Sheffield Children's NHS
NHS Foundation Trust

Summary of Trust Strategic Plan Document for 2014-19

Sheffield Children's NHS Foundation Trust

Strategic Plan Document for 2014-19

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1. Strategic Plan for y/e 31 March 2015 to 2019

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

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Date	**25th June 2014**

The attached Strategic Plan is intended to reflect the Trust's business plan over the next five 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 Strategic Plan is an accurate reflection of the current shared vision and strategy of the Trust Board having had regard to the views of the Council of Governors;**
- **The Strategic 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 Strategic 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;**
- **All plans discussed and any numbers quoted in the Strategic Plan directly relate to the Trust's financial template submission; and**
- **The 'declaration of sustainability' is true to the best of its knowledge.**

Approved on behalf of the Board of Directors by:

Name *(Chair)*	**Mr N Jeffrey**

Signature 

Approved on behalf of the Board of Directors by:

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

Signature 

Approved on behalf of the Board of Directors by:

Name *(Finance Director)*	**Mr J Somers**

Signature 

2. Declaration of sustainability

The board declares that, on the basis of the plans as set out in this document, the Trust will be financially, operationally and clinically sustainable according to current regulatory standards in one, three and five years time.	***Confirmed***

Sheffield Children's NHS Foundation Trust has been a successful, high performing specialist trust during its eight years as a foundation trust; it has delivered significant improvements to patient care and taken forward key service innovations such as the Embrace transport service, it has performed well against national performance standards, and maintained a strong financial record.

In the next five years the organisation has similar ambitions for its patient's services and plans to make further substantial improvements in the range and quality of services offered to patients. This will include a significant investment in a new ward block, which is needed to improve the quality of in-patient care and provide more capacity, and this scheme has been prioritised by the Board as the single most critical development which it needs to progress over the five years of the plan.

The Trust has been highly successful and demand for its services has grown by over 30% over the last five years. Given the changing nature of healthcare, national policy and standards, this increased concentration of specialist activity within centres of excellence looks set to continue, and the Trust's planning assumptions anticipate a continued rise in specialist activity. To meet this further rise in specialist activity, the Trust is also investing in additional theatre capacity, a new 3T MRI, more critical care services, and an expansion of outpatient capacity as well as in the new ward block.

We recognise the challenges facing the health economy, and the importance of working with other partners locally to redesign patient care and reduce costs. We are working with the CCG and others in Sheffield to increase community based capacity to support the effective care of children outside hospital. Our plan therefore anticipates that through this focused collaboration we will reduce acute admissions to hospital and set up an integrated urgent care centre, working with local GPs on this initiative. By preventing a rise in acute admissions, we will release valuable capacity to support the expansion of our specialist activity; these two strategies are highly compatible.

We recognise the significant challenges ahead, and whilst we are investing in our infrastructure, we have been very careful about the size and nature of these schemes, seeking to get the balance between addressing key quality and capacity issues whilst being highly focused on our financial plan. Our plan is therefore prudent, but does not see the Trust remaining static in the next five years; indeed it is critical that we are focused on achieving change and improvement.

Fundamental to our plan and our future success is the delivery of cost efficiencies. The plan assumes the delivery of 4% efficiency savings or less in each of the five years of the plan. To ensure that this essential efficiency target is achieved we have adopted a highly focused programme management approach, with a new PMO in place and resources allocated to ensuring the delivery of key transformational schemes.

The Trust demonstrates a "continuity of service risk rating" of 4 throughout the planning period which represents the lowest level of financial risk under Monitor's revised compliance framework and consequently gives the most assurance around the provision of sustainable clinical services. This score has been derived from a set of planning assumptions which are based on national guidance and extrapolation of those contained in the Trust's 2 year Operational plan submission and those used in the Trust's 5 year financial analysis linked the new build development. A benchmarking report on FT planning assumptions undertaken by the Trust's external auditors (KPMG) have judged those used by the Trust to be in line with sector averages.

The Trust has identified a number of downside risks in relation to delivery of its financial targets and a range of mitigations to offset this position as well as having "headroom" within the financial evaluation criteria before Monitor would consider regulatory intervention an appropriate response in relation to the provision of sustainable services.

