The Walton Centre NHS Foundation Trust

Operational Plan Document for 2014-16

The Walton Centre NHS Foundation Trust

1.1 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	**4 April 2014**

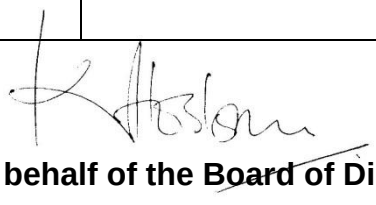
The attached Operational Plan is intended to reflect the Trust's business plan over the next two years. Information included herein should accurately reflect the strategic and operational plans agreed by the Trust Board.

In signing below, the Trust is confirming that:

- **The Operational Plan is an accurate reflection of the current shared vision of the Trust Board having had regard to the views of the Council of Governors and is underpinned by the strategic plan;**
- **The Operational Plan has been subject to at least the same level of Trust Board scrutiny as any of the Trust's other internal business and strategy plans;**
- **The Operational Plan is consistent with the Trust's internal operational plans and provides a comprehensive overview of all key factors relevant to the delivery of these plans; and**
- **All plans discussed and any numbers quoted in the Operational Plan directly relate to the Trust's financial template submission.**

Approved on behalf of the Board of Directors by:

Name *(Chair)*	Ken Hoskisson

Signature 

Approved on behalf of the Board of Directors by:

Name *(Chief Executive)*	Christopher Harrop

Signature 

Approved on behalf of the Board of Directors by:

Name *(Finance Director)*	Mike Burns

Signature 

1.2 Executive Summary

The Trust

The Walton Centre NHS Foundation Trust is the only specialised neurosciences Trust in the UK. The Trust is a tertiary health care provider, treating patients from Merseyside, Cheshire, Lancashire, Greater Manchester, the Isle of Man and North Wales and has an approximate catchment population of 3.5 million people.

The Trust has experienced a long standing trend of strong growth in activity over recent years. Total inpatients are projected to have grown by 26% and outpatients by 25% over the four years to 2013-14. In addition to this underlying growth, the Trust is a partner in the Major Trauma Centre Collaborative for Merseyside and Cheshire (MTCC), established in 2012, receiving all major trauma cases involving head or spinal injuries, and has also been designated as the hub for the Merseyside and Cheshire rehabilitation network.

The Trust has therefore since 2012 been undertaking a Strategic Investment Programme at a total cost of £40m to expand its capacity. In 2013 this included the new 29 bed Chavasse ward, an extension to the Jefferson day ward to create ten inpatient beds, and a 6th operating theatre, and in January 2015, it will open a new three storey building nearby on the Aintree Hospital site.

The Trust has remained in a strong position throughout 2013-14 on quality, performance and finances, compliant with all CQC standards following a recent unannounced inspection, meeting all Monitor performance targets and projecting a continued surplus of £1.1m.

National and Local Context

NHS England is due to issue a strategy for specialised services by summer 2014. This is expected to describe how it intends to achieve a reconfiguration of specialised services provision on to significantly fewer providers and sites, including through the use of hub and spoke approaches. Further drivers for change are the move towards seven day services and the NHS England urgent and emergency care review.

The key vehicle for local whole system service redesign is the Healthy Liverpool Programme, launched by Liverpool CCG in April 2013. The Walton Centre will collaborate with Liverpool CCG and other partners to ensure the Liverpool health economy is able collectively to meet NHS England's requirements for a specialist centre and to provide clinically and financially sustainable services over the longer term.

The Trust fulfils all the national service specifications for specialised services and will ensure its clinical strategy enables it robustly to maintain a comprehensive range of neuroscience services.

Key Challenges and Priorities

The Board assesses the key risks to the sustainability of the Walton Centre as:

- Quality of care: Although the Trust believes it is not at a significant current risk on quality of care it has, however, decided to identify it as a risk to sustainability. This is because of the potential adverse implications for quality of its other risks to sustainability and to assist in maintaining its focus on standards and outcomes of care.
- Clinical sustainability: The Trust has identified no current risks to its clinical sustainability. However, certain changes in consultant working arrangements or to the configuration of acute services within Liverpool could have an impact, as could withdrawal of junior medical posts. The implications of providing a seven day consultant led service are under review.
- Commissioner funding: Funding available from commissioners may be reduced as a consequence of measures such as restrictions on the specialised services budget, redesignation of specialised services or changes in tariff.
- Specialised services reconfiguration: Although the Trust is one of the country's leading and largest providers of neuroscience services, and fully meets the current national specialised services specifications, it is conceivable that reconfiguration of specialised services could affect the range or requirements for provision of neuroscience services in a way that impacts on the sustainability

of the Trust's existing service model.

- Capacity: The Trust is currently running at a high occupancy rate. It therefore faces the risk that its bed and/or theatre capacity will be inadequate to meet future growth.

Over the two year period of the operational plan, the potential impacts of these risks could be:

- In 2014-15, the reduction in specialised commissioner allocations growth, coupled with potential restrictions on activity through QIPP savings, and strain on the Trust's physical capacity;
- In 2015-16, in addition the potential for tariff changes and for switches of aspects of the Trust's services to CCG commissioning, the requirement to meet certain seven day service clinical standards, and the potential for changes in specialised services or local acute configuration.

Quality

The Trust underwent an unannounced Care Quality Commission (CQC) inspection in November 2013 and was found to be fully compliant against all five standards, and it has, to date, met its CQUINS at both national and local level for 2013-14.

The Trust has set improvement priorities in Patient Safety, Clinical Effectiveness and Patient Experience. It has a wide range of key initiatives in place to improve quality of care.

The key risks to quality within the Walton Centre are concerned with infection and recruitment. Mitigation plans are in place to deal with these risks.

Operational Requirements

Although the strong growth in patient demand over recent years has continued through 2013-14, the Trust is cautiously assuming a slowdown in the rate of both outpatient/elective and non-elective growth in 2014-15 and 2015-16. Activity and bed projections are contained in the table below, which shows the Trust's current capacity is appropriate for forecast demand through both 2014-15 and 2015-16. The Trust has benchmarked its length of stay against its peer group and is undertaking a programme of work to improve its acute inpatient throughput. In addition, the new building due to open in January 2015 will provide additional rehabilitation and outpatient capacity. The Trust would therefore be able to flex its capacity to meet changes in demand for patient care across the period.

	2013-14 Forecast @ Mth 9	2014-15	2015-16
Daycase	10,338	11,913	12,347
Inpatients	5,710	5,918	6,160
Outpatients	100,541	102,151	105,437
Critical Care	7,571	7,733	7,826
Rehabilitation	6,411	6,521	6,521
Acute Beds (/143)	133	137	141
Critical Care (/20)	19	19	19

The Trust has a 5 year workforce plan setting out how it will meet its workforce needs and support its 5 year strategy. Following workforce expansion over the past two years to its staff in relation to the increased capacity and the rehabilitation developments, the Trust anticipates that additional activity in the next two years will largely be met through increased productivity. The Trust also offers an extensive learning and development agenda and has a broad based organisational development plan.

