

**Strategic Plan Document for 2014-19
Summary version**

King's College Hospital NHS Foundation Trust

Final (27 06 2014)

1 Vision, values and summary strategy

1.1 Background and vision

King's vision is to become a fundamentally new kind of hospital: a health system built around patient need, offering all our patients - local, national and international - the highest quality of care.

Working across many sites, and out of hospital, our treatment of patients will be compassionate and innovative, underpinned by close working between clinical care and academic research.

We will be three hospitals in one – a network rather than a set of buildings

- a leading specialist tertiary national hub with high impact academic research,
- a regional major emergency centre for London and the South East
- a multi-site district general hospital for our local population, providing integrated acute urgent care and consolidated, rapid access highly efficient local outpatient and elective care.

The new King's will be bound together by our values and the highest levels of quality and compassionate care. We will be efficient in our use of resources, and we will foster and encourage innovation.

1.2 The new King's

King's is now one hospital across several sites. This new expanded Trust is one of London's largest and busiest teaching hospitals. It has a reputation for providing excellent local healthcare in the boroughs of Lambeth and Southwark and, more recently, in Bromley, Bexley and Lewisham. It also provides a range of specialist services for patients across south east England and beyond. Our organising principle is to always put the patient first - with patient outcomes, safety and experience at the forefront of all our efforts to provide compassionate and effective care.

King's is recognised nationally and internationally for its work in the fields of liver disease and transplantation, neurosciences, diabetes, cardiac services, haemato-oncology and foetal medicine. Designated as a major Trauma Centre and host to two of eight hyper-acute stroke units in London, King's plays a key role in the education and training of the next generation of medical, nursing and dental students.

With academic partners King's College London and foundation trusts Guy's and St Thomas' and South London and Maudsley, we are part of an unrivalled range of physical and mental health clinical and research expertise in the Academic Health Sciences Centre known as King's Health Partners (KHP). The combined strengths of this collaboration benefits patients through breakthroughs in research, translating innovations into practice and mainstreaming and improvements in patient care.

1.3 Summary of main strategy storyline and main strategic responses

Our transformation: Integration of the PRUH

The health system and our local health economies face a tremendous challenge to transform care models to meet the needs of an ailing and ageing population and improve quality under extreme financial stress.

Whilst King's is in a very strong position as an organisation to respond to these challenges, we also face a number of focused pressures in our performance. At the root cause of these pressures are the well-known challenges of integrating and transforming the performance of our recently acquired Princess Royal University Hospital (PRUH) combined with the rapid increase in emergency inpatient activity, which is driving unsustainably high levels of bed utilisation and impacting our operational and financial performance. A key aim of our strategy is to restore our traditional high levels of performance, particularly by returning to achieving our Emergency Department and Referral to Treatment wait targets

With the acquisition of the PRUH assets and services, KHC has not only initiated its own internal transformation to address these long and short term pressures, but is also fundamentally transforming and improving the quality of care and sustainability of services for the people in South East London.

We are well on our way on the journey of integrating the services and assets of the PRUH into our King's family and we are able to report significant achievements and some early indication of performance improvement. However, the scale of the challenge of turning around the performance of these assets cannot be underestimated, and we plan for this to be a cornerstone of our strategic, clinical and operational development work over the next 3-5 years. We have developed detailed plans and improvement trajectories and shared those with commissioners, local stakeholders and regulators.

Leading local service transformation with our LHE partners

The integration of the PRUH in addition to benefiting the local population's access to higher quality services, will also contribute to addressing our issues around capacity by our improvement of the efficiency and effectiveness of the delivery of those services. This improvement of productivity at the PRUH is one of our strategic cornerstones, as originally laid out in our acquisition business plan, and we are maintaining a close focus on its implementation.

Together with commissioners, HOSCs and other stakeholders, we have also initiated a process of strategic review of our service portfolio and our site strategy to identify opportunities to innovate practice, transform service models and where necessary concentrate specific elements of secondary care to improve access and quality for our local populations.