3. Market analysis and context

3.1 Introduction

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

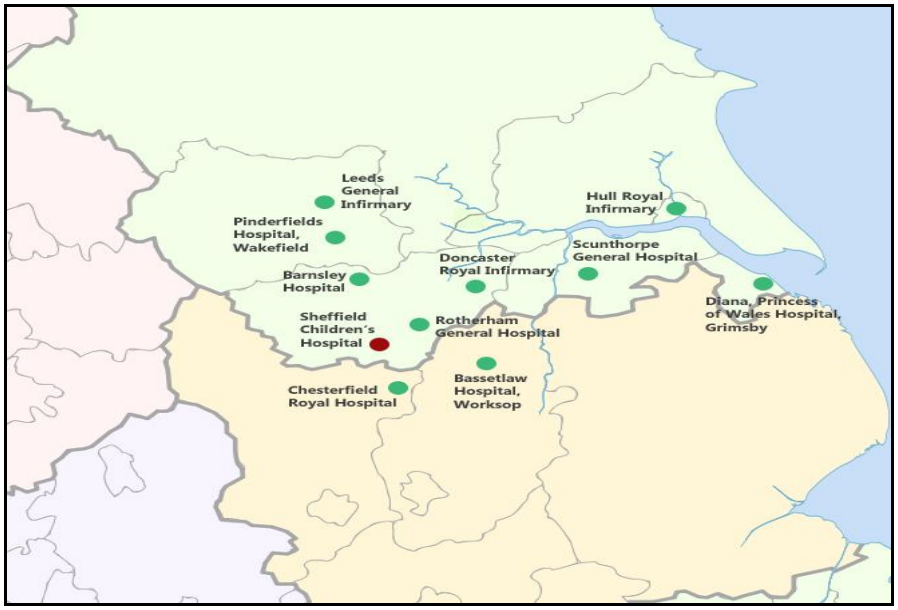
In reviewing the long term strategy for the organisation, the Trust has undertaken an assessment of the context in which it operates and expected changes and challenges for the NHS and for the Trust over the next five years.

3.2 Environmental context

3.2.1 The population served and demographic changes

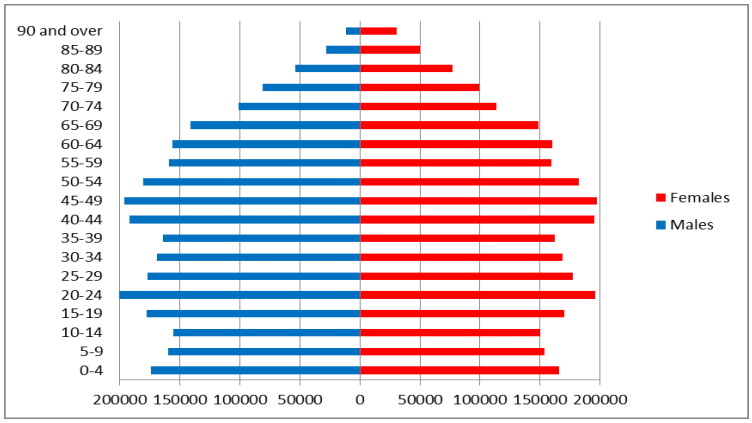
The Trust is situated in Sheffield, and serves the population of the city, which has a population of approximately 560,000. As a provider of specialised services for children, the Trust also serves the wider population of the sub-region of South Yorkshire, the Humber, North Lincolnshire, and North Derbyshire. The Sheffield catchment area has a population of around 1.8million, however the population served by Sheffield Children's NHS Foundation Trust is greater, and we estimate the Trust serves a population of approximately three million.

Figure 1. Map showing position of Sheffield Children's Trust within the region



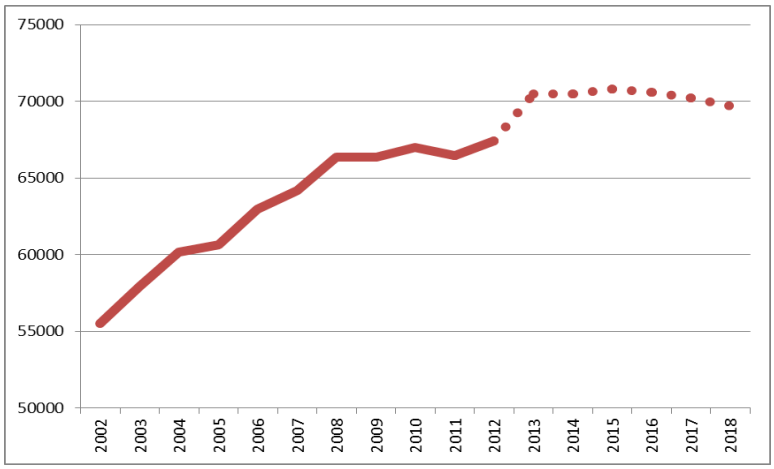
NHS England have estimated that the population of the Yorkshire and the Humber region will grow by approximately 1% each year, which will increase the population overall by approximately 350,000 by 2021. The age profile of the population of Yorkshire and the Humber is shown in Figure 1 below.