Productivity, Efficiency and CIPs

The cost improvement plan for 2014-15 is £3.8m which represents a 4.0% recurrent savings target. However, the Trust has set a 0.5% non-recurrent target in 2014-15. The rationale for the additional non-recurrent target, over and above the 4% target in the Monitor and NHS England guidance, is that the Trust has invested heavily in services, staff and capacity over recent years compared with other trusts. To maintain headroom in the year in which its new building opens (and the further associated revenue investments), and to mitigate the risk that it does not receive the required level of income growth from commissioners, going forward the Trust requires a slightly higher CIP. It should be noted that the previous plan assumption for 2014-15 CIP was 5%, so overall there has been a 0.5% reduction in the Trust target.
CIPs are deliverability and quality impact assessed. As at 31 March 2014, 100% of the 2014-15 programme has been identified, with 88% rated green, and 100% of the 2015-16 programme has been identified.

Financial Plan

Overview
The Trust is forecast to end the 2013-14 financial year with a strong financial position. The I&E forecast surplus at £1.1m is in line with plans and the cash position is forecast at £21.6m, £0.1m above the planned position. The Trust's CIP programme also achieved £4.5m of recurrent savings in line with its planned position. The Trust achieved Continuity of Service Risk Ratings (CSRR) of L4 overall with the Liquidity Ratio and Capital Servicing Capacity scores both scoring L4.

The Trust expects to maintain its strong financial position with CSRR4 in both the next 2 years – see table.

	2014-15		2015-16	
2014-15 Opening Plan Position	**£000**	**% margin**	**£000**	**% margin**
I& E surplus / (deficit) before impairments	1,789		1,287	
I& E surplus / (deficit) after impairments	1,764	1.1%*	1,262	1.3%
EBITDA	6,539	6.5%	8,296	8.1%
Capital Expenditure (excl. capacity plans)	6,407		5,733	
Capital Expenditure re: capacity plans	17,237		N/A	
Forecast Cash balance @ 31st March 15	11,382		10,458	
External financing (draw down in year)	9,800		N/A	
Cost Improvement Plan (4.5%# of cost)	4,395		4,386	
CSRR = 4				

***% margin calculated net of donations**

#0.5% is non-recurrent in 2014-15

The Trust's activity and financial plan is estimated to result in a surplus of £1.8m in 2014-15 after impairments. The plan for 2014-15 is an EBITDA margin of 6.5% and I&E surplus margin of 1.7%. It should be noted that the normalised I&E surplus (which excludes the £0.7m donation for the Trust's new relatives accommodation) is £1.1m, representing a normalised surplus margin of 1.1%.The plan in 2015-16 is for a surplus of £1.3m. EBITDA margin is planned at 8.1% and I&E surplus margin is planned at 1.3%. The normalised position is a surplus of £1.3m (as above), with no non-recurrent income/costs forecast in 2015-16. There are currently no large impairments planned in 2015-16.

Capital investment

The total proposed capital programme is £23.6m for 2014-15 and £5.7m for 2015-16. The 2014-15 plan

includes £17.2m for the Trust's Strategic Investment Programme and £6.4m on other works and equipment, including an estimated £1.2m on the electrical infrastructure, £2.8m on clinical equipment (including £1.4m on a replacement bi-plane in the neurology division), and a £1.3m investment in IT to support a 'paper-light' strategy, including the development of a paperless order communications system for radiology and pathology tests.

The £5.7m capital spend in 2015-16 includes £2.0m spend on two new theatres which will facilitate the dual use of the planned investment in an iMRI scanner (2016-17). The iMRI scanner has been the subject of a charitable donation campaign by the Marina Dalglish Appeal and there is also continuing discussion with commissioners as to whether funds may be available to invest in this cutting edge technology, although no funding has been assumed in the plan.

Liquidity

The Trust enters 2014-15 with a cash balance of c£21.6m giving it a CSRR liquidity rating of level 4. The Trust will continue to draw down the loan agreed as part of its FBC approval for phase 1b from ITFF along with utilising the £12m funds it received from NHS Merseyside and the £0.7m charitable funding from its Home from Home appeal for the relatives accommodation to complete this project. This level of capital expenditure along with the anticipated surplus during 2014-15 will mean a net reduction of cash of £10.2m over the financial year to £11.4m. This level of cash provides a CSRR liquidity rating of 4.

The net result of capital expenditure and donations in 2015-16, along with the increase in PDC payments (c£0.3m due to the new building), result in a net cash outflow of £0.9m. The closing cash balance in 2015-16 is forecast at £10.5m which results in a CSRR liquidity rating of 4.

Risks and mitigations

The Trust has assessed the key financial risks as relating to restrictions in funded activity and changes in local tariff arrangements via QIPP reductions or transitioned to national prices. Full mitigation plans have been developed.

1.3 Operational Plan

The Trust

The Walton Centre NHS Foundation Trust is the only specialised neurosciences Trust in the UK. The Trust is a tertiary health care provider, treating patients from Merseyside, Cheshire, Lancashire, Greater Manchester, the Isle of Man and North Wales and has an approximate catchment population of 3.5 million people.

The Walton Centre provides services in several specialised areas:

- Neurology
- Neurosurgery
- Specialised spinal services
- Pain management and pain relief
- Neuropsychology
- Specialised rehabilitation
- Specialised diagnostic services

The Trust has 6 operating theatres, 6 acute wards, a short stay unit and one of the largest single specialty critical care units in the country. The Trust also runs a pain management programme, a neuroscience research centre for undertaking clinical trials and an inpatient rehabilitation unit.

The Walton Centre is at the centre of networks of care for Merseyside, Cheshire and into North Wales. Patient services are delivered through a hub and spoke model giving patients access to treatment close to home. The Trust provides services from thirty-two locations in the North West and North Wales, including satellite clinics and ward consultations at 15 general hospitals.

Strategic Context

Trust Context

The Walton Centre has a track record of service improvement, expansion and investment, underpinned by high quality standards and consistent delivery of its financial targets.

The Trust has experienced a long standing trend of strong growth in activity over recent years, especially in neurosurgery and particularly spinal services. This has been driven by a significant increase in demand and is also due to retractions in small isolated orthopaedic spinal services in district general hospitals. Total inpatients are projected to have grown by 26% and outpatients by 25% over the four years to 2013-14. In addition to this underlying growth, the Trust is a partner in the Major Trauma Centre Collaborative for Merseyside and Cheshire (MTCC), established in 2012, receiving all major trauma cases involving head or spinal injuries, and has also been designated as the hub for the Merseyside and Cheshire rehabilitation network, leading to the creation in 2013 of a level 1 hyper acute rehabilitation unit and a drive to provide improved facilities for its complex rehabilitation inpatient unit.

The Trust has therefore since 2012 been undertaking a Strategic Investment Programme at a total cost of £40m to expand its capacity:

- In January 2013, the Trust opened a new 29 bed ward and a 6th operating theatre, following a refurbishment of its existing building.
- In September 2013, the Jefferson day ward was expanded to provide 10 inpatient beds and nine day case spaces. The theatre recovery area was also expanded.
- In April 2014, expansion of the radiology department, including the installation of a 4th MRI scanner, will be completed.
- In January 2015, the Trust will open a new three storey building nearby on the Aintree Hospital site, providing improved and expanded facilities for its complex rehabilitation unit, additional outpatient capacity, enhanced facilities for its pain management programme and neuropsychology services and

improved and rationalised office accommodation for support departments.

