



Strategic Plan Summary Document for 2014-19

Birmingham Children's Hospital NHS Foundation Trust

Version Control: Version 1

Strategic Plan for y/e March 2015 to 2019

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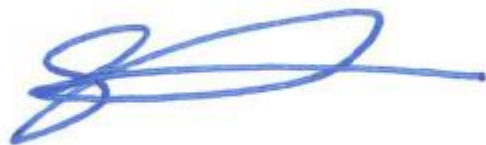
Signature



Approved on behalf of the Board of Directors by:

Name (Chief Executive)	Ms Sarah-Jane Marsh
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Approved on behalf of the Board of Directors by:

Name (Finance Director)	Mr David Melbourne
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1. Declaration of Sustainability

Based on our analysis the Board of Director's declares that Birmingham Children's Hospital NHS Foundation Trust will be financially, operationally and clinically sustainable according to current regulatory standards in one, three and five years' time.

The rationale for this assessment is summarised below and covered in detail within the remainder of this planning document.

Operational Sustainability

In order to ensure that we are able to continue to be operationally sustainable it is important that we are able to manage the predicted growth in demand. To meet this challenge we launched the Next Generation programme in April 2014, which includes plans for investing in the development of our estate. We have committed £35 million to developing our site, on top of the £9 million already allocated to Parkview Child and Adolescent Mental Health Services. This will provide us with the capacity required to ensure that we will continue to be operationally viable between now and 2022.

Clinical Sustainability

Our future clinical workforce is the key component for ensuring that we are able to continue to provide sustainable clinical models over the next five years. We have a good understanding of the specific challenges that we will face during this period and are confident that we will be able to respond appropriately. As an organisation we have invested heavily in the development and expansion of our workforce over recent years and are leading on a range of innovative models to ensure that we are able to deliver viable clinical services in the future - this includes leading on the development of paediatric clinical networks for the region, implementing new roles such as Physicians Assistants, developing our international recruitment model and redesigning our nursing and medical workforce models.

Market Demand

Demand for our services is forecast to increase with growth predicted over the next ten years due to a range of factors. For financial planning purposes we have only considered the known demographic changes in demand, which show a clear increase in the activity we will be required to deliver. On top of this there are a number of opportunities to enhance our market share, which has already increased significantly over recent years, as a result of changes in the paediatric provider landscape. We are extremely well placed when it comes to our market strength in relation to our competitors and demand for our skills and expertise is expected to remain high.

Financial Sustainability

Our strategic financial plan demonstrates that the Trust will remain financially sustainable over the period up to 2019. Importantly the financial plan does not assume any significant growth in income as a result of additional activity and has built in a reduction of 16% in the level of paediatric tariff. The plan is predicated on reduced levels of surplus with the surpluses that are generated being set aside to support the funding of a new children's hospital in Birmingham as part of our Next Generation programme.

Efficiency requirements within the Trust have been set at 4% per annum over the period and these are deemed to be realistic and deliverable based on previous performance and through comparison with achieved efficiency targets from across the sector. A range of cross cutting programmes have been

established to enable the delivery of these savings focusing on workforce, technology, patient flow and care pathways supported by our continued focus on strong financial management

2. Trust Overview

Birmingham Children's Hospital NHS Foundation Trust provides children's health services for young patients from Birmingham, the West Midlands and beyond, with over 240,000 patient visits every year. We are one of the UK's four standalone children's hospitals, one of 33 providers of specialised children's services, and one of the UK's 246 trusts providing hospital paediatric services to the local population. We provide 11+ national services, 30+ services to children and young people in the West Midlands, and general and emergency services to the south and central population of Birmingham. We are characterised by a unique co-location of all the services, specialist expertise and diagnostic and treatment resources that a sick child needs. The population is characterised by diseases which have one or more of the following features: rarity, complexity, co-morbidity, unresponsiveness to conventional therapy, age or acuity.

Our hospital is home to:

- 54 specialties
- 11 Nationally Commissioned Services
- 150,000 outpatient visits a year
- 50,000 Emergency Department patients a year
- 44,000 inpatient admissions each year
- 244,000 patient visits per year
- 360 beds across 16 wards at Steelhouse Lane and 4 Child and Adolescent Mental Health Services (CAMHS) wards at Parkview in Moseley
- 14 theatres
- 61 parent and family accommodation rooms – the largest facility in Europe
- KIDS regional emergency transport service
- Provision of the largest single community CAMHS service in England
- Wellcome Clinical Research Facility
- 31 bedded Paediatric Intensive Care Unit (PICU)
- £238m annual income
- 3,500 staff

The issues we are facing with increasing high demand for our services means we have to continue to grow our capacity at a rapid pace, not just by building new facilities, but also by organising ourselves differently to improve our patient pathways. We need to redesign our workforce to use our skilled professionals in new ways and invest in technology to enable change. If we look ahead to the next ten years, our local population is expected to grow significantly, and we will see thousands more children every year, with even more complex conditions. Our analysis tells us our current 150 year old hospital will simply not be able to cope with this demand, so we have been developing options for a new hospital, either at our current Steelhouse lane site or at Edgbaston.

The development of Birmingham's first purpose-built children's hospital is an exciting and important step in our future strategy, but we fully recognise that 2022, the very earliest it could be built by, is too long to wait, and it is essential that we invest in our future now, to be able to cope with our current demand projections. For that reason, we launched our **Next Generation** project in April 2014, which set out our plans for the development of the Steelhouse Lane site and our ambition to create the first integrated Women and Children's hospital within the UK. The Next Generation project forms a key element of both our operational and strategic plan for the next ten years up until 2024.

3. Our Vision

The Trust's strategy is based on our mission, which is "to provide outstanding care and treatment to all children and young people who choose and need to use our services, and to share and spread new knowledge and practice, so we are always at the forefront of what is possible."

This is supported by a clear set of strategic goals and our vision of being the leading provider of healthcare to children and young people in the UK, whatever their condition and wherever they need our expertise.

Our Mission

To provide outstanding care and treatment to all children and young people who choose and need to use our services, and to share and spread new knowledge and practice, so we are always at the forefront of what is possible.

Our Vision

To be the leading provider of healthcare to children and young people in the UK, whatever their condition and wherever they need our expertise

Our Strategic Goals

Delivering excellent care today....		Striving to make it even better....		Shaping excellent care for tomorrow....	
Every child and young person requiring access to care at Birmingham Children's Hospital will be admitted in a timely way, with no unnecessary waiting along their pathway	Every child and young person cared for by Birmingham Children's Hospital will be provided with safe, high quality care, and a fantastic patient and family experience	Every member of staff working at Birmingham Children's Hospital will be looking for, and delivering better ways of providing outstanding care, at better value	Every member of staff working at Birmingham Children's Hospital will be a champion for children and young people	We will strengthen Birmingham Children's Hospital's position as a provider of Specialised and Highly Specialised Services, so that we become the leading provider of Children's Healthcare in the UK	We will continue to develop Birmingham Children's Hospital as a provider of outstanding local services: 'a hospital without walls', working in close partnership with other organisations

Figure 1 The Trust Vision for 2014-2016

4. The Trust Priorities 2014-2016

As part of the business planning process in 2013 the Trust agreed a set of three-year priorities covering the period 2013-2016 and these are outlined in figure 2.