Figure 1. Age and gender structure in Yorkshire and the Humber 2013



Within the Yorkshire and Humber region 24.1% of the population are aged 0-19 years, with approximately 1.3million children and young people in this age range, as detailed by the Office for National Statistics[1] (ONS) for 2012, with 67,408 live births. A similar percentage of the population of Sheffield is aged 0-19 years, with approximately 135,000 children and young people living in the city, with 6892 live births in 2012. In 2012 there were 67408 live births in the Yorkshire and Humber region, with 6892 live births in Sheffield. The number of births has risen by about 5% over the last five years, and it is anticipated by NHS England[2] that this rate will continue, as shown in Figure 2 below:

Figure 2. Projected rise in live births in Yorkshire and the Humber



Ethnicity

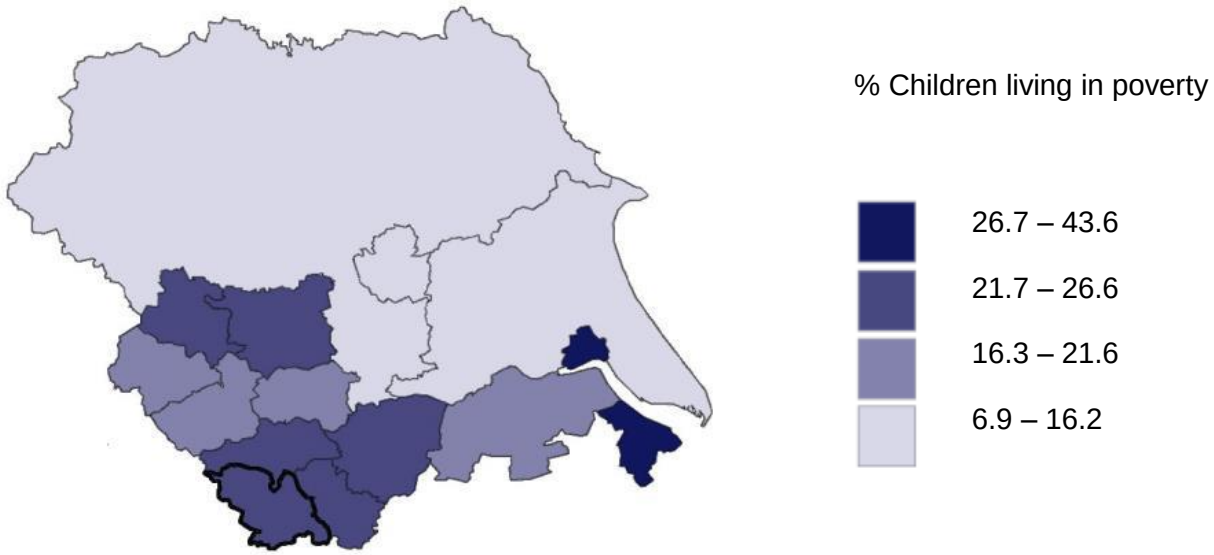
The ethnicity of children and young people in the sub-region of South Yorkshire varies and is highest in Sheffield with 28.8% of school children coming from a minority ethnic group, falling to 14.5% in Rotherham, 10.9% in Doncaster, 6.1% in Barnsley, and 5% in Derbyshire.

[1] Public Health England/ChiMat Child Health Profile, March 2014
[2] South Yorkshire and Bassetlaw NHS England Specialised Commissioning Operational Plan 2014/15 to 2015/16

Poverty

The levels of child poverty in Sheffield and the South Yorkshire sub-region are worse than the England average, with between 23% and 25% of children living in poverty in this area, but with fewer children in poverty in Derbyshire (17%).