The Trust continues to sustain a strong financial position and aims to continue to deliver high quality care whilst working on bringing care closer to home for patients, reducing overall cost to the Trust and providing better services. The Trust maintains a consistent level of surpluses and has achieved its cost improvement programmes recurrently in full, made possible by good working relationships between clinicians and management.

The Walton Centre has maintained a consistent focus on improving and assuring the quality of its services. The Trust has three improvement priorities: patient safety, clinical effectiveness and patient experience. Three additional quality targets are also set each year by the Council of Governors. The Trust has met all CQUINs to date for 2013-14 and an unannounced CQC inspection in November found the Trust to be compliant in all examined standards.

National Context

NHS England's Planning Guidance for 2014-15 sets out its intended direction of travel for the NHS in the coming years. A key element is its model for service provision, with an emphasis on organising services and using resources more efficiently to lead to better outcomes, and with a particular focus on the delivery of specialised services. A 5 year national strategy for specialised services is due to be issued for consultation by summer 2014. It is anticipated that this will describe how NHS England intends to achieve a reconfiguration of specialised services provision on to significantly fewer providers and sites, with the aim of improving quality and reducing costs, including through the use of hub and spoke approaches. The strategy will also include stricter compliance with national service specifications and changes to provision if these cannot be met by a provider. The Walton Centre currently fulfils all national service specifications; however, as sub specialty requirements tighten the Trust will need to ensure that its clinical strategy enables it robustly to maintain a comprehensive range of neuroscience services.

NHS England has also outlined its plans for moving towards routine services being available seven days a week, to improve clinical outcomes and patient focused services. Ten clinical standards are to be implemented progressively over the next three years. Its Urgent and Emergency Care Review also outlined the necessity for same day access to services and to connect urgent and emergency care services in broader emergency care networks. The Walton Centre, as a specialist centre and a leading partner in the regional major trauma service, will be closely involved in this.

Local Health Economy Context

The Walton Centre's local health economy includes:

- Aintree University Hospital NHS Foundation Trust
- The Royal Liverpool and Broadgreen University Hospitals NHS Trust
- Liverpool Women's NHS Foundation Trust
- Alder Hey Children's NHS Foundation Trust
- Liverpool Heart & Chest Hospital NHS Foundation Trust

The Trust is neighboured by St Helens and Knowsley Teaching Hospitals NHS Trust (on the border of Knowsley and St Helens CCGs) and Southport and Ormskirk NHS Trust (whose main site is in North Sefton CCG).

The Walton Centre is the only neurosciences provider in Merseyside and Cheshire. The nearest other centres are Salford Royal, Royal Preston and University Hospital of North Staffordshire.

The Trust shares its site with Aintree University Hospital and with Clatterbridge Cancer Centre's Liverpool satellite unit. It is also part of several collaborative services:

- The Major Trauma Centre Collaborative (MTCC) with Aintree University Hospital and the Royal Liverpool and Broadgreen University Hospitals
- Merseyside and Cheshire rehabilitation network with Royal Liverpool and Broadgreen University Hospitals and St Helens and Knowsley Teaching Hospitals, and community provision
- With Mersey Care on brain injury rehabilitation

- Collaboration with Clatterbridge Cancer Centre on brain and central nervous system tumours and stereotactic radiosurgery (SRS).

Liverpool CCG launched its Healthy Liverpool Programme in April 2013. The Healthy Liverpool Programme plans to create common city wide clinical pathways through primary and secondary care, by promoting a unified approach to services, including strengthening neighbourhood service provision and realigning hospital based care. There is also an emphasis on self-care and self-management of health. The Walton Centre will collaborate with Liverpool CCG and other partners to ensure the Liverpool health economy is able collectively to meet NHS England's requirements for a specialist centre and to provide clinically and financially sustainable services over the longer term.

Key Challenges

The Board assesses the key risks to the sustainability of the Walton Centre as:

- Quality of care: Although the Trust believes it is not at a significant current risk on quality of care it has, however, decided to identify it as a risk to sustainability. This is because of the potential adverse implications for quality of its other risks to sustainability and to assist in maintaining its focus on standards and outcomes of care.

- Clinical sustainability: The Trust has identified no current risks to its clinical sustainability. However, certain changes in consultant working arrangements or to the configuration of acute services within Liverpool could have an impact, as could withdrawal of junior medical posts. The implications of providing a seven day consultant led service are under review.

- Commissioner funding: Funding available from commissioners may be reduced as a consequence of measures such as restrictions on the specialised services budget, redesignation of specialised services or changes in tariff.

- Specialised services reconfiguration: Although the Trust is one of the country's leading and largest providers of neuroscience services, and fully meets the current national specialised services specifications, it is conceivable that reconfiguration of specialised services could affect the range or requirements for provision of neuroscience services in a way that impacts on the sustainability of the Trust's existing service model.

- Capacity: The Trust is currently running at a high occupancy rate. It therefore faces the risk that its bed and/or theatre capacity will be inadequate to meet future growth.

Over the two year period of the operational plan, the potential impacts of these risks could be:

- In 2014-15, the reduction in specialised commissioner allocations to 4%, coupled with potential restrictions on activity through QIPP savings, and strain on the Trust's physical capacity;
- In 2015-16, in addition the potential for tariff changes and for switches of aspects of the Trust's services to CCG commissioning, the requirement to meet certain seven day service clinical standards, and the potential for changes in specialised services or local acute configuration.

Trust Priorities

In response to these challenges, the Trust's overall approach is to aim to be the leading provider of neuroscience services for the North West Coast and North Wales, founded on:

- Clinical and organisational partnerships within the Liverpool health economy/academic health science system and more widely;
- Efficient and effective management of patient pathways and capacity;
- Demonstrably excellent clinical outcomes;
- High quality care responsive to patients' individual needs and preferences;
- Dynamic flexible systems and staffing; and
- High local and national reputation.

Quality Plans

Background

The Trust has, to date, met its CQUINS at both national and local level for 2013-14. The Trust's quality goals/improvement priorities are defined within its Quality Account. Going forward, the Trust will focus on three improvement priorities under each domain of patient safety, clinical effectiveness and patient experience. In addition to this the Council of Governors has requested a focus on an additional three stretch targets that focus on quality. These have been decided following consultation with both governors and members of the Trust.