As leaders in the health system we are initiating a process of transforming how elective care is delivered across the network of hospitals in South London, making best use of NHS assets.

There are also a number of strategic improvement initiatives, that we cannot deliver on our own and where we are leading work to deliver system change through commissioners and other stakeholders. These include repatriations, rehabilitation, transfers of care and Mental Health capacity.

Leading integration of care in our local communities

As mentioned above, the management of local acute demand and capacity is another of our strategic priorities. We will continue to expand capacity at Denmark Hill to enable us to meet

growing demand and return to more balanced levels of bed occupancy, but we understand that growing capacity on its own will not deliver a sustainable solution for the local health economy.

In the short term, we have identified a number of initiatives to improve discharges processes and reduce unnecessary bed occupancy by patients who would be better cared for at their own homes or in the community. Once again, the success of these important initiatives will require strong collaboration and support from among local stakeholders.

More substantially, we will seek to take a leadership role, together with our KHP partners, and in cooperation with other community, primary care and social care providers, to drive a more substantial transformation in the integration of hospital and out-of-hospital services, building on recent work at SLIC (Southwark and Lambeth Integrated Care), and in line with commissioner intentions, to deliver a step change in reducing avoidable local acute emergency admissions. This will include developing systems to empower patients to better understand and co-ordinate their own care. We will also seek a better balance of risk sharing with commissioners in order to achieve better financial performance.

Financial sustainability

Achieving all above will be challenging under the funding constraints that the system will experience over the next five years. A number of the above key strategic initiatives (e.g. PRUH productivity, integrated care) are transformative in nature and will require time and financial investment before they deliver substantial gains. However this is what the long term sustainability of the health economy requires.

The key initiatives underpinning our financial sustainability over the next five years include:

- PRUH integration and productivity transformation
- Transforming care models, through translating innovation into mainstream practice including 23hrs, service consolidations, do & discharge, repatriation and reduced delayed discharges and lengths of stay
- Optimising the use of available capacity consolidating services as appropriate in the interests of patients
- Increase in income from new capacity developments throughout the planning period to meet local demand and support tertiary specialty growth
- Increased contribution from income diversification activities (private provision, overseas commercial activity, education and research)

1.4 Our Values

King's staff, patients and the community King's defined the five values that are the core of the organisation's culture and guide our day-to-day mission to provide compassionate care to all we treat:

- Understanding you
- Inspiring confidence in our care
- Working together:
- Always aiming higher
- Making a difference in our community