Figure 3. Children living in poverty in Yorkshire and the Humber



3.2.2 Health needs assessment

Detailed information for the Child and Maternal Health Intelligence Network[3] provides an assessment of current health care needs of children living in England. Given the comparatively higher rates of poverty in the sub-region, the health of the children living in the area served by the Trust are worse than average for England in a number of areas. Poor health starts before birth with higher smoking rates during pregnancy and high rates of teenage pregnancy, then at birth, with proportionately less initiation of breast feeding. These factors all impact on the provision of healthcare for children in the region. A number of key points are detailed below:

Infant and child mortality rates - mortality rates for infants and children in South Yorkshire and Derbyshire are similar to the average in England. The rate at which children and young people were killed or seriously injured in road traffic accidents in Sheffield is higher than the England average, with 85 children killed or seriously injured on the roads in 2010-2012.

Childhood obesity - Obesity rates in the sub-region vary between 8.3% and 9.7% at age 4-5 years, and between 17.6% and 21.7% at age 10-11 years classified as obese, with children in Derbyshire having slightly lower rates of obesity, and children in Barnsley having the highest rates locally.

Breastfeeding – Breastfeeding rates are lower than average in the sub-region, with the exception of Sheffield, where nearly 51% of babies are breastfed at 6-8 weeks after birth compared to the England average of 47.2%. Breastfeeding rates are substantially lower in other parts of the sub-region, where only 27-20% of babies are breastfed at 6-8 weeks after birth.

Dental Health - Dental health in the sub-region is worse than the average for England, with between 34% (Doncaster) and 41% (Barnsley) of children aged 5 having one or more filling compared to the national average of 27.9%.

[3] Public Health England, ChiMat Child Health Profiles March 2014

IMPACT OF DEMOGRAPHIC CHANGE AND HEALTHCARE NEEDS ON TRUST'S FIVE YEAR PLANS

The Trust has taken the following factors into account in formulating its five year plan:

a) The population served by Sheffield Children's NHS Foundation Trust includes a high proportion of children in poverty with a number of factors which adversely affect the health of the children in the area served. Sheffield itself has a high proportion of school children from minority ethnic backgrounds, as well as high levels of deprivation in particular areas of the city.

b) The Trust will work closely with the CCG and Sheffield City Council and other key partners to plan and deliver services for children in Sheffield, aiming to direct services to support improved health outcomes and seeking to ensure services are accessible, particularly to the most vulnerable children and families. The Trust will endeavour to support preventative approaches to improve health of children in the sub-region,

c) The Trust's projected activity levels take account of the demographic growth in the population including the anticipated continued rise in the birth-rate in the region, and future trends in health care needs in the population served.

3.3 The Local Health Economy

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

The Sheffield Health Economy – primarily, Sheffield CCG, Sheffield City Council, Sheffield Teaching Hospitals Foundation Trust and Sheffield Care Trust

NHS England and the South Yorkshire and Bassetlaw* Area *health economy – including NHSE Area Team, and the other providers in the sub-region.

3.3.1 Sheffield Health Economy

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

a) The financial challenge

Sheffield CCG will receive the minimum cash uplift in its allocation over the next two years and this is expected to continue through to 2018/19. This means the CCG will receive minimal or no real terms growth funding. The target allocations published by NHS England in December show Sheffield CCG to be more than 5% "above target" which is partly due to the fact that whilst Sheffield's population is growing, this is at a slower rate than a number of other places in the country. Along with all CCGs nationally, Sheffield CCG will also have a 10% reduction in its current £14m Running Cost Allowance from 2015/16.

The CCG is required to plan on delivery of a minimum 1% (circa £7m) surplus each year whilst addressing a challenging range of demand and other pressures. At the same time the CCG's commissioning intentions are seeking transformational changes to services. The combined impact of this is that the CCG needs to look to reduce its spend in some areas (QIPP savings). It is looking to achieve £ 6million gross savings (i.e just under 1% of total allocation) in each of the next 2 years. Whilst details of allocations from 2016/17 onwards are not available at this stage, based on national planning advice on

uplifts and tariffs and local modelling on activity and other demands, QIPP saving requirements are expected to increase to £9.5million from that year. The CCG's plan contains the minimum requirement of 0.5% contingency reserves in each of the financial years to help manage unexpected pressures and issues.