The improvement priorities are:

Patient Safety

- Reducing inpatient falls with harm
- Reducing hospital acquired pressure ulcers
- Improve medication safety

Clinical Effectiveness

- Utilisation of Jefferson Ward for same day admission and operation
- Review of nursing documentation and care planning
- Introduction of same day surgery

Patient Experience

- Friends and Family Test (FFT)
- The introduction of a patient focused group
- The capturing of patient feedback at satellite clinics

Stretch Targets

- Improving discharge arrangements – Implement 'Ticket Home'
- Provision of accessible patient information
- Increase patient support to improve the patient experience

The Trust underwent an unannounced Care Quality Commission (CQC) inspection in November 2013 and was found to be fully compliant against all five standards:

- Care and welfare of people who use services
- Meeting nutritional needs
- Cleanliness and infection control
- Staffing
- Complaints

Risks to Quality and Mitigations

Infection Control

There are currently two risks reported on the Board Assurance Framework relating to quality that will be carried forward into 2014-15. These regard meeting the trajectory set by NHS England for MRSA and Clostridium Difficile (CDT). In 2013-14, the trajectory for MRSA was 0 cases; the Trust exceeded this trajectory by 1 case. To mitigate the risk associated with MRSA, the Trust has participated in a number of programmes to reduce the risks associated with line infections. This is most prevalent within the critical care setting; therefore staff have received additional training on line insertion and line management that is regularly audited alongside other infection control precautionary measures. This training and focus will continue going forward, with the Trust's Infection Control Committee responsible for monitoring standards and agreeing policy and procedure.

Clostridium difficile remains a challenge for the Trust as a consequence of the increase in the bed base

and complexity of patients during 2013. The required use of certain antibiotics for intracranial infection also increases the risks of patients acquiring CDT. In 2013-14 the Trust internal trajectory was 5 with a Monitor de minimis of 12. The Trust reached the Monitor trajectory with 12 cases.

To mitigate the risk the Trust has arranged and acted upon external reviews and implemented robust measures, these include:

- Prompt isolation of patients presenting with unexplained diarrhoea and commencement of care pathways to reduce the potential for outbreak situations.
- Stool specimens sent for ribotyping to identify any cross infection links with cases.
- Robust monitoring of cleanliness standards across the Trust, with monthly environmental monitoring and infection control audits (hand hygiene and saving lives audits)
- Enhanced environmental cleaning with hypochlorite solution
- Hydrogen peroxide vaporisation to be used for effective terminal cleaning
- Antibiotic ward rounds to monitor clinical prescribing against Trust policy

Recruitment

For the past two years the Trust's transactional HR services have been provided by an external shared service, Capita HR Solutions. During this period the service has been problematic in terms of both efficiency and timeliness of recruitment activity. To mitigate the resulting long term risks, the Trust has agreed with Capita to bring the recruitment service back in-house by 1st May 2014.

This presents an additional short term risk with regard to maintaining the quality of the recruitment process during the transition period to the new service configuration. The Trust has invested in a project infrastructure to manage this process which includes introducing a tracking system for recruitment episodes with effect from 1st March 2013.

It is anticipated that the movement of recruitment in-house will speed up the filling of vacancies which will result in improved continuity of permanent staff and patient care within the Trust.

Quality Approach

The Trust has worked with senior clinicians and clinical and non-clinical managers to review the external quality environment, specifically:

- Professor Sir Bruce Keogh's 'Review into the Quality of Care and Treatment provided by 14 Hospital Trusts in England'.
- The new CQC approach to inspecting acute hospitals from April 2014.
- The Report of Professor Don Berwick's Review 'A promise to learn – a commitment to act: Improving the safety of patients in England'.

An analysis has been undertaken of the Trust's position on the indicators used within the Keogh report, and it has been concluded that the Trust is safe and clinically effective. The Trust will ensure that it continues to receive assurances that it is meeting its quality obligations and is compliant with the CQC outcomes and with the standards to be used for the new style inspections in the future.

The Trust recognises the attention given by the Berwick Report to assurances regarding nurse staffing levels. These had been a focus for the Trust prior to the report, and a daily escalation for safe nursing numbers was already in place managed by the senior nursing team. The Board is given assurance by a detailed report every 6 months on the ratio of staff to patient casemix, informed by work undertaken on benchmarking with similar organisations.

In the light of these reviews, the Trust's Quality Governance Strategy has been updated, and was approved by the Board in November 2013. In addition, the Trust will explore the use of special service led quality profiles to reflect the distinctiveness of its services, in order to create a Trust-wide dashboard. This will support its Quality Governance Strategy and will be incorporated within its business planning and performance review cycle.

Quality Initiatives

The Trust is undertaking a number of key quality initiatives during to improve the services it provides and to improve the experience of its patients.

Shared Decision Making: The neurology service has worked with AQuA to embed shared-decision making principles within routine clinical practice for patients with epilepsy, through patient engagement in the process of problem identification. The success of the project will see the concept of encouraging patients to 'ask three questions' rolled out in the Trust to other clinical services.

Care and Compassion Checks: The Trust has implemented regular nursing rounds, to check on patients and ensure their fundamental care needs are met – an approach commonly called 'intentional rounding'. At the Walton Centre, intentional rounding is delivered through the Three Cs: CARE and Communication Checks. A Three Cs checklist has been designed to support and record these CARE and Communication checks.

Electronic Risk Assessments: an information technology programme has been developed called E-Patient, to support staff at ward level to reduce the amount of time spent completing paperwork. E-Patient uses iPads to undertake patient risk assessments, including the falls assessment, which can highlight any potential risks so that the level of nursing care can be prescribed accordingly for each patient. This has allowed greater assurance around data quality when reporting information on the balanced scorecards as it is clear which patients have had the appropriate risk assessments completed. This year the Trust will introduce a new Electronic Prescribing and Medicine Administration (EPMA) system.

The patient experience of cancelled operations: A workstream dedicated to streamlining the patient pathway from admission to theatre and back to the ward has been established to look at improving unnecessary delays prior to theatre. Patient stories have been captured to enable improvements to the service and ensure an appropriate pathway for all patients undergoing an operation, and there has been an 20% reduction in the rate of cancelled operations of elective admissions compared with 2012-13. 2014-15 will see this continuing alongside work to increase same day admission and surgery.

Discharge information pack: The Trust has developed a discharge information pack that is now in place and which is suitable for all patients. The pack has relevant points of contact following discharge to external charities and support agencies. Patient discharge surveys conducted over the year provided recommendations from patients to further strengthen the document. This work will be further expanded in the coming year, with a process to inform and communicate discharge arrangements being developed, in the form of a 'ticket home'.

Rehabilitation Patient Family Support: The Trust has launched a pioneering programme named the Cognitive Educational Group, which has been set up to give families and friends a greater insight into the challenges faced by patients who are beginning rehabilitation treatment. This is presented in a series of weekly topics which include perception, care, memory and dyspraxia. This programme is thought to be the first of its kind and there are plans to extend it in the future to families of patients in the later stages of rehabilitation.

Self-Check In: A new self-check in system has been introduced to improve the service in the outpatients department. By simply scanning the barcode on the appointment letter, staff are informed electronically that the patient has arrived. The patient can then wait in the outpatients department or hospital bistro to be notified when the clinician is ready to see them. Clinicians use an iPad to call patients remotely, via a visual prompt on screens in the waiting areas.

Readmissions: The Trust has developed an initiative where consultant leads review all readmissions for their specialities by auditing activity and identifying any trends that occur. The Trust is also undertaking audits of surgical site infection rates occurring post-operatively.