Figure 2 Our Priorities for 2013-2016

<p>We will strengthen Birmingham Children's Hospital's position as a provider of Specialised and Highly Specialised services, so that we become the leading provider of healthcare in the UK</p> <ul style="list-style-type: none"> •To develop and promote our strategy for rare diseases •To be more ambitious in our delivery of specialised mental health services, ensuring children and young people receive the best care in the best environment 	<p>Every member of staff working at Birmingham Children's Hospital will be a champion for children and young people.</p> <ul style="list-style-type: none"> •To further develop our position as an advocate and provider of public health advice, improve the lives of our patients, and all children and young people across Birmingham •To further strengthen the voice of children and young people in how our services are run and how we promote healthy lifestyles •To improve the quality of end of life care •To improve the life chances for young people with a learning disability by developing a range of employment opportunities 	<p>We will continue to develop Birmingham Children's Hospital as a provider of outstanding local services: 'a hospital without walls', working in close partnership with other organisations</p> <ul style="list-style-type: none"> •To continue to develop, with our partners, a Birmingham Children's Network, that enables high quality, high value health care for children and young people across Birmingham •To work with primary care partners to examine how we might come together to best provide first line care for children and young people •To examine, with partners, how we best provide community mental health services for children and young people, given the budget reductions expected from commissioners
<p>Every child and young person requiring access to care at Birmingham Children's Hospital will be admitted in a timely way, with no unnecessary waiting along their pathway</p> <ul style="list-style-type: none"> •To ensure that no child or young person has their appointment or operation cancelled, unless there is unforeseen urgent clinical priority. •To provide high quality consistent emergency medical and surgical care by improving the patient journey and removing all unnecessary delays. 	<p>Every child and young person cared for by Birmingham Children's Hospital will be provided with safe, high quality care and a fantastic patient experience</p> <ul style="list-style-type: none"> •To further develop our approaches to gaining feedback from staff, children, young people and families to ensure that their voice is heard at every level of the organisation •To further innovate our systems to promote and enhance patient safety and reduce avoidable harm. •To introduce technology to improve the service safety, quality and experience •To build an organisation of high performing teams, focussing on quality 	<p>Every member of staff working at Birmingham Children's Hospital will be looking for, and delivering better ways of providing care, at better value</p> <ul style="list-style-type: none"> •To review whether we have the right people, with the right skills, undertaking key roles to ensure we can provide high quality services within the resources available •To support and develop innovation in the delivery of care by redesigning a range of clinical pathways •To explore how we can work with partners, to improve our commercial offer in order to further support our NHS services

5. The Strategic Context

5.1. Our Strategic Analysis- Summary

Over the past year the Trust has undertaken a detailed strategic analysis to support the development of our organisational strategy and this has considered:

- The specialist nature of the hospital and responding to the increasing centralisation of complex services into fewer national centres as part of the NHS England strategy for specialised services
- Developing the local Birmingham and West Midlands acute paediatric service offer and working closely with other local paediatric providers to identify how local paediatric services are best delivered.
- Extending clinical networks into the community and secondary care across the West Midlands thereby enhancing the offer provided to both Birmingham and the region by BCH
- Providing a complete service for children and young people with mental health problems from specialist community to complex inpatient care.
- Developing and promoting our strategy for research and rare diseases in line with the UK National Strategy.
- Improving the quality of our end of life care.
- Championing the health and well being of children and young people in Birmingham, across the West Midlands and nationally.
- The need to address capacity issues in our estate in both the short and long term
- Our long term ambition to establish the first integrated Women & Children's Hospital in the United Kingdom

Some of the key challenges that we are facing which will influence the development of our strategy are briefly outlined in figure 3.

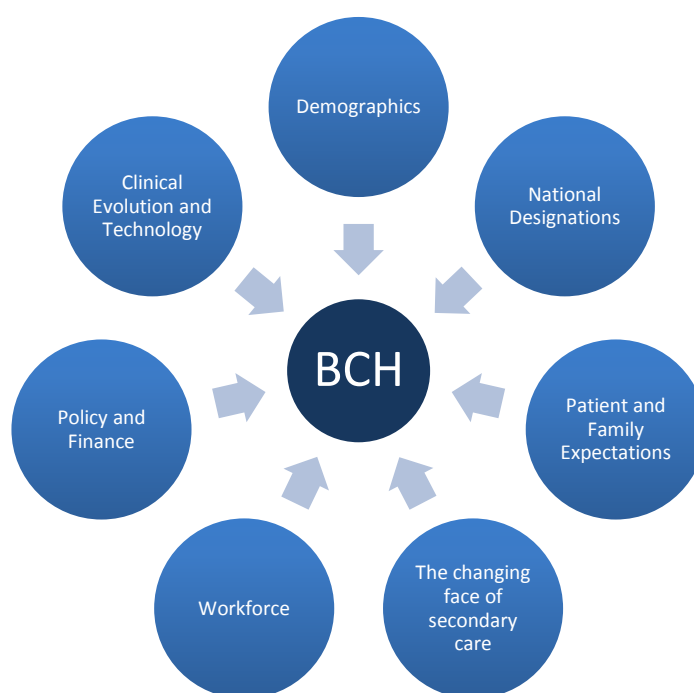


Figure 3 Key Strategic Issues for BCH

Policy and Finance: - there continues to be significant pressure on the NHS financially and the long term financial forecast outlines the scale of the challenge that will be faced across the NHS, especially post the 2015 general election. Across Birmingham Clinical Commissioning Groups (CCGs) the level of financial savings required over this five-year planning period is £750million. Our major commissioner NHS England is also facing significant financial pressures across the specialised services portfolio. The financial challenge combined with some of the national policy and emerging thinking in areas such as specialised service configuration, elective surgical centres and potential hospital chain models means that the future landscape is likely to change significantly between now and 2019.

Changing Face of Secondary Care:- secondary care providers are increasingly starting to withdraw from providing the full range of paediatric services due to challenges associated with clinical sustainability and workforce. This is increasing the demand on specialised providers to deliver care previously delivered out of the local District General Hospital (DGH).

Patient & family expectations: - for children and young people coming into hospital can be a frightening and disorientating experience. Currently much of the hospital is based on old-fashioned Nightingale wards that offer poor privacy and space for our patients. Upgrading to more single rooms will offer greater dignity and privacy and also allow parents to sleep next to their children.

Workforce: - healthcare is primarily a service-based industry, delivered by people. The Trust's aim is to attract and retain the best and brightest people in what is becoming an increasingly competitive labour market. The number of available senior doctors and nurses is gradually decreasing at a time when service demand is increasing and we will be competing for a diminishing pool of healthcare workers with other children's health care providers both within the UK and internationally.

Clinical service evolution and technology: - our current estate, due to ad-hoc expansion, does not provide ideal clinical adjacencies, leading to inefficiencies for staff. In addition the core of the estate is based on Victorian buildings and does not have the capacity to accommodate large-scale cutting edge technology such as inter-operative MRI. Many of the Trust's national and international competitors are investing heavily in new infrastructure (Manchester, Liverpool, Sheffield and Great Ormond Street) and in order to achieve our service ambitions BCH will need to respond.

5.2. Understanding our Demand

In order to develop both the operational and strategic plan for BCH it is important that we fully understand our future demand and capacity requirements, particularly as this has such a significant impact on our medium and longer term estate development.

5.2.1. Demographic & Population Changes

Demographic changes are one of the key factors that will impact on our future hospital model. The birth rate in the West Midlands is currently rising, and combined with the effect of migration, urban centres including Birmingham are experiencing very rapid rises in the number of children and young people living within them. This has a direct impact on the number of children and young people requiring treatment, particularly over the lifetime of the strategic plan.

Birmingham is an extremely young city with a profile that is markedly different to the England average. This trend is set to continue with the age profile reducing further across both Birmingham and the broader West Midlands- ONS data predicts an increase of almost 8% (0-16 year olds) between 2014 and 2021 in Birmingham with similar figures for the West Midlands region.

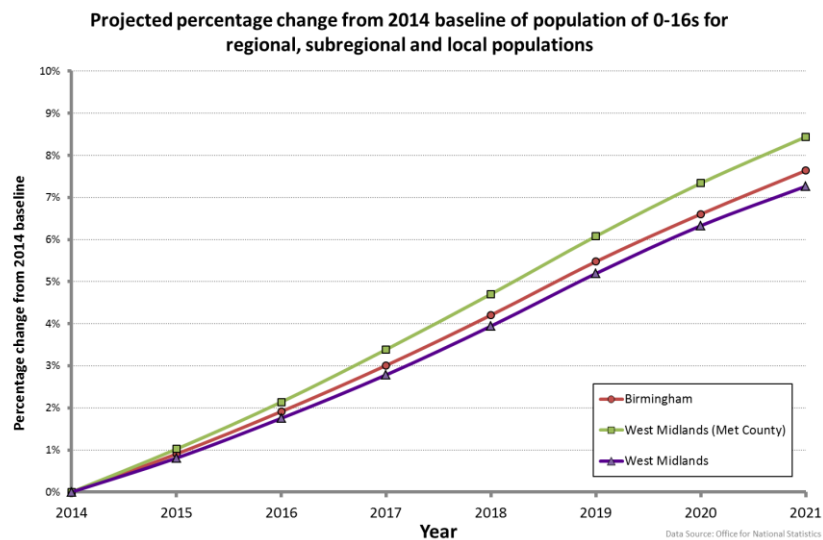


Figure 4 Projected change from baseline in 0-16 population 2014-2021

We have used this methodology to look at predicted demographic trends at a broader geographical level by considering all of our major referring localities (figure 5). Whilst the predicted increase in the 0-16 population is not as dramatic as that forecast within Birmingham there are still significant areas of growth (2014-2019) from across all of our major referral areas.

