assessment of historic delivery of productivity and action to ensure future delivery

The Trust has revised its plan to transform the way care is delivered, and to maintain a clear focus on delivering cost efficiencies whilst maintaining quality for our patients.

In 2013/14 the Trust set a £6.6million CIP target, which included £1.4m of efficiencies brought forward from the previous year. An assessment of the Trust's performance at the end of the year is that approximately 75% of efficiency targets have been achieved on a recurrent basis. Given the Trust's expected year-end surplus position of £2.8 million, the under-delivery of recurrent efficiencies has been off-set non-recurrently in full in 2013/14.

Over the past year the Trust has achieved its productivity and CIP targets in the main through traditional approaches focussed on reducing the trading gap for our major specialties predominantly through incremental workforce change and increased income, and improving the efficiency of delivery of care.

We have seen some improvements in productivity as a result of the transformation programme. For example, as a result of work delivered through the Trust's Outpatient Transformation programme the Trust has achieved a measureable improvement in productivity, with a reduction in DNA rate and increase in outpatient throughput. This has been achieved at the same time as improving patient experience, as evidenced by a recently commissioned survey of outpatient services. However, we recognise that to address the future challenges facing both the Trust and the wider health economy we need to focus on enhancing and speeding up transformational change, both internally and working with our partners.

As detailed in Section 2.2.2, the Trust, is working with partners in the wider local economy as part of the Working Together initiative which aims to:

- Deliver safe, sustainable and local services to people in the most appropriate care setting
- Meet commissioner intentions to improve the health and wellbeing of the people being served in the most efficient and effective way
- Make collective efficiencies where the potential exists.

Some of the expected outputs of the Working Together Programme are included in our efficiency plans, for example, the joint work being undertaken on procurement and on locum cost reduction.

The Trust appointed a new Programme Manager in November 2013, who, together with the lead Associate Director, has developed the Trust's Programme Management approach to support a rigorous, robust and strategic approach to the change needed. The Project Management Office has been strengthened, and from April 2014 will have a Finance and Business Analyst, along with two additional Project Managers to support the delivery of key areas of transformation work within the organisation.

The Trust has developed a single integrated approach to transformation; the programme itself remains focussed around the key areas we have identified as priorities over the last two years which are as follows:

- Workforce
- Business Development - income optimisation and generation
- Clinical Delivery (with a focus on outpatient change, theatre efficiency, and inpatient flow)

These are underpinned by a Corporate Enablers stream focussing on areas such as significant IM&T changes and infrastructure and procurement.

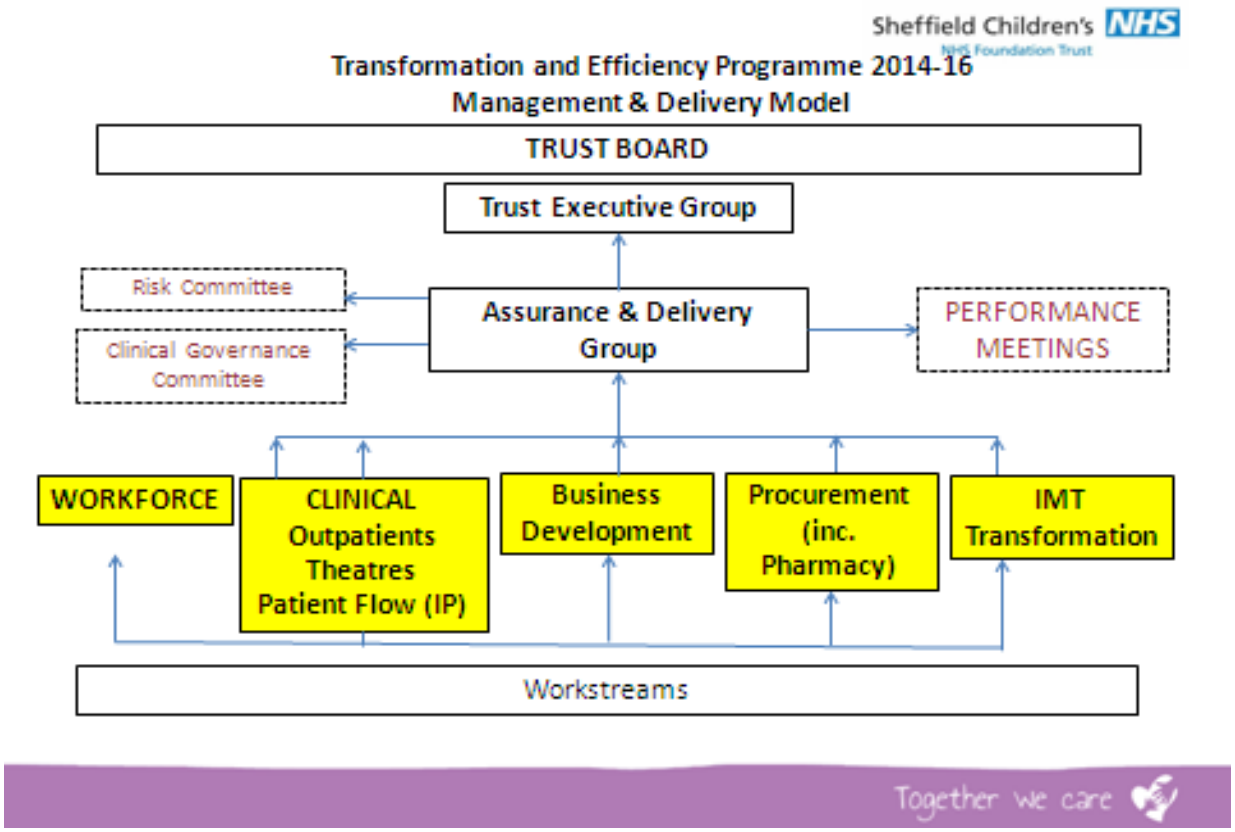
The challenge to achieving our cost improvement targets is significant and we have identified potential underperformance against the cost efficiency target as a key risk in the Trust's two year Operational Plan. We are clear about the critical nature of the risk, and we have put in place strong programme management arrangements, appropriate mitigations, and robust tracking and reporting arrangements.