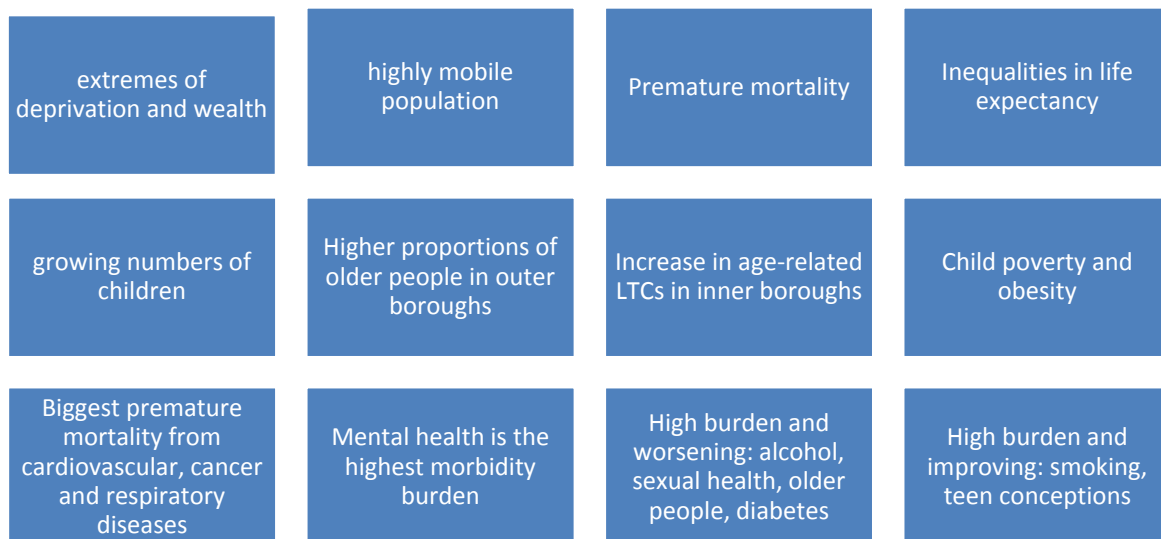
2 Market analysis and context

2.1 Health system needs and priorities - local demographic and health needs, and regional health system context

King's College Hospital NHS FT provides acute services out of five sites serving local populations in Lambeth, Southwark and Bromley. Our local health system faces a scale and variety of challenges from an increasing elderly and relatively affluent population in Bromley, to a youthful but deprived population with complex social needs in the inner London boroughs.

King's is also a major emergency / trauma centre, an elective provider and a tertiary centre for wider South East London region, Kent and beyond.

The South East London (SEL) Commissioning Strategy has identified the following twelve key demographic and health challenges for the region:



The SEL Commissioning Strategy estimates that 11,000 people died prematurely between 2009 and 2011. Despite improvements in health across the region, poor health remains a major challenge and requires step-change improvement and transformation of care models.

The health needs and healthcare challenges facing the health economy provide the backdrop to King's strategy for the next five years. In concert with the SEL commissioning strategy, we will be collaborating on an ambitious integrated care programme to address the changing needs, particularly for the population with chronic health, care and social needs.

2.2 Capacity analysis

King's is part of a health economy that is experiencing high pressure from demand on a constrained capacity. This is impacting negatively on performance measures and patient care. The capacity pressure is the main challenge facing the Trust in the present and is a major focus for the strategic plan.

Capacity pressures at Denmark Hill have been building over the last few years in all aspects of the Trust – beds, critical care, theatres, outpatients, diagnostics and office accommodation. Whilst the acquisition of the PRUH site increased the Trust's overall

capacity it also has its own capacity pressures, in particular beds and day surgery theatre capacity.

The Trust has undertaken a demand and capacity review based on Q4 which identified a capacity shortfall of 68 beds at Denmark Hill and 53 beds at PRUH.

Over the next 5 years there are a number of additional pressures on beds:

- Growth – demographic and non-demographic changes in demand but partially offset by QIPP and integrated care initiatives
- CCG commissioning changes – move to tendering provides an opportunities and threats to the level of activity being commissioned in certain specialties in the future
- NHSE commissioning changes – consolidation of specialist providers could see a growth in haematology, cardiac and neuroscience activity coming to Denmark Hill in future

King's has considered various scenarios that could present themselves in the near future, and have attempted to model and plan for these different eventualities.

2.3 Funding analysis

Commissioner funding

The financial challenge for the next five years will deepen following three years of zero real terms growth in the NHS budget. Over the period, our local commissioners face a 20% gap in funding compared with projected need in the current model of care.

These challenges are also faced by specialised commissioners in London. There has been significant loss of resources to other regions, with specialised services facing a reduction of approximately 6-7 percent in 2014-15 and further cutbacks in later years.

Primary care commissioners in London have been given lower than average funding increases of 1.6% in 2014/15 and 1.29% in 2015/16 following changes to the allocation formula. In addition, primary care across London has carried forward a £22m savings requirement from 2013/14.

Provider funding

Financially, there were 26 non-foundation trust forecasting deficit in January 2014, equating to around £247 million net deficit. 39 foundation trusts reported to Monitor that they were in deficit, some of these being London FTs, totalling £180million. Significantly the size of the surplus across all foundation trusts had halved to the same time last year, reflecting the response to the tough financial climate (Monitor 2014).