From 2015/16 the CCG and Sheffield City Council expect to combine significant resources within the Better Care Fund to support integrated commissioning of a range of services.

Details of the CCG's financial assumptions and QIPP savings targets are set out in **Tables A and B** below:

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

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

Note 1: In 2015/16 and beyond actual and target allocation includes £12.4m which will be added to CCG allocation for transfer to Better Care Fund ex NHS England

Note 2: NHS E have not published target allocations beyond 2015/16 but have provided assumptions on growth uplift – Sheffield to receive minimum growth meaning they are expected to stay more than 5% above target

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

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

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

3.3.2 NHS England and South Yorkshire and Bassetlaw Health Economy

3.3.2.1 NHS England

NHS England has identified a significant financial challenge nationally with respect to funding for specialised services, some of which may relate to the resource allocation process undertaken at a regional level between funding to CCGs and specialised services. Whilst work is still underway nationally to review the allocation process in a number of areas including Yorkshire and the Humber, it is clear that a significant funding challenge exits for specialised services over the next five years.

At the current time, a funding gap of £64million has been identified in Yorkshire and the Humber for 2014/15, of which £32m has been offset through non-recurrent national funding. Whilst the Trust's contract with NHSE has been agreed for 2014/15, with the inclusion of QIPP schemes linked to CQUIN payments in terms of taking agreed action to support the delivery of QIPP schemes, it is clear that future years are likely to be even more challenging.

3.3.2.2 CCGs in South Yorkshire and Bassetlaw

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

3.3.2.3. NHS Provider Trusts in South Yorkshire & Bassetlaw

Historically, the South Yorkshire and Bassetlaw has been a high performing area of the country; the acute trusts were amongst the earliest nationally to become foundation trusts, and there has been stability within the sub-region over a number of years. More recently financial pressures have emerged, which has led to the recognition of the need for greater collaboration between NHS organisations.

3.3.3. How the local health economy will respond to the challenges over the next five years

3.3.3.1 Sheffield Health Economy

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

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

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

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

- *Future Shape Children's Health Programme* - this is a well established health and social care strategy group, which has a focus on improving outcomes for children, and involves all commissioning and provider organisations in the city, including the voluntary sector and aims to improve adverse health outcomes as detailed in section 3.2.2.

a) Sheffield LHE response to the financial challenge

In view of the financial challenge facing all the organisations involved in health and social care in the city, all parties understand that it is critical they work closely together to address these challenges.. The city wide approach for the future assumes a far greater emphasis on community based service delivery and

the avoidance of hospital admissions. The CCG's stated aim in its Commissioning Intentions is to reduce emergency admissions by 20% over 5 years which includes a £4m reduction in acute emergency admissions in 2015/16, mainly related to reconfiguring services for older people; however there will also be an emphasis on reducing emergency admissions of children to hospital. The concept is that through integrating health and social care services there is substantial scope for more efficient delivery of these services, such that the pressures which will come from demographic and other trends should be capable of being managed through these efficiencies.

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

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

Better Care Fund - The Executive Commissioning Group plan to establish a substantial Better Care Fund in Sheffield in order to drive forward with plans for the integration of services and to mitigate risk in relation to the financial challenge in the City. The partners plan to establish a £300m BCF with the emphasis of the plan mainly based on changing the way in which services for older people are commissioned and delivered. The impact on Sheffield Children's NHS Foundation Trust is likely to be minimal in the initial period, as the only budget included in the first instance relevant to children will the community equipment budget.

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

b) Joint approach within the local health economy in Sheffield

Sheffield CCG, with local healthcare providers and Sheffield City Council representatives are working closely together to determine how the city can sustain and improve healthcare services in the city in the long term. In addition to the formal partnership arrangements described above, a new planning group has been established involving all of the parties, along with NHS England commissioners, to consider long term sustainability and the transformation of the city's healthcare services. Through this work a agreed set of assumptions have been drawn up to underpin the plans of all parties in the city, as detailed in the attached **Appendix 1.**

3.3.3.2 South Yorkshire and Bassetlaw LHE response to the financial challenge

a) NHS England

Whilst NHSE are in the process of driving forward with the implementation of QIPP schemes in the current year, it is likely that more radical changes will be taken in the future, which will include concentration of specialist activity in a smaller number of centres. This work is already underway with decisions being taken nationally to concentrate laboratory genetics in a smaller number of centres, and

NHSE are proceeding in the current year with a procurement process to achieve this end. More services are likely to be reviewed with greater concentration of service provision in the future.