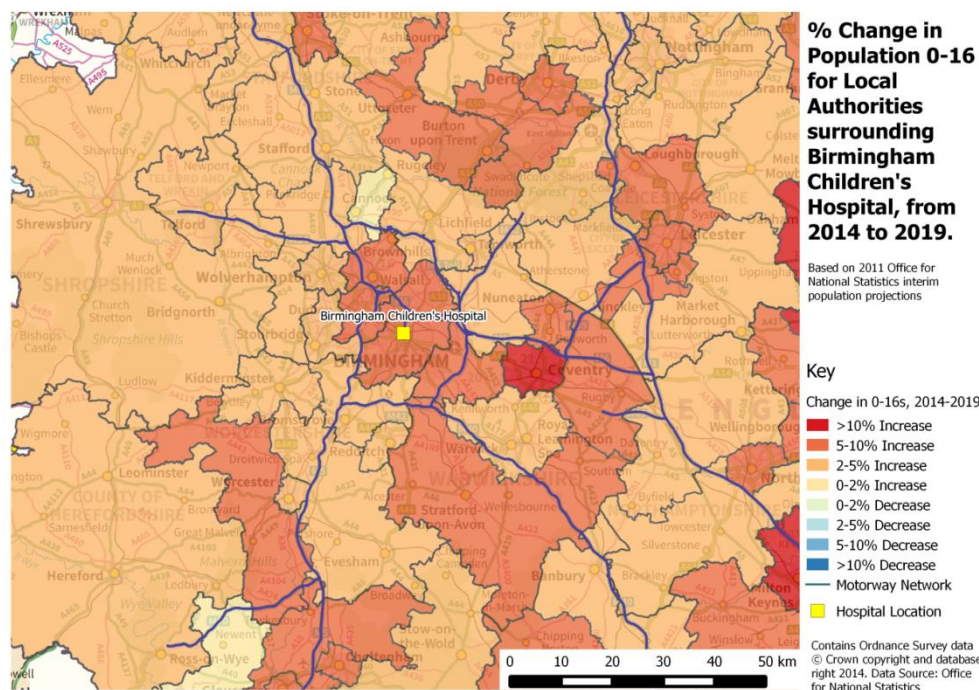


Figure 5 Projected change from baseline in 0-16 population for BCH main referral base

5.2.2. Future Predicted Demand

We have developed a demand model that adjusts for local authority specific population projections derived from the ONS data outlined above. This shows a 7.1% increase in total hospital activity by 2021 from 2013 baseline, rising to a total increase of 8.5% by 2025 through demographic changes (Figure 6). It is important to stress that all of these figures are based on demographic adjustments only and do not consider growth in terms of market share or reconfiguration.

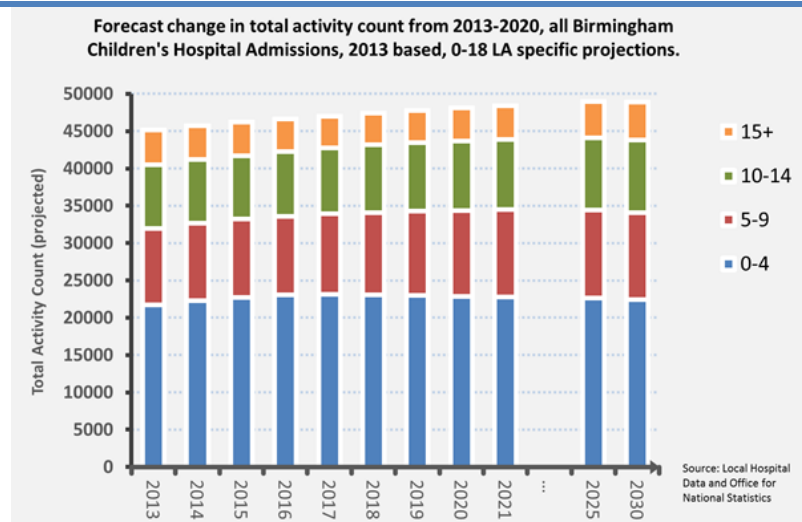


Figure 6 Demographic Changes for West Midlands 2013-2030 (ONS Data)

Outside of London, the West Midlands is the most ethnically diverse region in England and Wales. The ethnic diversity of the population has a significant impact on activity profiles due to rises in case-mix complexity and birth rates, leading to an increase in demand and rising complications from consanguineous relationships. There is also significant variation across the region in terms of deprivation, which is another key determinant in terms of health care requirements and access to health.

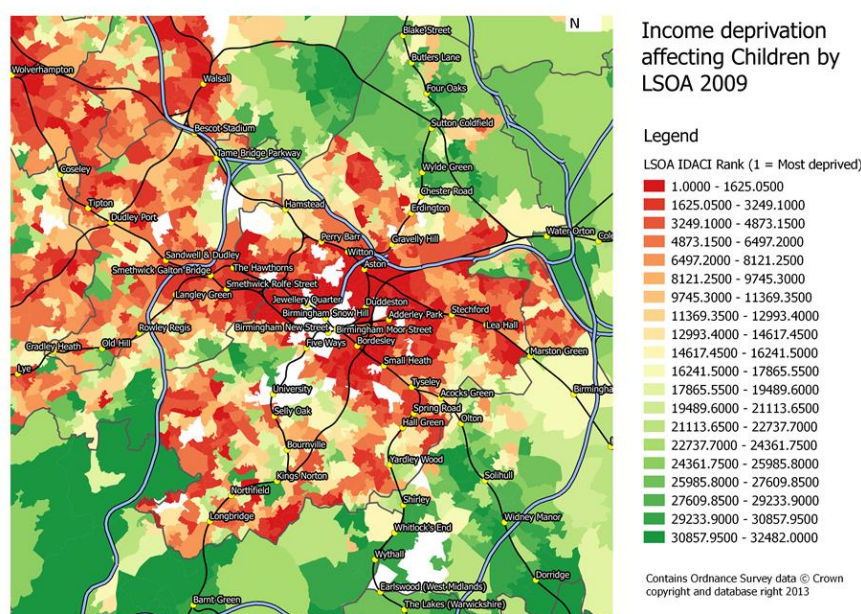


Figure 7 Income Deprivation Profile Birmingham (ONS Data)

6. Market Assessment

As part of our strategic planning it is important that we understand our position in the market and recognise the potential opportunities and risks that may be presented through competition. The market assessment for BCH builds upon the initial evaluation e carried out as part of the operational plan and utilises the Monitor and PWC guidance issued in order to cover the key recommended areas.

The competitor analysis, Porter 5 Forces Model and organisational SWOT analysis for BCH are included in our full strategic plan submission but not the summary document due to the commercially sensitive nature of this information.

- BCH historical market share and forecast trends in market share
- Competitor analysis
- Strategic frameworks for BCH- PESTLE, Porter 5 Forces & organisational SWOT analysis
- Impact of market growth on future demand
- Review of national policy and implications

6.1. Market Share Trends

Maintaining a strong market share is an important element of our longer term strategy, especially in the context of some of the significant financial challenges being faced by the NHS. We have evaluated two distinct areas of market share- CCG commissioned activity and NHS England commissioned activity.