Local and specialised commissioner funding constraints will have a direct consequence for provider budgets. This will be felt through tariff reductions and QIPP savings requirements in contracts with commissioners, requiring Trusts to deliver more – including higher quality standards and forecast increasing volumes – for less funding per spell and often for whole services.

King's funding projections

The Trust NHS Clinical income is built upon the previous year outturn figure as a baseline and increased by growth, RTT backlog activity and additional emergency care plan

investment. The contract value is reduced by the national efficiency deflator and agreed QIPP values to leave a net contract value plus CQUIN at 2.5%.

The total CCG contract value is £470m and the NHSE contract value is expected to be £330m; together with historic CCG non-contracted activity of £7m. As a result of the PRUH transaction, Bromley CCG is the largest CCG contract value (£150m); followed by Southwark CCG (£88m) and Lambeth CCG (£76m).

Activity growth will be delivered through major trust-wide service developments and smaller business case developments within the specialist Divisions.

The Southwark, Lambeth and Bromley CCG contract values are based on an assumption that the CCG's will deliver the demand management targets on referrals (£10m); and support the Trust led QIPPs with robust plans, particularly regarding integrated care solutions to reduce emergency admission's. The Trust will also require support to resolve the repatriation of patients to local acute hospitals and additional rehabilitation support services to reduce patient length of stays in order to achieve access targets.

To bridge the Southwark and Lambeth CCG financial gap of £300m, the anticipated savings are to be delivered from:

- a) Acute Care operational productivity efficiencies (Performance KPIs)
- b) Integrated Care to help providers to achieve the tariff efficiency targets (reduced number of emergency admissions and re-admissions)
- c) CCG's and LA's will use the Better Care Funding to adopt a number of approaches with the aim of prioritising spending to achieve a balance of support for early intervention, prevention and respite care services and the delivery of services to those people with higher levels of need; to reduce the demand on Acute hospitals and manage the unfunded social care gap.

The Trust has reduced income by £10m each year in relation to the CCG level of QIPP required. The net additional growth will be tertiary activity where King's is a regional/South London specialist provider and increasing market share of traditional elective services due to the quality of service and developing new pathways (e.g. MSK). The referral base has expanded with the PRUH takeover and additional sites/ services such as Orpington, QMH (Sidcup), Beckenham Beacon and Sevenoaks.

The integrated care investment will release beds to enable the Trust to explore areas with higher margins and growth opportunities (e.g. specialised care) and positioning as "lead providers" for selected service lines and receiving additional income. The benefit will be a reduction of elderly patient length of stay and patients with long term conditions (LTCs) due to earlier discharge, better support in the community and better co-ordination of care.

2.4 Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis

King's regularly reviews the horizon for current and future issues that will affect the organisation. The following are some key external and internal issues in this strategy period.

King's strengths

- a) High quality facilities, staff and systems to ensure excellent clinical standards.
- b) Regularly produces new research and innovative procedures.
- c) Tertiary peaks that provide national and international-level specialised services
- d) King's Health Partners – competing globally in research, clinical and teaching.

Weaknesses

- a) Challenged to achieve performance targets.
- b) High bed occupancy and over-stretched system.
- c) Management challenge following the takeover of PRUH.
- d) Challenged labour market.

Opportunities

- a) Enlarged multi-site organisation.
- b) Local partners fully engaged in integrated care.
- c) Opportunities in new research and innovation.
- d) New capacity being built at Denmark Hill.

Threats

- a) Trends in acute medical demand.
- b) Pressure on workforce morale and wellbeing
- c) National economic situation with commissioner budget cuts.

2.5 Forecast Activity

Over the next five years SEL CCGs revenue allocation is forecast to increase by an average of 10% cumulatively and all SEL CCGs are planning to deliver a surplus year on year over the next five years. This ranges from 1% to 2% each year across the individual CCGs within SEL.

The June 2013 spending round announced the creation of a £3.8 billion Integration Transformation Fund (the Better Care Fund) but the Commissioners do not see this as new or additional money and they will have to jointly make important decisions about how the fund is used.