Intravenous Immunoglobulin (IVIG): The Trust currently provides a service to patients, in a series of day case attendances, where patients are administered Immunoglobulin via an intravenous route. As the Trust holds a wide catchment area, patients often have to travel long distances on several occasions to access this service from the Walton Centre. The Trust has now expanded and developed the service to allow

patients to self-administer by a subcutaneous route at home, supported by nurse specialists. This increases the flexibility of administration and negates the need to travel long distance.

In addition, the Trust's financial plans include a number of investments that will support improved clinical quality and safety, including an increase in the nursing establishment in critical care, new consultant posts to strengthen specific neurosurgical subspecialisms, and clinical coordinator posts to enhance senior nurse staffing levels out of hours. The Trust has also invested in an Electronic Prescribing Medicine Administration system (EPMA) and plans to invest in an Order Communications System which again will support clinical quality and safety.

Operational Requirements and Capacity

Patient Activity and Capacity

Although the strong growth in patient demand over recent years has continued through 2013-14, the Trust is cautiously assuming a slowdown in the rate of both outpatient/elective and non-elective growth in 2014-15 and 2015-16. Activity and bed projections are included in the table below, which shows the Trust's current capacity is appropriate for forecast demand through both 2014-15 and 2015-16. The Trust has benchmarked its length of stay against its peer group and is undertaking a programme of work to improve its acute inpatient throughput. In addition, the new building due to open in January 2015 will provide additional rehabilitation and outpatient capacity. The Trust would therefore be able to flex its capacity to meet changes in demand for patient care across the period.

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Workforce plan

A five year workforce plan has been developed and sits as an appendix to the Trust's People Strategy. It sets out the requirements to enable the Trust to meet both current and future workforce needs in support of its 5 year strategy. In order to determine future workforce requirements, the workforce plan has been developed to reflect the capacity plans and requirements for clinical services over the coming years. The workforce plan is reflected in the Trust's long term financial model. Following workforce expansion over the past two years to staff the increased capacity and the rehabilitation developments, the Trust anticipates that additional activity in the next two years will largely be met through increased productivity. The Trust's staffing flexibility will also be considerably improved by bringing recruitment in-house from 1 May 2014. This will significantly reduce the time taken to recruit compared with under the current outsourced contract. Downside activity risks are discussed with mitigation plans, under the Trust's financial planning.

In addition to employee capacity, two broad, underpinning initiatives have been developed to promote flexible/matrix based working and to expand the skill sets of the workforce. First, the Trust offers an extensive learning and development agenda that combines internally developed opportunities and maximises the use of external programmes at a regional, national and international level. This is inter-dependent with the Trust's rising profile for research, development and innovation.

The second strand involves a range of activities that make up the Trust's Organisational Development (OD) Plan. This is made up of four key areas:

- Leadership
- Culture
- Innovation
- Systems and Processes

These include clinically led service redesign programmes (Forward to Excellence), values and behaviours and medical transformation. Cumulatively these areas underpin the Trust's approach to creating an environment in which the workforce is highly skilled and flexible.

Productivity, efficiency and CIPs

Profile

The Trust continues to be proactive in developing service redesign in order to deliver higher quality, closer to home contact with patients which reduces the overall costs to the Trust and consequently the wider local economy.

In Neurology:

- 4th MRI GP access – This process will see patients referred for scans, giving GPs an expert report analysed by specialised neuroradiologists.
- Home IVIg patients – This will allow patients to receive treatment at home and avoid attending the day unit.
- Home telemetry – This newly developed service allows patients to undergo combined video/EEG epilepsy assessment in their home environment, thereby also maximising utilisation of ward beds.

In Neurosurgery:

- Spinal MCAS service – This allows GP-referred patients to be seen initially by a specialist physiotherapist, followed by a consultant appointment only if necessary. As the physiotherapist waiting list is shorter than a consultant waiting list, this allows patients to be assessed and potentially treated sooner, as well as making best use of consultant appointments.
- Wirral community pain service - Now operational.
- Joint sciatica clinic – Patients referred see a pain consultant and neurosurgeon who will jointly decide on a treatment plan. This early intervention often allows more conservative treatment to be administered, delaying or avoiding surgery.

CIP Governance

The cost improvement plan for 2014-15 is £3.8m which represents a 4.0% recurrent savings target. However, the Trust has set a 0.5% non-recurrent target in 2014-15. The rationale for the additional non-recurrent target, over and above the 4% target in the Monitor and NHS England planning guidance, is that the Trust has invested heavily in services, staff and capacity over recent years compared with other Trusts. To maintain headroom in the year in which its new building opens (and the further associated revenue investments), going forward the Trust requires a slightly higher CIP. It should be noted that the previous plan assumption for 2014-15 CIP was 5%, so overall there has been a 0.5% reduction in the Trust target.

As at 31 March 2014, 100% of the 2014-15 CIP programme has been identified, with 88% rated green, and 100% of the 2015-16 programme has been identified.

Transformational and transactional CIPs

The Trust continues to review how it can best deliver services in line with what is in the best interests of its patients and in order to enhance productivity internally.

The Trust has identified 65% of its 2014-15 CIP programme as being transformational; some examples of these schemes are provided below:

- Reconfiguration of theatre planning to increase productivity leading to lesser of requirement for anaesthetists than planned resulting in a saving c£0.1m;
- A redesign of therapies services within the Trust to modify the skill mix will result in a staff saving of c£0.1m;
- A review of on call provision and the junior doctor rota will lead to c£0.1m saving;
- A complete review of the neurology and diagnostic directorates and the reconfiguration to a new service model will save c£0.2m;
- The redesign of the fluoroscopy service is set to yield £0.2m in savings on a recurrent basis;
- A reconfiguration of the rehabilitation services within the Trust will result in £0.2m worth of savings;
- The Trust has also reviewed the methods of carrying out work out of core hours and is expected through alternative models of delivery to save £0.5m.

The Trust has also identified its CIP schemes for 2015-16 and has classified 62% of schemes as being transformational and 38% as being transactional schemes.

CIP Management / Process

The Trust has a good historical record of CIP achievement:

Year	Target	Achievement
2011-12	£2.8m	£2.9m
2012-13	£3.3m	£3.3m
2013-14	£4.5m	£4.5m

This success can be attributed to the excellent working relationships between clinicians and management and is based upon a common understanding of the Trust's wider local/national economy and efficiency agenda, in addition to a structured approach to CIP management.

The Trust has continued to build on the already well developed CIP leadership and assurance arrangements. In addition to the Programme Management Lead which the Trust invested in last year, a dedicated PMO finance officer has been allocated to provide increased focus and support, along with the already well-established support from Finance and Procurement resources.

The CIP programme itself is developed within the divisions with a lead director and project manager identified. Monthly cross-divisional meetings are held to brainstorm and develop new ideas for CIP. Once these ideas are accepted they are then Quality Impact Assessed against the following factors, all of which are incorporated into an action plan to ensure delivery:

- Risks to patient safety
- Risks to clinical effectiveness
- Risks to patient experiences
- Legal implications
- Impact on reputation/relationships with key stakeholders
- Political implications/compliance with legislations and financial deliverability.