There is also likely to be a refinement of the definition of what constitutes specialist activity in the future, and work is being undertaken to reassess specialised services.

It is also possible that NHSE will review specialised service specifications, given the costs associated with delivery of each of the detailed specifications, however, this is uncertain at the current time.

b) The Working Together Programme

The seven acute trusts in the sub-region have established a partnership in order to work together on areas of common interest in order to improve efficiency and address issues of clinical service sustainability over the next five years. The **Working Together Programme** is a jointly funded work programme, with a Programme Management Office. It has seven work- streams, each led by a Chief Executive. To be supported for inclusion the WTP Programme any proposed work needs to demonstrate potential benefits associated with the ability to:

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

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

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

c) Children's Services in South Yorkshire and Bassetlaw

The Children's Services Work-stream of the joint commissioner and provider Working Together Programme has been set up as it was recognised that one of the greatest challenges facing the health service today is the need to improve the quality of care and achieve better value against a backdrop of

pressures from rising demand and limited resources. These challenges require the health service to evolve and adapt to changing needs and innovations in treatment.

c) Specialised Services

NHS England are currently undertaking a strategic review of specialised service in England, and this will be of significant importance to the Trust given that approximately 65% of the Trust's income comes from NHS England, primarily for its specialist activity. Commissioners in the North of England met with all specialised service providers to assess the challenges and to consider how all parties might work together to develop a strategic plan for the region for the future. NHS England has undertaken a consultation exercise on specialised services, and had planned to publish this strategy in June 2014. However, the publication of the Strategy has now been delayed until the Autumn of 2014, and it is therefore more difficult to assess the impact of national changes on the Trust's future service provision. The commissioning of specialised services for Yorkshire and the Humber is undertaken locally by the South Yorkshire and Bassetlaw Area Team

Whilst the publication of the national strategy on specialised services has been delayed, NHSE planning guidance '*Everyone Counts'* sets out an intention to concentrate the provision of specialist provision within a smaller number of centres of excellence in future, with services likely to be centralised within 15-30 trusts nationally in future. As a specialist provider of services for children and young people, with a strong track record in providing high quality care and good performance, we believe the Trust is well placed to be recognised as one of a smaller number of centres of excellence for children's services for the future. Over recent years we have seen a continued rise in referrals, which have grown by over 30% in the last five years particularly to our more specialised services.

Within Yorkshire and the Humber, NHSE have identified a number of key priorities relating to children's specialised services, or relating to children and adult services, and those which are relevant to the Trust are as follows:

Table C: NHSE priorities for Children's Specialised Services in Yorkshire & the Humber

Specialised service area	Issues
Paediatric Neurosciences	Need to develop network arrangements and deliver appropriate pathways for epilepsy surgery
Metabolic services for adults and children	Issues related to service specification compliance
Neonatal Critical Care	A review of capacity and demand within the network, which is relevant to the Trust as the host of the Network and as the provider of the Embrace transport service
Paediatric Critical Care	delivering the changes to the specification
Children and adults with long term neurological conditions	Review of national model
Major Trauma	Full compliance with the specification
Specialised Burns Care	Identification and accreditation of Burns centres, facilities and units
Tier 4 CAMHs	Capacity is considered to be a significant priority in the North
Cystic Fibrosis	Further development of the Network arrangements to support local access
Specialised services	Configuration of services and patient pathways, working with CCGs

3.4 Analysis of Trust position in the local health economy

Sheffield Children's NHS Foundation Trust is a specialist provider of healthcare to children providing a comprehensive range of hospital, community and mental health services for children and young people. The Trust is dedicated to providing the highest quality care to children and young people living in South Yorkshire, the Humber, North Derbyshire and the North of England, the area shown in Figure 1.

In providing specialised services the Trust maintains close working relationships with a number of District General Hospital Foundation Trusts in the region providing a range of specialised outreach services and with responsibility for hosting a number of key Operational Delivery Networks. The Trust is relied upon to provide clinical leadership in the delivery of healthcare to children and young people. Increasingly the work we do is delivered in partnership with others, in Sheffield and across the region, and our plans for the future are closely aligned with commissioners and other providers.