4.2 Model of delivery and governance

Clinical Divisions and Department are responsible for the delivery of efficiency and efficiency plans are in place for the delivery of the Trust's target of £11.6million. Delivery against plans will be closely monitored against agreed measurable targets. The Programme Management Office will have responsibility for tracking performance and supporting Divisions and Departments with the major change programmes. The PMO will be dedicated to supporting the delivery of the programme, with dedicated financial, project management, business analyst support as well as access to service improvement skills.

A key focus for the programme over the next two years will be to increase the engagement and involvement of clinical teams in the programme. We intend to build capacity and capability in change management, and to ensure the improvement and transformation we undertake is quantified effectively, using a balanced set of measures including quality indicators.

The governance structure for the programme is shown below. We will establish a new Assurance and Delivery Group to oversee the Transformation and Efficiency Programme and ensure momentum is maintained. This Group will report directly to the Trust Executive Group. This group will be tasked with overseeing and supporting the delivery of the efficiency targets. This additional Group, combined with the additional investment in the Trust's PMO arrangements, reflects the strategic importance given by the Trust Board to the importance of delivering this programme and the priority that this is being given to the area of work.



In order to ensure that the plans are robust and that systems are in place to manage the delivery of efficiency targets effectively the following arrangements are in place:

- Divisions have undertaken a clinical impact assessment for all planned efficiency schemes and schemes which carry risk, and these have been reviewed by the Medical Director and the Director of Nursing and Clinical Operations to ensure that the plans will not put at risk the quality of patient care.

- Divisional and departmental performance is managed through a monthly performance review process. Aggregate performance is then reviewed monthly by the Finance & Resources Sub-committee of the Trust's Board of Directors.

- The Programme Management Office will be responsible for tracking the progress against the plan and confirming release of cash savings from budgets with senior finance support.

- Divisions are expected to have robust processes in place for disaggregating efficiency targets and plans to operational units/service lines, establishing clear accountabilities and managing progress through regular monthly cycle of performance review processes.