The assessment is performed within the division by a group which includes a clinician, an operational manager and the CIP PMO. Once assessed the CIP is then presented to the Executive Team for review/approval. If the Executive Team accept the proposal it is then approved by the Director of Finance, the Director of Nursing and the Medical Director.

Should a project not pass this risk assessment process then it is either:

- Removed from the CIP pipeline as it cannot (and will not) comply with the risk assessment criteria;
- Kept on the pipeline report pending some changes to the scheme to ensure it complies with the risk assessment criteria. This may also include the re-profiling of the financial plans to reflect any timescale changes.

Any Quality Impact Assessment which relates to a service redesign or skill mix review is presented to the Trust's Governance, Risk and Quality Committee for review and comment. This Committee consists of both executive and non-executive directors.

Once schemes are added to the CIP programme, they are reviewed and monitored:

- On a fortnightly basis at the Executive Team meeting;
- At the bi-monthly Business and Performance Committee of the Board;
- At quarterly divisional performance reviews;
- On a monthly basis at the Hospital Management Board; and
- Monthly at the Board meeting.

The review and monitoring of CIPs on such a regular basis provides management and clinicians with assurance that targets are being met, an idea of any schemes that are not being achieved and when to implement alternatives if programmed schemes are not delivering at the required level.

CIP enablers

Clinicians are fully involved in developing and delivering CIPs. Clinicians are represented at all the key meetings when CIPs are being discussed and are pivotal to the success of delivering the programme.

The Trust's internal transformation programme, Forward to Excellence, is chaired by a consultant neurosurgeon along with representation from across the organisation to determine where the greatest opportunities lie for efficiencies and productivities within the Trust.

The Trust also has a regular patient level information costing (PLICs) group at which consultants from all divisions attend to discuss benchmarking and opportunities for more cost effective delivery of treatment to patients. Several sub groups have been created to review variations in order to determine where these can be reduced and how value for money can be increased across specialties.

The monthly cross-divisional CIP meetings are chaired by the Director of Operations and attended by clinicians, nurses, therapists, HR, finance and procurement to ensure all elements of a scheme are considered.

The Trust has invested in its infrastructure to support the CIP programme, including in:

Staffing

- External consultancy services to further develop the F2E programme and train staff across a number of disciplines in developing productivity and efficiency opportunities;
- Permanent appointment of a Financial Management & Transformation Manager to further develop the PMO infrastructure and monitoring required undertaking a sustainable CIP programme.
- PMO Finance officer to support the CIP Programme

IM&T

- The ePatient system moving towards an electronic patient record, bringing down administration time and printing/stationery costs
- Creation of an in-house theatre system and neurophysiology system, reducing current support costs to CSC
- Transfer of all GP correspondence to electronic and no longer via standard post, resulting in reduction in paper, printing and postage costs and improved patient experience.
- Expansion of remote EEGs via mobile devices

- Print strategy with multi-function devices to reduce the number of printers and large consumable overheads.

Financial Commentary

Introduction

Current Financial Position

The Trust is forecast to end the 2013-14 financial year with a strong financial position. The I&E forecast surplus at £1.1m is in line with plans and the cash position is forecast at £21.6m, £0.1m above the planned position. The Trust's CIP programme also achieved £4.5m of recurrent savings in line with its planned position. The Trust achieved Continuity of Service Risk Ratings (CSRR) of L4 overall with the Liquidity Ratio and Capital Servicing Capacity scores both scoring L4.

Key priorities and investments

The Trust invested c£13.7m in its Strategic Investment Programme (SIP) in 2013-14 and a further £2.6m in increasing its MRI capacity.

The total capital cost of the SIP Phase 1b scheme is c£33m. The cost of this scheme is being met by a loan from the Independent Trust Financing Facility (ITFF) and funding provided by NHS Merseyside in 2012-13. The Trust has drawn down £11.7m of this loan in year and will draw the balance down in line with forecast to the completion of the new building in December 2014. The Trust has excellent assurance processes on the scheme and works regularly with the main contractor to identify potential savings in re-prioritising and amending work phases/packages.

The £2.6m investment in the MRI scanner will enable the Trust to meet current and future demand requirements for scanning in line with its service expansion and wider clinical developments. It will also provide the potential for income generation from the use of spare scanner capacity for private work, open scans for claustrophobic patients, or research.

The Trust continues to receive £4m revenue for the rehabilitation network until the tariff is finalised with UK Rehabilitation Outcomes Collaborative (UK ROC) in 2014-15. As anticipated, the Trust has also developed the community rehabilitation service with a £0.6m investment from local commissioners. The addition of this service has helped to manage the flow of patients within the rehabilitation pathway, by creating smoother more efficient patient flows and delivering care closer to home.

The Trust also plans to invest in several major pieces of equipment over the next two years in addition to its continuing SIP programme. An investment is to be in a replacement bi-plane scanner in 2014-15 (£1.4m) along with the continued investment in IT (£1.3m) as part of its 'paper light' strategy (including £0.8m from the Safer Hospitals, Safer Wards technology fund). The Trust intends to invest in additional theatre capacity from 2015-16 (£2.0m) to facilitate the increased demand in elective activity. This capacity is also in preparation for a future investment in leading edge technology through the purchase of an Intra-operative MRI scanner (and associated building works) in 2016-17. It will also replace the oldest of its MRI scanners (£1.7m) to improve its service to patients. Further investment of £0.4m is planned in 'paper light' and electronic solutions through IT in 2015-16.

Summary Financial Projections

The Trust expects to maintain its strong financial performance into 2014-15 and 2015-16 building on strong financial foundations.

The following tables provide the key financial metrics for the operational plan over the next two years.

2014-15 Opening Plan Position	£000	% margin
I& E surplus / (deficit) before impairments	1,789	
I& E surplus / (deficit) after impairments	1,764	1.1%*
EBITDA	6,539	6.5%
Capital Expenditure (excl. capacity plans)	6,407	
Capital Expenditure re: capacity plans	17,237	
Forecast Cash balance @ 31st March 15	11,382	
External financing (draw down in year)	9,800	
Cost Improvement Plan (#4.5% of cost)	4,395	
CSRR = 4		

*% margin calculated net of donations

#0.5% is non-recurrent

The figures illustrated above are predicted to give the Trust a Continuity of Service Risk Rating (CSRR) of 4 in 2014-15.

The Trust's activity and financial plan is estimated to result in a surplus of £1.8m in 2014-15 after impairments. The plan for 2014-15 is an EBITDA margin of 6.5% and I&E surplus margin of 1.7%. It should be noted that the normalised I&E surplus (which excludes the £0.7m donation for the Trust's new relatives accommodation) is £1.1m, representing a normalised surplus margin of 1.1%.

It was previously forecast that the Trust would suffer an impairment of 20% on the new building that is due to be completed in December 2014. However, the Trust's advisers have reviewed this assumption and have determined that due to the excellent value that the Trust has been able to negotiate through its P21+ contract and the current property market prices, that there will be no diminution in value. They have also reviewed the assumed economic life of the new building and have determined that this should be increased. The plan reflects these latest assumptions.