In order to meet the rising demand and cost of living increases, CCGs have forecast a requirement to deliver a total of circa £307m net QIPP efficiencies. Excluding the CCG running costs, the level of QIPP required across the CCG spend on care is £162m across South East London from 16/17 to 18/19. CCG operating plans show this as being delivered primarily from reductions in spend in acute services (75 – 78%) as opposed to mental health, community, continuing care and primary care.

Under this scenario, acute providers would be left with unrecoverable costs in a do-nothing scenario.

Therefore the Trust has applied a £10m QIPP year on year to cover part of the cost pressure and the generation of additional tertiary specialist work as additional capacity is freed-up through the integrated care initiatives.

The forecasted activity and income will still leave the Trust with a CIP gap of £53m (14/15); £52m (15/16); £50m (16/17); £58m (17/18) and £60m (18/19) in terms of the Trust's 'do nothing' scenario and this is simply to break-even. These targets will not enable the Trust to achieve a Continuity of Service Rating of 3 in years 3 and 4.

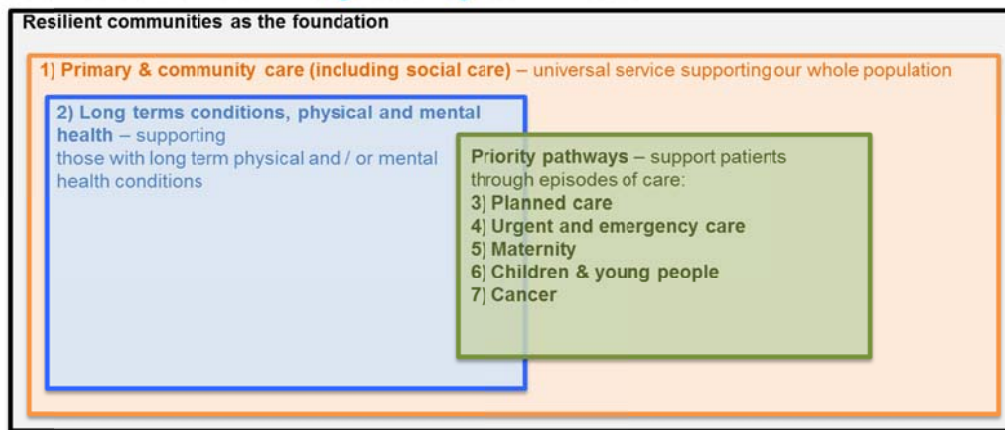
2.6 Alignment of King's strategy with SEL commissioning strategy

King's strategic planning is conducted in close collaboration with our local partners in commissioning and provision, in particular through SLIC and King's Health Partners, and through the SE London commissioning strategy process.

South East London commissioners are developing the five year strategy in parallel and in collaboration with providers. King's has been involved as a key stakeholder in the overarching strategy and in developing plans for the seven priority interventions.

SEL commissioners have described the integrated system model below, setting seven strategic, cross-cutting improvement interventions within the context of building resilient communities as the foundation.

South east London integrated system model



King's strategic plan supports the delivery of changes required to achieve this new system model. The implications of the SEL strategy for providers have not yet been described, and this will be developed over the next year. King's will continue to support the development and implementation of the SE London strategy, and work with our local commissioners to change models of care within this framework.

3 Risk to sustainability and strategic options

3.1 Strategic priorities

Following specific input from members events held at Bromley and Denmark Hill, governors and the board (Governor's Strategic Committee, the joint Council of Governors and the March Trust Board meeting), King's identified and prioritised the six key strategic issues that the strategic plan must resolve:

- Quality, safe care and patient experience
- Capacity constraints and service portfolio
- Management of local acute demand and integrated care
- Commissioner strategy and market assessment
- Tertiary clinical-academic peaks development and support
- Long term financial sustainability

The integration of the PRUH is in itself another issue of strategic importance as it offers opportunities to address some, but not all, of the King's capacity issues through