3.4.1. Relationship with provider trusts In Sheffield

Sheffield Children's NHS Foundation Trust has strong collaborative relationships with other provider organisations in the area. In Sheffield, the Trust works in close collaboration with Sheffield Teaching Hospitals NHS Foundation Trust in the provision of services. The two trusts are not in a competitive situation given that Sheffield Teaching Hospitals NHS Foundation Trust is responsible for the care of adults in the city, and other than the care of neonatal patients at the Jessops Wing, the Trust does not provide treatment usually for those under the age of sixteen years of age. The two Trusts work closely on areas of joint interest, for example, in the delivery of Trauma Services and the development of Sheffield's Trauma Centre, which is comprised of adult services provided by STH,NHS FT and Sheffield Children's NHS Trust providing the Children's Trauma Service. The adult trust also provides specific consultant staff to the Trust, particularly surgical staff, and the Trust also provides some service to the adult trust, for example Genetic services.

The Trust also works closely with the Sheffield Health and Social Care Foundation Trust in relation to the delivery of mental health care to young people, as historically the Care Trust has provided community mental health care to those aged 16 and above. This is set to change in 2014/15 as the Sheffield CCG wish to commission a service for those aged 16-18 from Sheffield Children's NHS Foundation Trust. Further work is underway to improve transitional arrangements between the two trusts for graduate patients transferring to the adult service.

3.4.2 Relationship with local DGH providers in the sub-region

The Trust has strong and effective clinical relationships with those working in local hospitals in the sub-region. The Trust has a clear leadership role in the delivery of healthcare to children in the sub-region. The Trust provides support to local hospitals in a number of ways:

a) *Outreach Clinics* - the Trust provides a large number of specialised outreach clinics within local hospitals including Barnsley, Rotherham, Doncaster, Grimsby, Chesterfield, Scunthorpe. In this way, the Trust is able to provide more accessible specialised services to local populations. However, through these arrangements, the Trust is also able to provide specialised advice to local paediatricians to enable them to provide on-going care locally to patients. Maintaining these relationships also ensures that those patients who need specialist input, including inpatient treatment, are referred to the Trust's services, and ensuring that local clinicians are aware of the services the Trust has to offer.

b) *Clinical Networks* – the Trust clinical staff are involved in a number of formal and informal clinical network arrangements in place to support effective and well co-ordinated care. The Trust hosts a number of Operational Delivery Networks (ODNs), including Neonatal and Paediatric Critical Care Networks for the whole of Yorkshire and the Humber, and has recently been selected to

host the Paediatric Neurosciences Network for the North-East of England. The Trust is also a member of a number of other Networks, including the Burns Network, and as a Major Trauma Centre, a member of the Trauma Network in the sub-region. A number of informal Networks are also in place, including the Cystic Fibrosis Network and the CAMHS Network (which is led by one of the Trust's senior clinical staff).

c) *Clinical Services* – The Trust also provides a number of other key clinical support services which support local hospitals with the management of children and young people. The Trust's Embrace Service is a specialised transport service which transports critically ill babies and children between hospitals in the region. This service also has a well developed telecommunication centre which connects clinical staff in different hospitals together, to enable joint management of a critically ill child prior to transfer. The Trust also provides surgeons to some local hospitals in order to support local delivery of day case procedures
.

d) Medical staff – the Trust is the Lead Employer for Paediatric Trainees in the sub-region, and therefore holds the employment contracts of all doctors in training across all the local hospitals.

3.4.3 Future Delivery of services for children

The Trust is working closely with other local providers and commissioners to consider the delivery of children's services in the sub-region in the future. It is clear that there are issues of sustainability, and that action will need to be taken to ensure that services for children can be delivered safely and effectively in the future. There are a number of clear challenges facing the sub-region in relation to delivering care to children:

Workforce issues - a shortfall in the numbers of medical trainees is currently causing service delivery issues, and this is set to become more difficult in future with a reduction in trainees anticipated. This will threaten the delivery of paediatric services given that there will be an insufficient number of medical staff to cover rotas in order to provide 24/7 cover in all the hospitals which currently provide paediatric services. These shortfalls in trainees will also affect surgical specialities and anaesthetics.