6.1.1. Local and CCG Commissioned Activity

It is possible to evaluate the current strength of BCH in the secondary care market by analysing market share data. Total hospital activity for children and young people has consistently risen in the West Midlands over the last five years. Importantly, the rate of increase at BCH has been more significant and illustrates the growth in terms of our market share and increased penetration into the market. Our analysis, following correction for seasonal factors, shows a statistically significant shift in market share towards BCH over the last five years. By regression, this equates to an approximate 0.7% shift in the number of admissions from the West Midlands towards BCH on an annual basis, or an estimated 3.4% change in market share over a five-year period. Assuming a static number of admissions across the West Midlands, this will contribute an additional 5,600 cases per year by 2019- a growth of 15.4%- as a result of market share changes

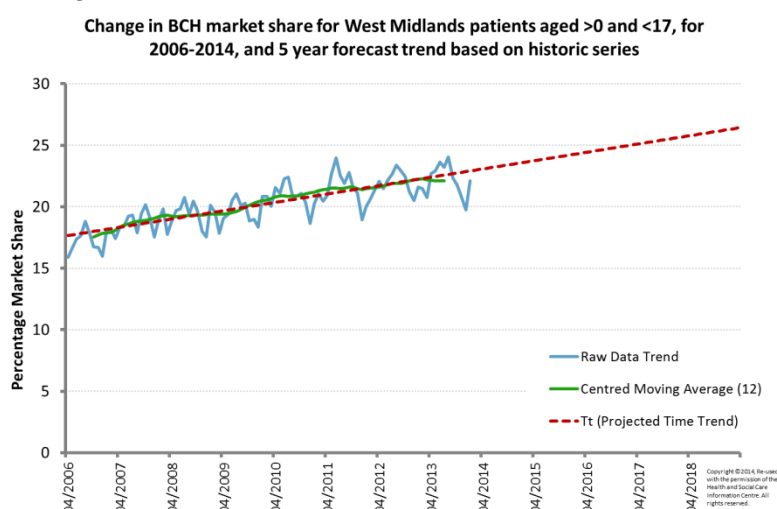


Figure 8 Market share growth and projected trend West Midlands patients to BCH

6.1.2. NHS England Commissioned Services

Understanding trends in national markets share is more challenging as a result of the data that is available nationally and due to variation in coding methodologies. We have continued to develop a methodology to evaluate our growth in the delivery of NHS England commissioned services, but currently use a proxy of Non-West Midlands patients and growth comparisons with other leading children's trusts to evaluate our position. Using this approach we can establish that BCH has been able to both maintain a strong market presence nationally and increase its overall market share in the specialised services market.

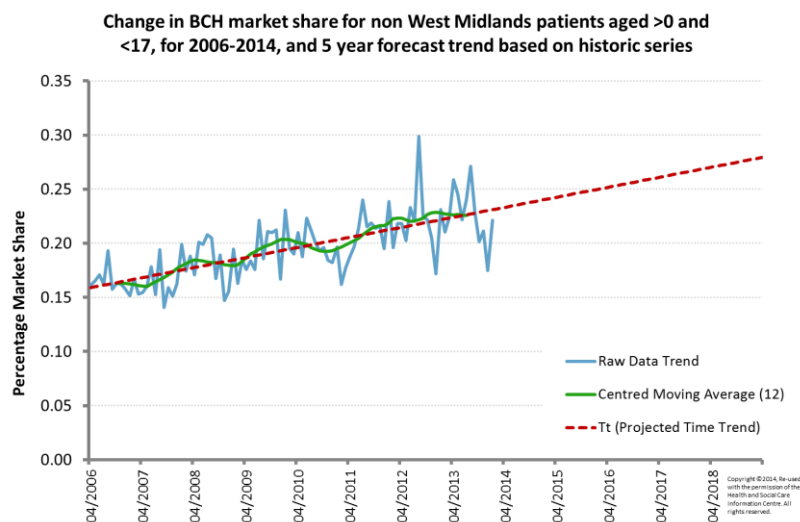


Figure 9 Market share growth and projected trend non- West Midlands patients

6.2. Applying Strategic Models to BCH

We have applied a range of strategic models to BCH and broken down our strategic analysis and assessment into four levels in line with the planning guidance:

- Competitor analysis- excluded from summary document
- PESTLE analysis (covering the macro and meso-environment)
- Porter analysis (assessing the market and competition)
- SWOT (evaluating our competitive advantages and risks) – excluded from summary document

6.2.1. PESTLE Analysis

A PESTLE analysis has been undertaken as part of our strategic planning process (Figure 10).

<p>Political</p> <p>General Election 2015 Protected NHS Funding beyond 2015 Changing NHS leadership and strategy (Simon Stevens era) Francis/Berwick/Keogh reports & Dalton review Potential future role of Monitor & CQC Local politics; service closures, response to provider failure and possible mergers Challenges facing Birmingham City Council and the impact of safeguarding</p>	<p>Economic</p> <p>Recovering UK economy HS2- future development of the West Midlands The Life Sciences LEP Economic Zone National tariff changes & inflation Rising drug & treatment costs Employment costs & pensions National changes to workforce commissioning National pay constraints for NHS staff</p>
<p>Social</p> <p>Birth rate & migration Patient choice factors Consanguinity Lifestyle factors Increased demand for self care/dependency Survivorship & novel treatments Changing expectations of the workforce (e.g. part time working)</p>	<p>Technological</p> <p>Clinical evolution & new technologies Genetics & personalised medicine Access to personalised records (My Health) Digital & remote working Near patient testing and remote monitoring Utilisation of big data Use of social media Demand for real time information</p>
<p>Environmental</p> <p>Sustainability & carbon Trade & supplies Energy & transport links</p>	<p>Legal</p> <p>Competition law FT status – mergers and acquisitions Judicial reviews - service reconfiguration</p>

Figure 10 PESTLE analysis

6.3. Market share and demographics combined- implications for future demand

The market share data and market assessment demonstrates that BCH has been able to maintain a strong level of market penetration and has successfully grown market share in both NHS England and CCG commissioned activity. Our assessment of the emerging policy both nationally and locally does not indicate there is any potential risk to BCH in terms of losing market share and it is clear that there is the opportunity to potentially enhance market share further through provider reconfigurations. It is however recognised that the projected growth in market share is unlikely to be sustainable in the long term and it would be expected to plateau at some point in the future. Therefore for the purposes of our financial strategy we have only modelled the downside scenario i.e. used demographics only and not included growth linked to market share.

It is important to note that if we did the projected levels of continued growth in market share, combined with the demographic trends highlighted earlier, then there will be a significant increase in activity over the next 5 to 10 years when the two elements are combined as outlined in our modelling below (figure 11).

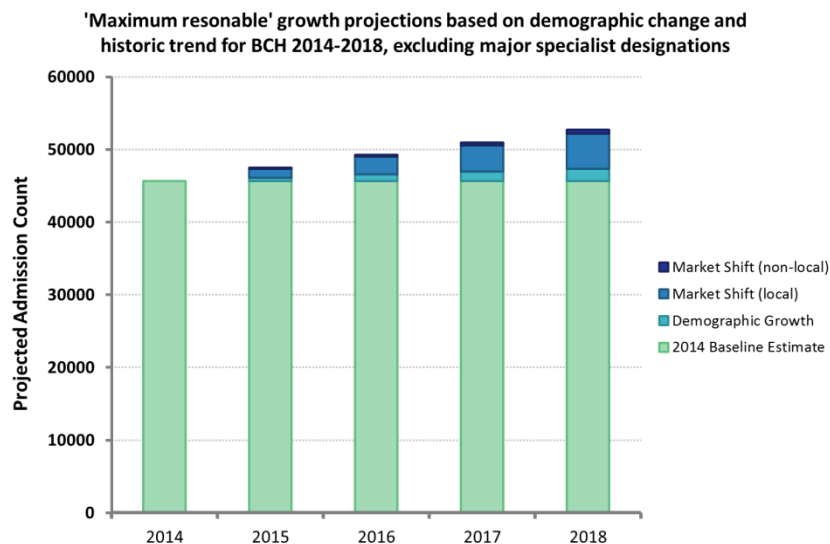


Figure 11 Maximum growth projections- demographics and market share combined

7. National Policy- implications for our future strategy

NHS England has previously set out the six key characteristics that form the basis of its five-year strategy.

- Specialised services concentrated in centres of excellence.
- Citizens fully included in all aspects of service change and patients fully empowered in their own care.
- Wider primary care, provided at scale.
- A modern model of integrated care.
- Access to the highest quality urgent and emergency care.
- A step-change in the productivity of elective care.

Since then the new NHS Chief Executive has started and it is clear from some of the early thinking that the future strategy may change subtly in some areas, particularly with regards to specialised services, integrated care models, the importance of clinical networks and the role of genomics and personalised

medicine. In developing our future strategy we have reflected the six key characteristics set out by NHS England and considered how future policy may present us with further opportunities and challenges.

7.1. Specialised Services Strategy

The provision and growth of our specialised services portfolio is a key component of our future strategy. The initial NHS England strategy proposed a radical reorganisation of specialised services from 300 commissioned providers to between 15-30 centres. The national policy is likely to change become less prescriptive about the specific number of centres that will exist whilst at the same time becoming more focused on defining what constitutes “specialist service” provision. BCH is in an extremely strong position to maximise this opportunity and the on-going expansion and development of our specialised services portfolio will continue to be a key area of our strategy over the next five years.