The reporting structure will be as follows:

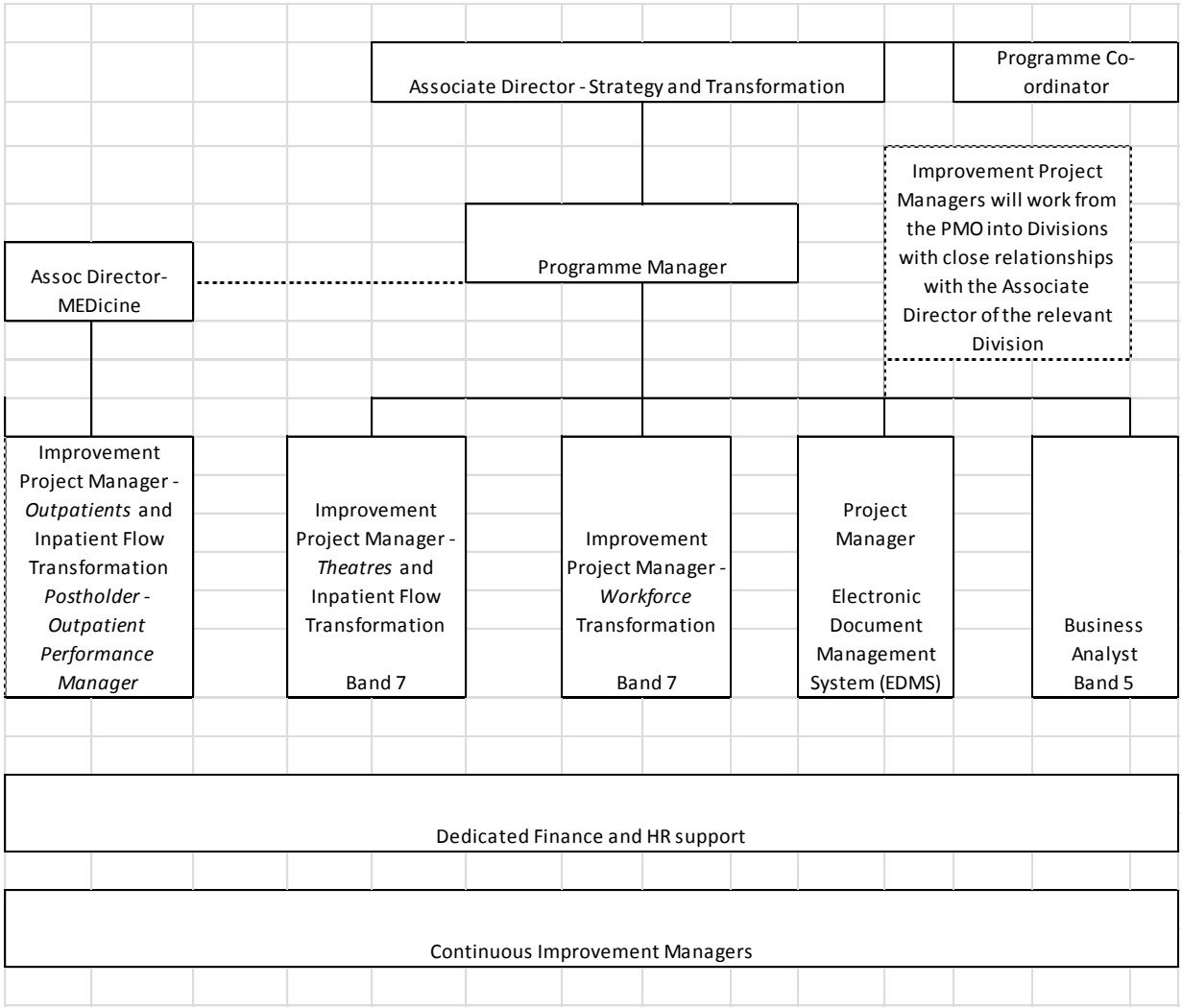
Trust's Board of Directors: Monthly exception reporting
Finance & Resources Committee: Monthly report tracking progress on productivity and savings
Trust Executive Group: Monthly KPI report plus rolling programme of detailed reports
Divisional Performance Meetings: Monthly KPI report tracking progress against plans
Programme Steering Groups: Delivery focussed weekly updates; monthly meetings

4.2.1 Programme Management Office

The Team will be expanded in 2014/15 through investment in experienced Project Managers to work alongside Divisional leads to deliver the outputs for the key theme areas over the next two years as follows:

- Outpatient transformation
- Theatres and inpatient flow transformation
- Workforce change
- IMT Transformation

Programme Management Office structure



4.3 Trust Transformation & Efficiency Programme

The programme brings together our transactional and transformational work under one focus but there are five major schemes which we are planning to support centrally and through which we expect to deliver transformational change across the organisation. The detail and financial expectation of each critical programme area is shown at **Appendix 2.**