2015-16 Opening Plan Position	£000	% margin
I& E surplus / (deficit) before impairments	1,287	
I& E surplus / (deficit) after impairments	1,262	1.3%
EBITDA	8,296	8.1%
Capital Expenditure (excl. capacity plans)	5,733	
Capital Expenditure re: capacity plans	N/A	
Forecast Cash balance @ 31st March 16	10,458	
External financing (draw down in year)	N/A	
Cost Improvement Plan (4.5% of cost)	4,386	
CSSR = 4		

The plan in 2015-16 is for a surplus of £1.3m. EBITDA margin is planned at 8.1% and I&E surplus margin

is planned at 1.3%. The normalised position is a surplus of £1.3m (as above), with no non-recurrent income/costs forecast in 2015-16. There are no large impairments planned in 2015-16.

Income Assumptions

For 2014-15, NHS income has been deflated in line with the Trust's final PbR tariff and algorithm for the coming year, a deflation of 0.2%. Deflation of 1.5% has been applied to non-PbR activity. The 'blended' average deflation rate for the Trust is 0.9% based on the level of PbR and non-PbR activity. For 2015-16 income plans, a 1.5% deflation assumption to both PbR and non-PbR income has been applied.

Non-patient related income has been assumed to show no increase on the existing forecast outturn. Private patient income is assumed to increase by 1.5% per annum in the plans.

CQUIN (Commissioning for Quality and Innovation) payments from English commissioners have been included at 2.4% in the two year plan. The value of CQUIN for 'pass through' items such as PbR exclusions have not been included in the plans as detailed in the planning guidance.

Activity levels have been reviewed in detail by members of the Executive Team, Divisional Teams and the Information Team. The assumptions behind the activity numbers are realistic based on recent performance. The Trust has reviewed areas where it can work more efficiently in areas such as outpatient new/follow up ratios and has built these efficiencies into its activity and income plan. The Trust continues to work closely with its main commissioner, NHS Cheshire, Warrington and Wirral (CWW) to ensure that plans between the Trust and CWW are congruent with each other.

For Welsh commissioners, the Trust has built in income at 2013-14 levels with any marginal rates built into the opening baseline/activity contract at 50%. This is because Welsh commissioners want to work with the Trust to reduce the level of marginal rates over the next two years with these to be eliminated in full by year 3. The commissioners are seeking a longer term contract with the Trust which should help to provide greater financial certainty for both sides. It is assumed that all over performance will be paid at 100%.

Stereotactic Radio Surgery (SRS) activity levels have been set at 77 patients for the coming year in line with forecast outturn (which reflects an increase on last year's plan).

No inflation has been assumed in respect of the prices for drugs and devices charged at cost such as stimulators and high cost drugs. These items are invoiced at cost to commissioners therefore inflation on prices will be passed on to commissioners. This is not expected to be material. An increase in PbR exclusions has been added to the plan in 2014-15 to reflect the increase in PbR excluded items in the previous year and in line with activity projections.

Costs

The Trust has set its cost assumptions based on national guidance and historical experience. The following assumptions have been made for the operational plan:

- Pay inflation of 1% per annum from 2014-15 onwards (although latest developments imply this is likely to be less than 1% for the Trust as a whole);
- Incremental drift on pay of 1% per annum in line with historical experience;
- Drugs cost inflation of 1.5% per annum;
- Clinical supplies costs of 5% per annum;
- Inflation on other costs of 3% per annum.

As noted earlier, the Trust has set a recurrent CIP target of 4.0% in 2014-15 and a non-recurrent target of 0.5%, which is higher than the national requirement. The higher target is non-recurrent for one year and does not reflect any underlying issue of cost control. The Trust is planning for a CIP of 4.5% in 2015-16 which is in line with national planning assumptions.

A 1.5% vacancy factor/slippage assumption has been included within expenditure plans in addition to the CIP target.

The interest rate on the second phase of the Strategic Investment Programme has been set at 2.56% in line with the prevailing rate at the loan agreement date (which was below the Full Business Case assumption of 3%).

The Trust is maintaining an expenditure reserve of c£7.2m (gross of £500k CIP) to cover potential cost pressures not funded in the divisional base budgets. This reserve will cover items such as:

- Waiting list initiatives
- Non-pay inflation
- Pay inflation
- Junior doctor pressures
- Bank and agency pressures
- Strategic investment plan revenue investments and growth.

Strategic Developments

As noted earlier, the Trust has made substantial progress with its strategic developments over the last year including:

- Phase 1a capacity expansion: additional 29 bed inpatient ward and operating theatre opened in January 2013;

- Rehabilitation expansion: creation of the 9 bed hyper acute rehabilitation service and the network development operational from January 2013. The St. Helens spoke unit opened at the end of 2012-13 and the Liverpool unit opened at the end of May 2013;

- Phase 1b of the capacity expansion: the opening of an expanded short stay Jefferson ward and theatre recovery with 10 additional inpatient beds and 3 recovery spaces in September 2013;

- Phase 1b new build: providing improved facilities for the specialised rehabilitation service, pain management programme / neuropsychology and additional general outpatient capacity along with improved education and training facilities and corporate departments, from January 2015.

These schemes together:

- Provide capacity to meet recent and projected outpatient and inpatient demand growth. The new building additionally includes fallow space that could be fitted out flexibly in response to future demand pressures;

- Eliminate medical workforce and premises risks within the rehabilitation service;

- Secure the Trust's central role in rehabilitation and thereby also major trauma care;

- Rationalise rehabilitation and corporate services, plus overflow outpatient capacity, from four dispersed leased locations on site to one within the Trust's ownership;

- Facilitate changes in service delivery, including sub specialty wards and increased short stay surgery.

The Trust is also looking to build on its reputation as a leading provider of neurosurgery services through investing in an Intra-operative Magnetic Resonance Imaging Scanning facility (iMRI) in 2016-17. This investment will be preceded by an investment in theatre capacity to facilitate the growth in activity. The investment will assist in improving the precision of neurosurgery and enhance clinical outcomes.

Rehabilitation developments

The rehabilitation network represents a £4m annual investment by commissioners. The funds are paid as a block sum and cover the direct costs of the service along with a small contribution to the Trust's overheads. This funding arrangement is expected to continue in its current guise until tariffs are agreed and implemented by the UK specialist Rehabilitation Outcomes Collaborative (UKROC). These are

anticipated to be released and implemented for 2015-16; the Trust has planned its income in line with the current arrangements until these tariffs are known, although it believes that they should increase income to the Trust.

The main risk to this service remains the level of uncertainty around the funding arrangements post 2014-15. However, as noted, this provides an opportunity for the Trust in relation to the patient case mix that currently enter this service and the expected tariff structure for the rehabilitation service.

If the rehabilitation service were to be decommissioned, then the trust could re-deploy staff into other areas of the organisation and re-allocate the 10 additional beds to general neurosurgery and neurology use, given the continuously increasing demand for its beds.

The Trust expanded its rehabilitation service to the community via a contract with local CCGs to provide rehabilitation services closer to home. This service started in August 2013 and is planned to continue into the next financial year.