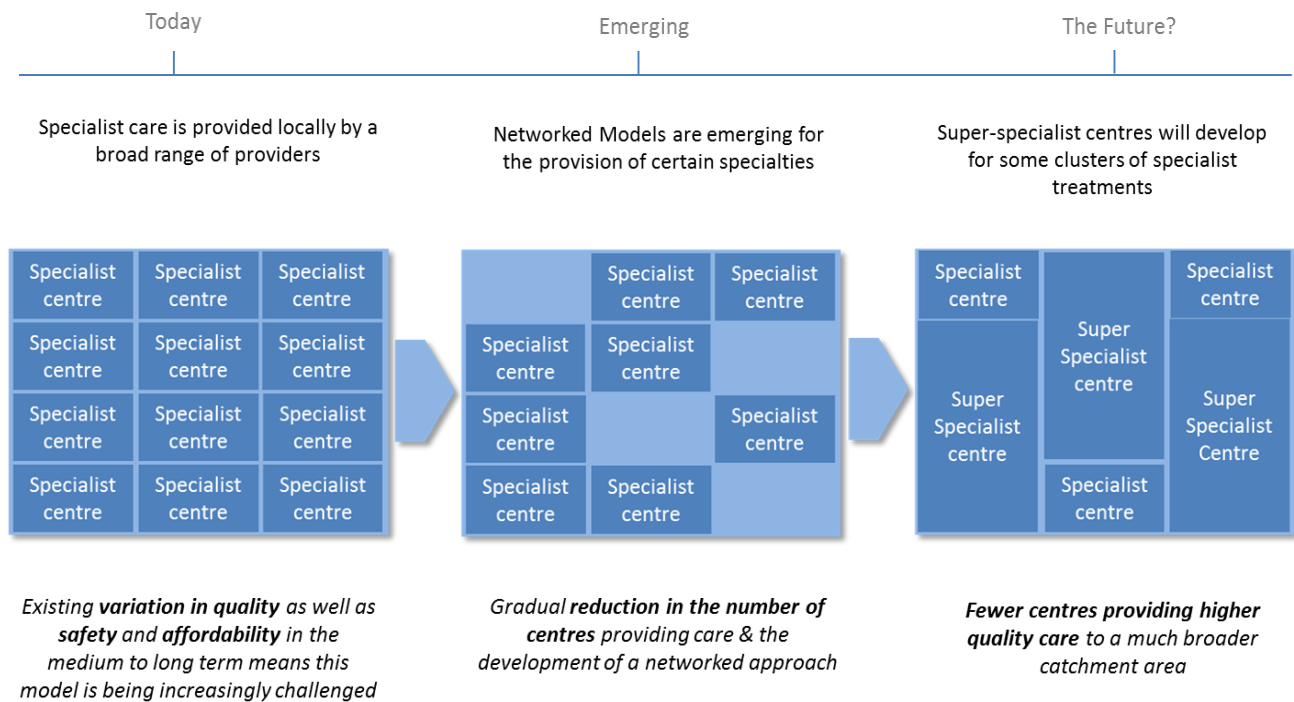


Figure 12: Developing Model for Specialist Service Provision

The requirement for such change to be developed on the basis of clinical evidence and quality of outcomes fits well within our approach and aligns well with the strategy that we have developed with regards to the expansion of our estate, as part of the Next Generation project.

7.2. Integrated Care & Clinical Networks

Three of the key areas within the NHS England five year strategy (integrated care, primary care and high quality emergency care) highlight the need for organisations to develop more integrated service delivery models and emphasise the importance of developing clinical networks as potential provider solutions. BCH has a strong track record in leading network development and integrated care models (cystic fibrosis, paediatric retrieval services (KIDS), PICU, cardiac network) and the development of future clinical networks continues to form a key element of our strategy going forwards. We are already leading on the development of two new key networks and these form an important part of our organisational strategy on networks and integration- the Birmingham Children’s Health Network (CHN) and the West Midlands Paediatric Surgical Network.

A new area of our future strategy- primary and community integration?

In developing our five year plan it has also become increasingly clear that the development of integrated clinical pathways across primary, community and acute care will need to be a key strand of our future strategy. Most of our work so far, with the exception of the CHN, has focussed on the development of clinical networks across providers- typically integration between hospital providers. We will be refining our strategic approach in this area over the coming year and some of our initial thinking has focused on our role as a potential provider within both primary and community care - either through a partnership or networked model of provision. Three potential models have started to emerge from our initial thinking, which could form the basis of our approach in this area, ranging from the current model through to the possible development of community paediatric hubs and networked models across primary care.

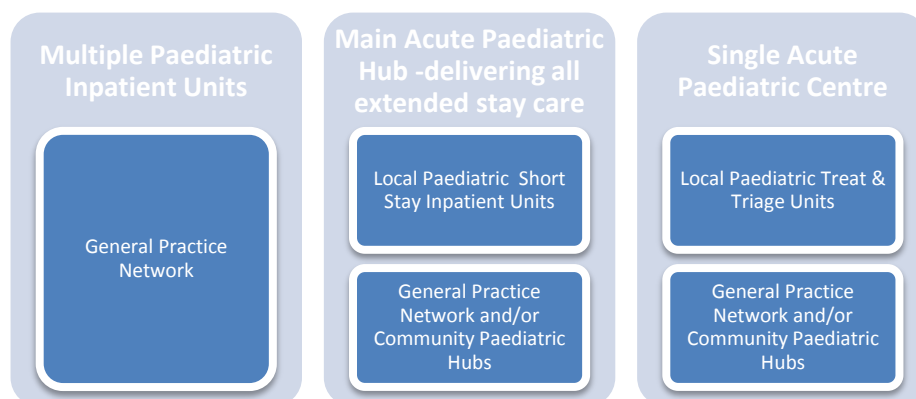


Figure 13 Future potential delivery models for acute, community and primary care services

7.3. Personalised Medicine & Genomics

One of the policy areas that is set to become increasingly more important over the next few years will be the development of personalised medicine and genomics. The UK rare disease strategy, the emerging model for genomics provision in the UK and the focus on personalised and stratified approaches to healthcare means that this will become a key area for the NHS over the course of the next decade. This has already started to form a key component of our organisational strategy and includes the development of the Institute of Translational Medicine with Birmingham Health Partners.

The Institute of Translational Medicine Birmingham

We are a member of Birmingham Health Partners alongside the University of Birmingham and University Hospital Birmingham NHS Foundation Trust. Birmingham Health Partners is leading the development of a new Institute of Translational Medicine (ITM), a world class clinical research facility in Birmingham, which is due to open in 2016 in the heart of the life science economic development zone in the City. The centre will help progress the very latest scientific research findings from the University into enhanced treatments for patients across a range of major health issues. The ITM will host five key thematic areas be supported by five core infrastructure components

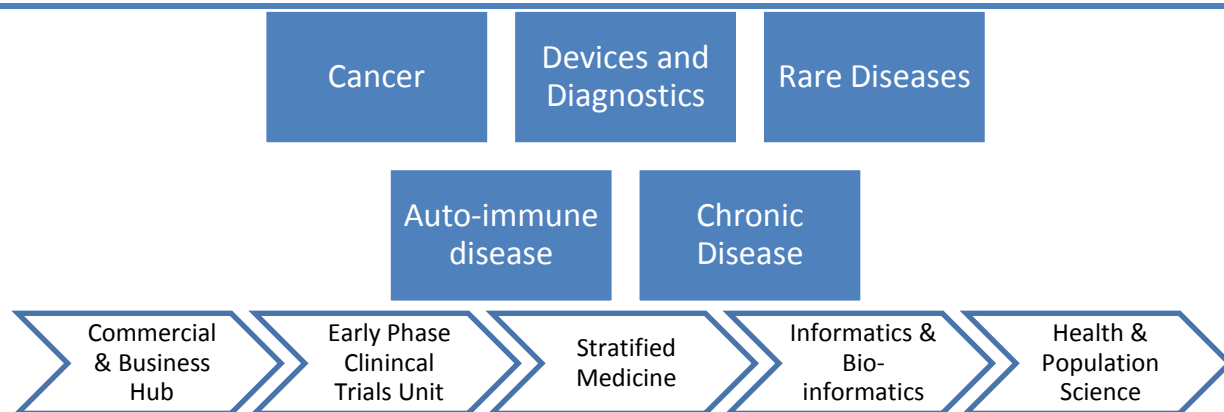


Figure 14 The ITM clinical themes and supporting infrastructure

The Institute will build on Birmingham's excellent track record in clinical trials by increasing capacity and enabling more patients to be co-located alongside clinicians and researchers. It will also make it easier for both SME and large pharma and biotechnology firms to work more closely with clinicians and academics, bringing additional investment into the city.