The target for 2014/5 is £5.1million, plus £1.5 m undelivered plans carried forward from 2013/14. The total target is therefore £6.6m. The profile of our plans for 2014/15 and 2015/16 (including carry forward from 2013/14) is:

Income	£1.8 million
Non Pay	£1.0 million
Pay	£3.9 million
TOTAL	£6.7 million

4.3.1 Clinical productivity

The Clinical programme is focussed on addressing unwarranted clinical variation, and maximising operational productivity through the alignment of pathways and processes and improved use of transformative technology. Key outputs expected from each area within the clinical programme are shown below:

a) *Outpatient productivity*

- Reduction in DNAs (combined) to 8% for consultant led service, Trust-wide. (This will be continuing the work begun in 2013/14 – current position is 9.8% for first appointments and 13.1% for follow up)
- Optimised throughput at clinic level
- Optimising non-face to face contacts
- Introducing self-check-in and patient flow management
- Reduction in wasted outpatient slots
- Optimised new to follow up ratios

b) *Theatre productivity*

- Reduction in DNAs and cancellations
- Optimised utilisation at speciality and clinician level (average of 3.2 cases per list and elective utilisation of 95%)
- Plans for increasing ‘walk in walk out’ pathways
- Increasing day-case rate from 2013/14 position of 69.9% by 1% per year

c) *Patient Flow – Inpatients*

- Reduce readmission rates
- Improve discharge processes and time of discharge
- Optimise ward round activity
- Ensure staff work at ‘top of license’

Recognising that one of the risks to delivering improvement in clinical productivity is the risk that clinical staff have insufficiently involvement, we have identified the need to ensure the active participation of key clinical leaders in these areas of work. This work will require a focussed and engaged clinical workforce who understand the rationale for change and who are leading the development of new ways of working. Releasing time for clinicians to lead and engage in this work at specialty level, as well as time to deliver across our challenging strategic agenda will be a priority for clinical Divisions over the next two years. A communication and engagement programme has been designed, to support staff engagement and the Trust is also investing in supernumerary Project Managers with skills in change management and service redesign to support effective involvement of clinical staff in this work.

4.3.2 Workforce

The Workforce programme will focus on a cross-trust, managed, systematic review of all departments and staff groups to ensure:

- Standardisation of practice
- Centralisation of services where optimal
- Removal of vacant posts where no longer required
- Realignment of job plans to service requirements
- Improved recruitment and retention processes
- Reduced agency spend
- Cost efficient workforce

Recognising the importance of good communication with staff, over the past year the Trust has, implemented a successful staff engagement programme ('Your Voice') and the Trust plans to build on this model during this time of more significant change. The Trust will manage organisational change in line with its recently adopted Trust values, and we will give priority to ensuring early and effective communication with staff and staff-side with respect to planning and implementing change. We have extended the investment made in 2013/14 in specialist Human Resources support to the Programme to support the continued effective management in this area of work.

4.3.3 Business Development

The Business Development theme is focussed on the maximisation of income and generating new sources of income through specialist service development. Key elements of this work-stream include:

- Optimising coding/PBR/best practice tariff to ensure payment is commensurate with activity
- Specialist services expansion of market share
- Currency development for new models of care
- Ensuring improved efficiency of the estate and infrastructure

A key part of our business strategy is to expand specialist income both locally and nationally. To facilitate this, we recognise that our ability to be flexible in identifying and responding to opportunities is vital. It is also essential that, once the activity has been delivered, that it is appropriately recorded and reported. Both of these areas require strengthening and in recognition of this, the Trust has invested in posts such as an experienced Coding Manager and additional resources within the Finance Department.

4.3.4 IM&T

The IM & T programme is focussed on the development and enhancement of the role of IM&T as a strategic driver through realising the benefits of an IM&T strategy including:

- Strategic agile working programme
- Improving business intelligence and analytics
- Electronic Data Management System
- Electronic prescribing strategy
- Order communications systems
- Ensuring a robust infrastructure to support future developments

We are currently managing a number of major change programmes requiring significant input from our IM&T Department e.g. replacement of our Patient Administration System, establishing IM&T access in our new build, and ensuring we continue with a comprehensive and responsive day to day service to enable staff to use their time effectively. The Trust has a prioritised plan of work for 2014/15 and it will be challenging to achieve this within current resource. The Trust has therefore invested an additional £350,000 in IM&T staffing over the two year period to recognise the strategic importance of this area as an enabler of change. The Trust IM&T Strategy is being refreshed and aligned with our clinical strategy and transformational needs and aspirations.