Capital Programme

The total proposed capital programme is £23.6m for 2014-15 and £5.7m for 2015-16. The 2014-15 plan includes £17.2m for the Trust's Strategic Investment Programme and £6.4m on other works and equipment.

Strategic Investment Programme
During 2014-15 the Trust intends to spend £17.2m on completing the new build project which will be completed in December 2014. The scheme cost has not increased overall, but some costs forecast in 2013-14 have been re-profiled into 2014-15 compared to the original plan. This is due to several factors:

- Contingency that was anticipated to be utilised in the early stages of the scheme has not materialised. For planning purposes this has been re-profiled into 2014-15 until any potential risks are eliminated;
- The main contractor for the new build has re-profiled certain works. Some large expenditure items in the programme have been moved into 2014-15 to enable more efficient sequencing.
- Potential savings on the scheme through tendering gains (these cannot yet be estimated)

Estates investment
The Trust has reviewed the planned capital expenditure associated with the M&E infrastructure and is investing an estimated £1.2m during 2014-15 on the electrical infrastructure. It is also currently working with the Carbon and Energy Fund to procure a collaborative energy efficiency scheme with Aintree University Hospitals and Liverpool Women's FTs. The costs of the capital investment to be made by the successful service provider are expected to be more than offset by the revenue savings on energy costs, yielding a guaranteed saving under the contract.

Clinical equipment
During 2014-15 £2.8m will be spent on clinical equipment, including £1.4m on a replacement bi-plane in the neurology division, and a £1.3m investment in IT to support a 'paper-light' strategy, including the development of a paperless order communications system for radiology and pathology tests.

The work on a fourth MRI scanner was completed during 2013-14 and the scanner will become operational in quarter one of 2014-15. A further £1.7m is committed to replace one of the existing scanners in 2015-16.

The £5.7m capital spend in 2015-16 includes £2.0m spend on two new theatres (to be completed in 2016-17) which will facilitate the dual use of the planned investment in an iMRI scanner (2016-17). The iMRI scanner has been the subject of a charitable donation campaign by the Marina Dalglish Appeal and there is also continuing discussion with commissioners as to whether funds may be available to invest in the cutting edge technology, although no funding has been assumed in the plan.

Capital Schemes Identified	2014-15	2015-16
Strategic Investment Programme		
Phase 1b New build		
New build	14,203	
Merseycare fit out	1,003	
Relatives accommodation	334	
Other (IT)	424	
Trust fees	301	
Equipment	770	
Contingency (Back entrance £302k moved below)	202	
Total - Phase 1b New build	**17,237**	**0**
Sub-total - Strategic Investment Programme	**17,237**	**0**
Service Developments		
MRI 4 - Scanner & Turnkey	187	
Total - MRI 4	**187**	**0**
Theatre 7		1,000
Theatre 8		1,000
Total - Theatre 7 & iMRI	**0**	**2,000**
Sub-total - Service Developments	**187**	**2,000**
Estate Schemes		
General Estates	188	196
Electrical infrastructure upgrade	1,081	
Estates Infrastructure	120	223
Sub-total - Estates	**1,389**	**419**
IM&T Schemes		
Digital Dictation Project / Voice recognition	121	
Voice Over IP (VOIP)	100	100
Data Centre (potential investment)	100	
ePatient Server Architecture		15
EDMS Hardware (Case notes)		15
Trust wide Order Comms	300	
Safer Hospitals, Safer Wards tech fund	425	
Network Expansion PACS	20	20
General IT (PAS upgrade/Wireless expansion/Neurophys upgrade)	200	200
Server Refresh/SAN Reliance/VM	30	15
Sub-total - IM&T	**1,296**	**365**
Neurology Directorate		
General Diagnostic Equipment	50	50
EMG System (4No)	140	
Replacement MRI Scanner (replace Philips 3T MRI)		1,700
Replacement Bi-plane	1,355	
Replacement Image Intensifier	110	
Trans Cranial Doppler System		55
Intra Operative Management System (replace XLTEC protektor)	55	
MRI Monitor		75
Telemetry ambulatory systems (6No)	90	
Neurophysiology Quest (2No)		41
Sub-total - Neurology	**1,800**	**1,921**

Capital Schemes Identified	2014-15	2015-16
Surgical Directorate		
Pathology contingency	50	50
Air tube transport upgrade	50	
6 Wards equipment	50	50
Operating Microscope	215	
Portable Intubation Fibro scope	10	
Ventilator	14	
ITU Ventilator (5No)		140
ITU Portable Monitor (2No)		8
Surgical Aspirator		60
Patient Monitoring Systems (4No)		80
Electrosurgical Generator		10
Patient Monitors (5No Theatre recovery bay)		55
Patient Bath (Dott Ward)		15
Decontamination instruments	174	102
Misonix bone scalpels	81	
General diagnostic equipment (surgery)	50	50
Diagnostic ultrasound scanner	15	
Tissue Processors (2No)	60	
Cytospin		8
Refurb theatre/ new image display interrogate PACS (5 No)	250	
Sub-total - Surgery	**1,019**	**628**
Corporate Functions		
Capital Contingency	400	200
PLICS	48	
Stock Management System	268	200
Sub-total - Corporate	**716**	**400**
Total		
Phase 1b New build	17,237	0
Strategic Investment Programme	**17,237**	**0**
MRI 4	187	0
Theatre 7 / 8 & iMRI	0	2,000
General Schemes	6,220	3,733
Grand Total	**23,644**	**5,733**

Key risks

The main risks in the capital plan are:

- Additional capital items required not currently identified in the capital plan. At present there is some contingency in 2014-15 and 2015-16 to fund items not yet identified and an opportunity to re-profile items within the capital plan if a more pressing need presented;
- Overspend on SIP new build. At present there is contingency within the contract which has not yet been utilised.

Liquidity

The Trust enters 2014-15 with a cash balance of c£21.6m giving it a CSRR liquidity rating of level 4. The Trust will continue to draw down the loan agreed as part of its FBC approval for phase 1b from ITFF along with utilising the £12m funds it received from NHS Merseyside and the £0.7m charitable funding from its

Home from Home appeal for the relatives accommodation to complete this project. The Trust will also require some additional investment in its electrical infrastructure at a cost of £1.2m along with the bi-plane scanner replacement. This level of capital expenditure along with the anticipated surplus during 2014-15 will mean a net reduction of cash of £10.2m over the financial year to £11.4m. This level of cash provides a CSRR liquidity rating of 4.

The net result of capital expenditure and donations as detailed under the Capital Programme in 2015-16 above, along with the increase in PDC payments (c£0.3m due to the new building), result in a net cash outflow of £0.9m. The closing cash balance in 2015-16 is forecast at £10.5m which results in a CSRR liquidity rating of 4.

Risks and Mitigations

The Trust has developed and embedded a systematic approach to identifying, reviewing and managing financial risk through the Trust's committee structures. This is a dynamic process and risks are reviewed and updated quarterly via the Board Assurance Framework (BAF).

The Finance team have evaluated the main risks facing the Trust as a result of the changes to the commissioning environment and the proposed contract for 2014-15. These are discussed, along with the planned mitigations in the Appendix.