Building on our current strengths and further developing our research and development portfolio will ensure that we can fully play our part in the agenda that is unfolding.

7.4. Future Provider Models- the role of hospital chains

One emerging area that we have considered as part of our strategic planning is the future NHS hospital provider model– specifically the potential findings and recommendations that will emerge out of the Dalton review. Some of the potential models that are being considered and explored will include:

- Locality based single or multi- site trust (traditional NHS Model)
- Federations (e.g. UCL Partners)
- Service Level Chains (e.g. Moorfields)
- Joint Ventures (e.g. GSTS Pathology)
- Management/Operational Franchise (e.g. Circle- Hinchinbrooke)
- Geographically disperse multi-service chain (e.g. BMI)
- Vertically integrated care organisation

Whilst the review is still at an early stage our analysis suggests that there is likely to be strong support for the development of service line chain and franchise models. Over time our expectation, from a paediatric perspective, is that more and more non-specialist organisations will start to withdraw from delivering paediatrics. Initially some of this will be addressed through the development of managed clinical networks such as the West Midlands Paediatric Surgical Network. In the longer term it is likely that the more sustainable solution will be the development of paediatric service line chains- in this model the specialist provider, such as BCH, would provide the paediatric service across a range of organisations as a direct provider rather than through a network approach.

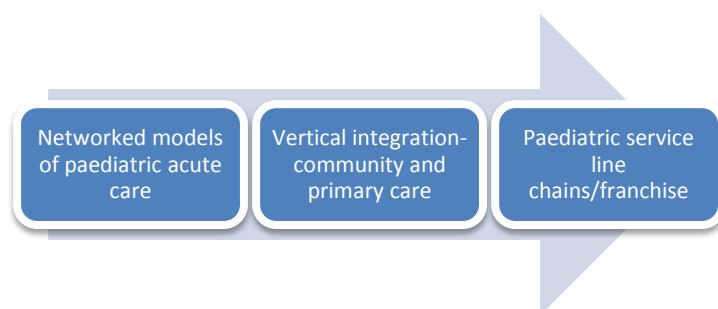


Figure 15 How the provider model for paediatric may evolve

7.5. Summary of Policy Implications

As outlined above the BCH strategy that has been developed aligns well with the NHS England five-year strategy. There are clear synergies with regards to our approach to the development of specialised services, supporting clinical networks, integration and personalised medicine. Some of our initial thinking on the provision of primary care and community services fits well with the proposed direction of travel and this particular area will form an important new element of our organisational strategy over the next five years. What is clear from all of the current policy areas is that there are significant opportunities for innovative organisations to lead, develop and enhance their service portfolios over the next five years. In all cases this has the potential to significantly alter activity levels beyond those projected through market share growth and demographics, which presents both organisational opportunities and potential risks.

8. Next Generation

Activity is forecast to increase through demographics and the potential further increases that may occur through a combination of market share or changing provider models could be significant. The issues we are facing with increasing high demand for our services means we have to continue to grow our capacity at a rapid pace, not just by building new facilities, but also by organising ourselves differently to improve our patient pathways. We need to redesign our workforce to use our skilled professionals in new ways and invest in technology to enable change. For that reason, we launched **Next Generation** in April 2014. The Next Generation programme has two phases;

- Phase 1- today until 2022
- Phase 2- our new hospital from 2022 and beyond

Planning for these will overlap, but they are part of the same ambition for children and young people. Next Generation must not be seen as purely a buildings project as both of these phases are about more than just bricks and mortar, and have four key components which were covered in greater detail within our operational plan:

1. Patient pathways – How can we make them the very best they can be?
2. People – What teams and skills do we need to invest in to make these pathways a reality?
3. Technology – How can technology act as a catalyst to radical new ways of delivering care?
4. Facilities – How can our buildings help us to increase capacity, and improve the environment?

Patient Pathways

Better patient pathways improve patient care and help us maximise our capacity

The paths that our patients take to get to us, the way they are looked after while they're here, and how this continues when they've gone home, is what makes their experience of care what it is. We know that in general, our children, young people and families want to get better and get home as soon as they can, and we work hard to make that happen.

One of our most recent improvement projects has been to our emergency care pathway. By creating our Paediatric Assessment Unit, and Hospital at Home team, we have been able to better manage the flow of patients into hospital beds, allowing us to care for those most in need, more quickly. Building on this we will now focus on our current 'hot spot' pathways – outpatients and surgical flows. Working with frontline staff that struggle on a daily basis to get patients in and treated, we will determine what improvements can be made to be more efficient, and through this we know we will be able to see patients more quickly, with fewer delays. This programme of work will form the basis of our EQUIP work stream (Enabling Quality Improvement).

People

The best teams deliver the best results

Like many hospitals around the country we continue to face staffing challenges due to national shortages of specialist doctors, nurses and other healthcare professionals. This is why it is more important than ever to look at how we can work differently and ensure we have the right skills, at the right level, rather than be fixated on old-fashioned workforce models that we could never recruit to anyway.

Training also plays a critical role in the success of our people, and amongst our ongoing training programmes, a key area of focus will be equipping managers with the skills and knowledge to support staff to deliver better services. Our Team Maker Programme is the cornerstone of this.

We also need to be realistic given the fact that we face the biggest financial challenge in our history and as a result it has never been more important to make every penny work hard for us. Sometimes this is about getting the basics right and we hear about great common sense ideas all the time that just need to happen. Through a Trust wide campaign we will support people to make better use of our funding, so we can reinvest more into patient care.

The Trust's People Strategy sets out our commitment and plans for developing and supporting every member of staff to be the best they can be.

Technology

Taking the hassle out of healthcare

Technology will play a critical role in delivering our Next Generation project. We have a clear vision and strategy for how we will use technology to enhance the quality of care we provide for children and their families, and at the same time improve our working lives. Our goal is to go paperless, and to do this in the next few years through Paediatric Electronic Patient Record (PEPR) programme. PEPR will be a place which will:

- Bring together integrated information to support clinicians in running their services- for example clinic lists, ward lists, operation lists, inpatient lists, activity data
- Bring together information to improve decision making and clinical care – for example demographic details, tests, scans, medicines, correspondence within a single electronic patient record
- Help us communicate better with children and families by providing direct access to information about care, and let them provide feedback directly to clinicians.
- Help us communicate better with other healthcare professionals – general practitioners and also other professionals who ask our advice, and from whom we ask advice.

Facilities

Great buildings support great care

Our hospital is old, cramped and restrictive, and we must look at how our existing buildings can be remodelled and where new buildings could be built on site, to keep us going through to 2022. Our Board has committed £35 million to developing our site, on top of the £9 million already allocated to Parkview. The project team will develop our business case for approval by the end of 2014, with building work due to be completed by early 2016.

9. Organisational sustainability

9.1. Clinical workforce

Over the course of the next decade we will continue to face a number of workforce challenges in order to ensure that we can continue to deliver clinically sustainable models of care.

National Factors

- Nationally there is a predicted 6% reduction in junior doctors and a shortage of supply for theatre nurses, operating department practitioners and sonographers.
- Modelling undertaken by the Centre for Workforce Information (CFWI) predicts that there will be an overall decline in nurses between 2011 and 2016 with supply reducing by up to 11%. The predicted demand for nurses is expected to increase by 3% from current baseline during this period.
- HEE predict that there will continue to be an increase in Emergency Medicine and Core Medicine posts by 2016 but forecasting beyond 2016 is unclear.

Regional Trends

- Regionally, nurse headcount has decreased at a faster rate due to the low numbers of commissions allocated three years ago- this had led to greater recruitment and retention issues across the West Midlands and specifically within Paediatric nursing.
- In terms of the medical workforce the number of doctors allocated via the deanery is unpredictable and our future modelling is based on the following assumptions:
 - Up to 6 Core Surgical Trainee (CST) posts will be decommissioned in 2015
 - 2 posts per year will be converted from general to vascular surgery until there are 12 in the latter
 - 5 posts per year will be converted from anaesthetics to intensive care until there are 25 in the latter
 - Core training in anaesthetics/intensive care will be reviewed and potentially restructured for 2015
 - The balance of paediatric and adult haematology posts will be reviewed and altered in 2015. This is expected to mean a reduction in posts at BCH
 - Emergency Medicine (EM) posts at Core Trainee (CT) level 2&3 will increase in 2015 & 2016; the long-term position is expected to be more CT1-3 posts and greater recruitment than the 2012 baseline, but the peak recruitment in 2014 is not expected to be sustained beyond a 2nd year; paediatrics EM is a key part of the curriculum delivered at CT3
 - EM posts at ST4+ will be increased in 2017
 - "Hospital" posts for GP training are expected to increase in 2015-17, with paediatrics and AM being 2 of 5 targeted specialties for reductions in 2016-17
 - Posts in clinical radiology are expected to continue to increase until there are sufficient to maintain recruitment of 20 annually; capacity to deliver the paediatrics module is a rate-limiting step preventing further expansion;
- We also know that the Royal College of Paediatrics and Child Health (RCPCH) have recommended further reductions in paediatric training numbers - the impact is unknown but we have assumed an overall reduction of 6% as per previous indications.