The Trust has become a member of the Health Advisory Board, an international research organisation. Our membership focuses specifically on clinical insights to future developments and the development of IM&T functions and changes to deliver future friendly services. This gives us access to international best practice and consultancy advice tailored to our needs and access to a

peer group. We plan to use the HAB membership to review and support our development of our IM&T strategy and investment programme.

4.3.5 Procurement

Our procurement work will focus on working with partners internally and externally to deliver benefits particularly in relation to:

- Using alternative suppliers
- Reducing wastage and enhancing locally focussed materials management
- Reducing spend on theatres non pay
- 'Working Together' to produce bulk buy savings
- Reducing variation
- Outsourcing and managed service contracts

We are committed to ensuring procurement savings can be realised. To help deliver this agenda, the Trust has recognised that further investment is required in a relatively small team. In tandem with the investment in IMT, investment in a key senior post within the Supplies Department has also been made to strengthen the existing team. We also hope to work closely with other local Trusts as part of the "Working Together" initiative to realise potential procurement savings across a larger network.

As with our IM&T structure there is significant pressure on a small team leading to an inherent risk in the ability of the team to release specialist advice and support divisions to deliver change over and above 'the day job'. To mitigate this we have agreed investment in management within the procurement function and within the contracting function. Dedicated resource has also been supplied to large areas of spend within non pay such as Theatre non pay expenditure.

4.4 Transformation and Efficiency Enablers

4.4.1 Clinical leadership and engagement in identifying and delivering CIPs

The Trust's organisational arrangements are based on a devolved clinically led model for the management of clinical services, with management responsibility delegated to Divisions for all aspects of performance. Clinical Directors are held accountable for the performance of the Division against agreed objectives, including those set for quality, finance and other key performance targets.

In devising the plan for the Trust, Divisional management teams were set CIP targets and requested to identify suitable saving schemes and the senior clinical and management teams

within Divisions have developed the detailed plans. These have been subject to a confirm and challenge process by the Corporate Planning Team. Divisions were requested to undertake a risk assessment on all schemes to identify potential risk to patient safety and quality. The quality risk assessments are also reviewed by the Medical Director and the Director of Nursing and Clinical Operations. Any schemes deemed to carry too much risk were not approved and Divisions were requested to identify alternative schemes.

The Trust Executive Group is the main management group leading the organisation below Trust Board level, and is comprised of Executive Directors, Clinical Directors and Associate Directors. The Trust Executive Group has agreed plans for the approach taken to the Transformation and Efficiency Programme. As described earlier, additional resource is also being made available in the Trust's PMO arrangements and the creation of an Assurance group that will advise and report directly to the Trust Executive Group.

The Divisions will be held accountable for the delivery of their financial plans, including the delivery of the Transformation and Efficiency plans during the year, and the monthly individual Divisional Performance Review meetings held between each Division and the Executive Directors will monitor performance through the year.

4.4.2 Enabling infrastructure

There are a number of key changes to infrastructure that are required to support the Trust's strategic development and the transformation of the organisation, which are as follows:

IM&T

PAS/EPR – The Trust will 'go live' with a replacement Patient Administration system at the end of April 2014. The new system will support improved processes and efficient working. The benefits realisation plan links to the Transformation and Efficiency Programme to ensure any savings identified are released and that any potential improvements are maximised. Following the implementation of the new PAS system, the Trust expects to implement other linked systems to improve effective working, such as Order Communications.

Electronic Document Management System – The Trust plans to implement an EDMS system over the two years of the Operational Plan. A Project Manager with expertise in this area has been appointed to develop and implement an EDMS system. This will support the delivery of a 5 year efficiency programme focussed on patient information.

Hospital redevelopment

Additional operating theatres – the Board has approved a capital scheme for two new operating theatres, to support the increase in elective and emergency surgical activity. The scheme will

incorporate the provision of an intra-operative MRI, (accessible also for ambulatory/non-surgical MRIs), which is important for the Trust's neuroscience services. The scheme commenced in 2013/14 for completion in 2014/15.

Hospital development - The progression with a significant scheme for the provision of three new high quality in-patient wards, along with a new outpatient department and main entrance is a key scheme to improve the quality of the Trust's accommodation and to increase capacity. This development also provides opportunities for improving the way staff work and for improving elements of the way care will be provided in future. The scheme will include automated check-in arrangements in outpatients and improved nurse call systems to support a dispersed nursing model on the wards.