9.1.1. Implications for BCH

The predicted trends will have a significant impact in some of our clinical specialties and how we respond to this is critical to meeting our service demands. This has already formed a key element of our

workforce strategy over the last few years and we will be required to build on our success in developing innovative workforce solutions during the coming five years in order to be able to respond to the challenges we face and some of these are outlined below.

- We have developed new and extended nursing roles such as advanced nurse practitioners and clinical site practitioners in order to cover many tasks traditionally covered by junior doctors and expect to extend this further.
- We have also appointed 4 Physician Associates and 5 international doctors through the Medical Training Initiative (MTI) scheme in partnership with UHB
- The nursing workforce needs to grow significantly, nationally and regionally, and the predicted supply will not meet this demand. We therefore need to create alternative roles to support the gaps in qualified nursing staff. We are bringing in cohorts of Clinical Support staff and have developed a robust programme and career framework for these staff.
- The requirement to grow seven-day services will be a priority for the next couple of years and we have commenced this in areas such as our support services directorate. The premium rates will make this prohibitive in many cases so we must work with staff to develop a more flexible approach
- Productivity- our approach to developing new roles will also be critical for improving our workforce productivity through the appropriate skill mix utilisation and by ensuring that we have the right grade of staff delivering the service. As part of this we are expecting a 2% year on year shift from within both qualified nurses and medical posts and this will build on the approach we outlined in our Monitor operational plan 2014-2016.

9.1.2. Creating the culture to realise our ambitions

In order to be able to respond to the workforce challenges it is essential that we are able to create the right organisational culture in order to lead change, foster innovation and support our staff. During the course of this last year we have also been developing our people strategy and this will be a key enabler for supporting both our operational plan and our longer term strategic aims linked to the Next Generation programme. Our people strategy is based on six priority areas that have been determined from a range of indicators including our medium and long term goals, the quality and safety agenda, feedback from our staff and managers (figure 16).

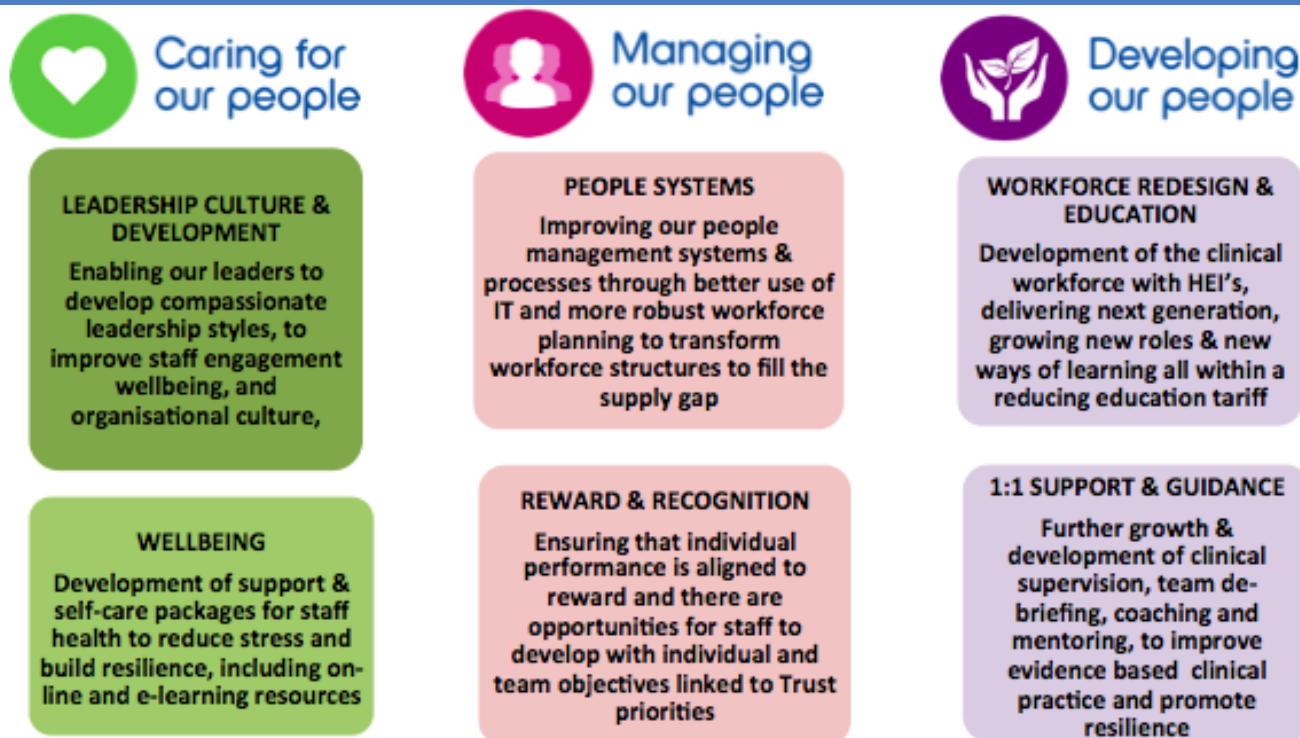


Figure 16 Our strategic workforce priorities

9.2. Financial sustainability

At a national level the financial challenges being faced across the NHS are significant, with the level of demand forecast to increase across a range of areas at the same time that future investment in the NHS is expected to reduce in real terms.

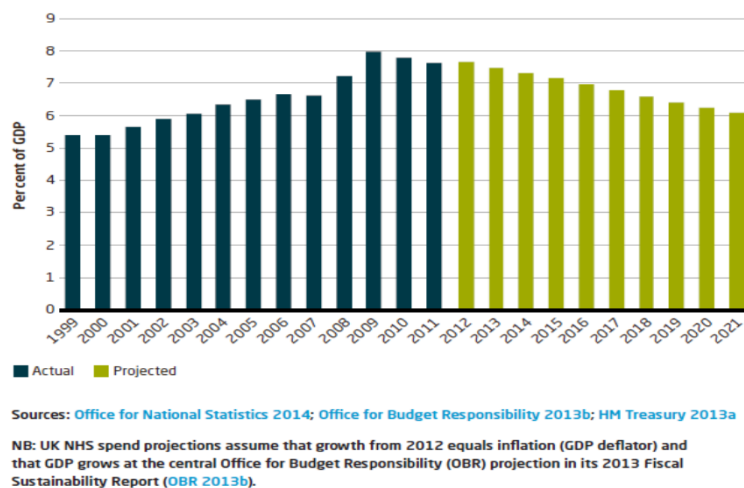


Figure 17 UK NHS spend projections (Source OBR 2013)

As a result the future efficiency requirements across both commissioners and providers will be extremely challenging, particularly beyond 2015/2016 (figure 17). These pressures have already resulted in a number of providers, from both the Foundation Trust (FT) and non-FT sector, predicting a deficit financial position in future years.

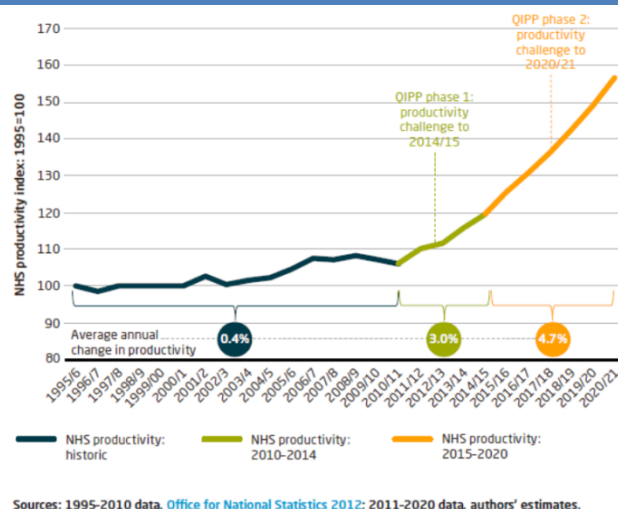


Figure 18 NHS productivity challenge 1995-2021 (Source King's Fund/ONS)

9.2.1. Implications for BCH

Whilst Birmingham is not deemed to be a challenged economy it does face a range of financial pressures over the five years covered by this financial plan. There is an estimated savings challenge for local commissioners and providers of £750 million- this includes £52 million being transferred health the Better Care Fund (BCF). Given the size of the savings challenge we have deliberately taken a prudent approach to our financial planning and our financial plan reflects a 'downside' scenario.