Organisational Development

Service Line Management – We will continue to build on our service line reporting structure to support and develop Divisional and business unit decision making and delivery.

Continuous improvement - We have appointed a lead Continuous Improvement Manager working alongside the Programme Management Office. A key focus of this role is to develop the capacity and capability to manage and drive change within our operational teams. This includes the Trust engagement in the Sheffield Microsystems Academy in conjunction with the Health Foundation, delivering sustainable change at clinical team level. We are also ensuring a trust approach to Project Management at all levels to reduce variation and ensure effective monitoring and delivery of change initiatives.

Leadership programme – the Trust recognises the need to develop and support leadership within the organisation in order to drive forward with our challenging change agenda. We have an internal programme designed specifically to our needs, and during 2014/15 will focus on first line leaders and clinical leaders within the organisation. The purpose is to equip senior staff with the leadership skills to drive change and develop their teams and divisions. We are also working in conjunction with Barnsley Hospital to run a Leading an Empowered Organisation (LEO) aimed at bands 6-8a.

5. FINANCIAL AND INVESTMENT STRATEGY

5.1 Current Financial Position

The Trust is forecasting to deliver a surplus of c£2.8m in 2013/14, which is around £0.8m higher than plan. The majority of the over-performance against plan can be largely regarded as non-recurrent, being caused by items such as underspends against committed central budgets that are not anticipated to be repeated in future. Within the overall position, the underlying surplus is around £1m, and this is being fully committed into the revenue position by 2016/17 in support of the impact of the hospital redevelopment scheme.

5.2 Financial Position 2014/15 and 2015/16

The current financial projections are built upon updating the previous planning assumptions submitted to Monitor. These assumptions, incorporating the impact of the new hospital development, continue to be reviewed internally for appropriateness and as such the Trust's plan is based upon the refreshing and updating of key assumptions within our core five year model. The following table provides a high level summary of the key financial elements of the two year operational plan, and the subsequent sections provide a brief commentary on the key assumptions within each element

Table 1: High level financial position

	2014/15	**2015/16**
	£m	**£m**
Operating Revenue	165.6	165.6
Operating Costs	(160.8)	(160.3)
Non-Operating Costs	(2.2)	(2.9)
Surplus	**2.6**	**2.4**
Capital Expenditure	**24.3**	**24.7**
Liquidity (Per CoSRR)	**24.0**	**5.2**
Efficiency savings target	**6.6***	**5.1**
CoSRR	**4**	**4**

*includes B/F from 2013/14 of £1.56m

5.3 Income

5.3.1 Activity related income growth

The demand for activity at this Trust continues to rise – in 2013/14 the Trust saw a 9% growth in referrals compared to the previous year. We are anticipating this trend to continue and this translates, broadly, into a requirement to deliver a further 10% outpatient activity and 7% elective inpatient activity over the next two years. The activity assumptions (and income streams) built into this plan have been calculated at individual specialty (and in some instances, procedure) level, to reflect the overall increasing, but differential, growth in specialty areas (though see note on alignment with commissioner plans below). This activity has been priced using the 2014/15

National Payment By Results rules, guidance and tariffs as appropriate. Based on historical evidence and likely future shifts in activity, it could be suggested that these assumptions are relatively conservative, particularly in 2015/16.

In addition to this recurrent growth, Trust plans include around £1.9m of non - recurrent activity to be delivered in 2014/15. This, on the whole, represents activity that needs to be delivered on a one-off basis to ensure continued sustainable delivery of 18 week targets.

5.3.2 Alignment of Income projections with Commissioner Plans

The Trust has been actively engaged in discussions with its main commissioners and shared detailed activity plans for review. The majority of the Trust's non specialised services are commissioned through a consortium of Clinical Commissioning Groups (CCGs) and the Local Authority, the lead of which is NHS Sheffield. The specialised services element of our contract is held by NHS England (NHSE) and NHSE is now the Trust's largest commissioner.

NHS England have experienced significant financial pressures within 2013/14, and as a result, 2014/15 contract negotiations have been challenging in terms of agreeing levels of growth that are both realistic and affordable from a commissioner perspective. We have jointly agreed to base the 2014/15 contract on Month 8 forecast out-turn plus an average growth percentage rather than a plan based solely on the Trust's activity modelling.