9.2.2. The key elements of our financial strategy

Our organisational strategy and future development plans are predicated on striking a balance between the short and the long term- the need to invest today whilst also securing the required resources to meet the future requirements of the Trust and the development of our new hospital. In order to do this our financial strategy is based on delivering a consistent level of surplus every year – we have capped this at £4million per annum. In order to consistently deliver this level of surplus it is important that we understand the future income and expenditure profile for the organisation and the likely changes that will emerge.

Resource Prospects:

- The nature of the tariff will change- with a particular focus on developing a payment structure that accurately reflects the pathways of care experienced by patients as well as complexity.- this will result in a reduction in the level of tariff 'top-up' received.
- Commissioners will continue to put pressure on activity growth across the system; market share increases will have to show substitution of activity from other providers across a health economy if they are to be affordable. New developments will be limited to those areas that can show that they provide value across both the Trust and broader health economy.
- Inflation in the health sector will continue to be a challenge. Our supplier base in some key segments continues to withdraw from specialist markets with the prospect of reduced competition and increased cost.

Revenue expenditure:

- BCH is a relatively high cost Trust and this is expected to continue given the nature of services delivered. However, improving flow and pathways through the hospital will provide scope for further efficiencies to be delivered.
- We will need to continue to deliver greater efficiency in terms of supporting costs and overheads

during the next five years- looking at how we can share services and explore how technology and partnerships can deliver support at lower cost will become a key theme.

- The basis of a sound financial position is our continued and persistence scrutiny on cost control and delivering agreed efficiencies. This approach will continue over the course of this financial plan

Capital expenditure:

- Traditional Private Finance Initiative (PFI) funding will continue to be an expensive mechanism to deliver new or major capital schemes; we will seek out best value commercial funding for planned major development.
- Internally generated cash will have to be a significant source of capital funding; this will need to be supported by fundraising.
- The asset base of the Trust will need to be used as a lever for funding – maximizing the value of the Steelhouse Lane site through its inclusion in the Local Enterprise Zone, proximity to the Colmore Business District of Birmingham and future HS2 Curzon Street.

9.2.3. Implementing the financial strategy.

Mixed funding strategy for major infrastructure developments.

- We will be developing a new clinical block on the Steelhouse Lane site with an estimated cost of £35 million. We have planned our cash balances to allow us to deliver this from our own resources, but continue to work with partners to explore other innovative solutions that may provide better value for the taxpayer.
- Our long-term ambition is to develop a new children's hospital at Edgbaston. We are working with the Department of Health to soft market test alternative commercial funding solutions. Based on our current discussions with funders the average cost of capital for a new solution would be between 4.5% and 5%.

Developing a clear financial management framework.

- As part of our Next Generation strategy we will be examining how we can further develop service line management. This needs to be done at a level that is meaningful in terms of size and risk management but close enough to the clinical teams in order to engage them and make sense in terms of the service they see every day.
- At a corporate level we have a clear set of investment metrics to ensure that new investments provide best value.

Delivering efficiency savings.

- We have revised our programme management capacity to ensure a continued focus on a more complex Cost Improvement Plans (CIP) as we look to develop our transformation projects.
- We have appointed Newton to work with us as partners in examining flow through two key areas of the organisation theatres and outpatients.
- Over the period through examining different workforce solutions to reduce the pay-bill cost per unit of activity by 22%.

Technology.

- We have successfully bid nationally and secured secure funding for our IT strategy that covers

areas ranging from clinical administration to e-prescribing. The business case and case for change highlighted the efficiency opportunities that will be delivered as a result of this work programme.

Financial literacy.

- We will pursue financial excellence across the organisation, which includes using information more effectively in order help support decision-making, and ensuring that financial and resource management skills are embedded across the Trust.

Fundraising.

- Our fundraising strategy sets a target of generating £10 million per year by 2016/17. Rather than working alongside the organisation we have developed a fundraising team that is embedded throughout the Trust. This has enhanced our ability to ensure that we explore funding opportunities for strategic priorities from alternative sources.

9.2.4. Translating the financial strategy into the five-year financial plan.

Our strategic financial plan carries forward the assumptions that we set out in our operational plan.

Income

- 4% tariff efficiency on the Trust's influenceable spend each year of the plan
- Activity increasing in line with demographic growth. However the additional income that has been assumed will be met by similar levels of costs required to deliver the growth in provision
- No activity adjustment for market share beyond that seen in year one of the plan
- CAMHs income and activity increases in 2017/18 as the Parkview tier four development expands beds back to the pre-2013/14 levels. As with demographic growth there will be similar levels of costs associated with delivering this increased capacity
- Reduced level of Paediatric top-up- reduced by 16% between 2016/17 and 2017/18

Revenue expenditure:

- Our inflation assumptions for the 5 years of the plan are as follows:

	2014/15	2015/16	2016/17	2017/18	2018/19
Pay	1.35%	1.50%	1.50%	1.50%	1.50%
Drugs	3.00%	3.00%	3.00%	3.00%	3.00%
Clinical Supplies	3.00%	3.00%	3.00%	3.00%	3.00%
Other Costs	3.00%	3.00%	3.00%	3.00%	3.00%

Figure 19 Inflationary Assumptions 2014/15-2018/19

- We are assuming an NHS Litigations Authority (NHS LA) cost increase of 43% (£1.05m) which equates to the withdrawal of the rebate associated with achieving Clinical Negligence Scheme for Trusts (CNST) of Level 3
- Increase in employer pension costs of 0.3% following the HM Treasury 2012 Scheme Valuation
- Continued delivery of efficiency savings as outlined in figure 20 below. Although overall savings targets are below 4% in 2017/18 and 2018/19 this equates to 4% for those budgets where spend can be influenced.

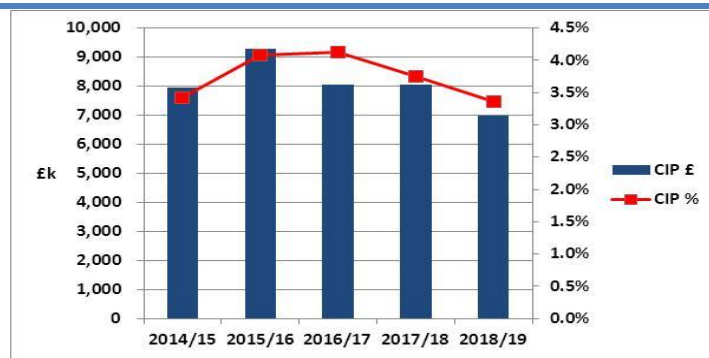


Figure 20 CIP Requirements over the Strategic Planning period

Capital investment:

- Fig 21 shows the profile of capital investment over the period. The major schemes during the planning period will be funded from retained balances and are:
 - o Investment in our Parkview facility that provides tier four mental health services totalling £9 million
 - o Investment of £35 million in a clinical block that is likely to accommodate cancer and ambulatory care services
 - o Continued implementation of the IT strategy

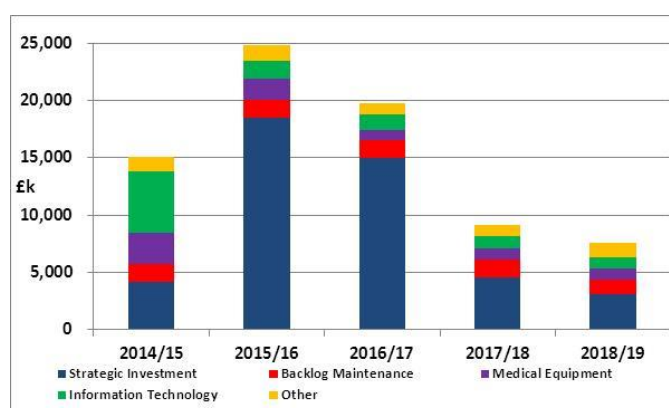


Figure 21 Capital Expenditure over the Strategic Planning period

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