For both specialised and non-specialised activity contracts, we have in place an Annual Plan Agreement that forms part of the contract whereby commissioners have agreed that they will fund additional activity undertaken (at full unit prices) should the Trust over-perform against contract values and activity targets. This is in joint recognition that in some instances, sufficient activity may not have been placed in contract agreements.

5.3.3 Other Key Income streams

The Trust has continued to forecast the reduction of Education related income over the next two years. Whilst perhaps not material within a single year, over seven years this means the Trust will lose over £1m in education related income as a result of changing the formula to fund undergraduate teaching. This is a significant challenge when combined with the other changes within the financial environment.

The Trust plan also continues to assume the receipt of c£6.5m of charitable income over the three year period 2014/15 – 2016/17 to support the new hospital development scheme.

5.4 Expenditure

The key expenditure challenges over the next two years are:

- Ensuring we can deliver increasing levels of activity within a cost envelope that does not exceed the increased level of income received for that activity. This is made increasingly difficult as the level of real income continues to fall due to the 4% national efficiency requirement.

- To find ways of delivering increasing levels of activity in a physically restricted site over the next two years as major construction work on New Theatres and New Wards is undertaken. Additional investment in off-site capacity has been made for the provision of outpatient services and through sub-contracting some diagnostic activity.

- Ensuring sufficient revenue cover is available in 2016/17 for the increased running costs of the New Build. A reserve of c£2m has been created in previous years and invested non-recurrently in our transformation programme. This approach has been continued.

- Investing additional funds in strengthening nursing on wards and Hospital out of hours cover in line with the Francis, Berwick and Keogh Reports. Additional investment has also been made in IMT to support the infrastructure required to deliver efficient processes and support the transformation programme. A Business case to implement an EDMS system is also currently being developed

5.5 Capital Plans

The two year operational plan includes the impact of the Trust's major capital schemes, including capital charges, loan interest and other related costs. A high level overview of the key elements of the forecast capital expenditure is included in the table below:

	2014/15	**2015/16**
	£m	**£m**
New Ward Block	12.4	17.6
2 New Theatres	4.1	1.9
3T MRI	2.5	
New PAS / EPR	0.8	
Other (including IT)	4.5	5.2
Total	**24.3**	**24.7**

5.6 Financial Risks

The Trust Board considers the most significant financial risk in the short term to be the delivery of Efficiency Savings targets. The focus in 2014/15 is to further strengthen the performance management arrangements around the identification, delivery and monitoring of savings and additional investment has been made in recognition of the critical nature of this area. In a complementary approach, the Trust is also continuing to seek to develop improved productivity through process and system redesign, where possible, to facilitate efficient delivery of ever increasing activity demands. This is made more challenging over the next three years as we deliver a major capital build on the main hospital site. Mitigation for non-delivery is in place non recurrently

5.7 Downside and Mitigations

As noted above, the most immediate risk in 2014/15 is the delivery of challenging efficiency targets. However, in 2015/16 and beyond, there are a number of other potential risks that arise. On the whole, these relate to our uncertainty around potential shifts and timings of any national funding changes through tariffs, potential specialist top up changes, procurement of services and the shift of activity under national policy direction from DGH to specialist centres.

Our downside modelling over the two years suggests that we have sufficient mitigation to maintain the forecast position in 2014/15 and a small surplus in 2015/16, though currently our assessment is that in 2015/16, if all downside scenarios materialise as modelled, our risk rating under CoSRR would fall to a level 3.

5.8 Liquidity

The base case submitted provides sufficient liquidity to deliver a rating of 4 on the Liquidity element of the CoSRR in both years. However, as anticipated and modelled previously, liquidity is forecast to deteriorate over the two year period. This is due to cash reserves that have been built up over the previous year's been spent on the New Ward block capital development as planned. A £25m loan arranged with the FTFF will provide the additional finance required. Liquidity is expected to reach a low point in 2016/17 before recurrently improving in the following years.

5.9 Risk Ratings

The base case submitted delivers a CoSRR of 4 in both years. The strongest element of the ratio is the liquidity element which remains at a level 4 in all quarters of the submitted plan. As anticipated, however, due to the increased capital spend, related revenue charges and loan

interest hitting the I&E particularly in 2015/16, the debt service element falls to a level 3 by the end of quarter 2 in 2015/16. However, the overall position remains a level 4.