Surgical standards – Standards defined for safe surgery on children clearly specify the need for surgeons and anaesthetists to be specifically trained in the care of children and for them to undertake sufficient work routinely on children to maintain skills. These standards apply to both elective and non-elective activity. In the past surgeons and anaesthetists were not trained specifically on adults or children but operated on both, however, medical training has now changed. With the retirement of older surgeons and anaesthetists, the ability of local hospitals to have sufficient medical staff to maintain rotas, with staff undertaking sufficient paediatric activity to maintain skills is more challenging.

It is in the light of clinical challenges of this kind that provider Trusts and commissioners in the sub-region have identified the importance of focusing on the delivery of children's services as part of the Working Together Programme.

3.4.4 Do nothing scenario

The Sheffield CCG has modelled a 'do nothing' scenario' and has detailed the resulting financial gap for the LHE if no action is taken. Without action taken, the LHE would have a financial shortfall of nearly £40m over the five year period ending 2018/19. Details of the financial gap in funding, which will need to be met through QIPP plans are shown in Table H. below:

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

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

Specifically, for the Trust, a 'Do nothing' scenario would have the following characteristics:

- Acute admissions would continue to rise leading to pressure on bed capacity in the hospital, and potentially reducing the Trust's ability to develop specialised services
- The Trust would be reactive to growth in demand, rather than planning and supporting growth, leading to potential capacity constraints and waiting time pressures
- Without taking action now, it is unlikely that cost efficiencies in future years would be achieved
- The Trust would incur higher costs following the completion of the major capital scheme, and would be unlikely to meet these costs if other action had not been taken, leading to a significant financial issue and a significant risk to the sustainability of the Trust.

3.4.5 Extent of alignment of findings with other LHE partners

The LHE in Sheffield have undertaken a joint assessment of the challenges and priorities for the city over the next five years, which is described in the Joint statement detailed in **Section 3.3.3.1** of this document.

4. Risk to sustainability and strategic options

4.1 Approach to assessment of strategic options for service lines

The Trust has reviewed the external context, the financial challenges ahead, the context of the Local Health Economy, the changing nature of health need and the likely changes to healthcare over the next five years. We have assessed this position with other local health and social care organisations and considered the future impact of the challenges and opportunities that face the Trust and its services in future years. In this context we have considered the strengths and weaknesses of the Trust and its services, and also the opportunities and threats to the organisation, and the actions we need to take to respond to the opportunities and threats. We have reviewed the impact of the major external changes on the services we provide and the impact on our major service lines. Major service lines have been defined as follows:

Service Line	Rationale
Sheffield Services – non-specialised	
Accident & Emergency Services	Discrete service, with high patient volume
Urgent acute paediatrics	High patient volumes, significant impact
Community Paediatrics	Service delivered in partnership with Local Authority Services
Mental Health Services – Tier 3	Service connected to other partners, including adult Trust
Specialised services and services for children in South Yorkshire, the Humber and N. Derbyshire	
Specialised Services - Medical & surgical	Significant area of work & income, with substantial growth in most specialties, and a common agenda in terms of national policy
General Surgical Services	Services provided to wider sub-region, linked to sustainability issues of local providers
Critical Care Services	Networked services, linked to other providers, and supporting both elective and non-elective activity
Embrace Transport Service	Wider geographical area served – all Yorkshire and linked to emergency services
Mental Health Services – Tier 4	Discrete service with particular challenges & opportunities
Specialised pathology services	
Genetics Services	Service delivering to wide geographical area; key national agenda
Newborn Screening	Significant national agenda, and different geographical area served

4.2 Assessment of Strategic Options

The Trust's assessment of the key strategic options for the major service lines is given in **Table I.**

Table. I: ASSESSMENT OF STRATEGIC OPTIONS

SERVICE LINE/AREA	FACTORS INFLUENCING FUTURE STRATEGY	STRATEGIC OPTIONS	IMPLICATIONS OF PROPOSED OPTION	IMPACT ON LHE	ALIGNMENT WITH LHE & SUPPORT REQUIRED
A. SHEFFIELD SERVICES (NON-SPECIALISED)					
1. ACCIDENT & EMERGENCY SERVICE **Strategy: Collaborate & transform**	• Rising attendance over recent years • Affordability issue for Sheffield CCG	• Explore potential to establish an integrated Urgent Care Service based at Sheffield Children's Hospital, with combined primary and secondary care service as a collaborative arrangement	• Would need local agreement on price, likely to be block funding for combined service.	• Provision of single service for children out of hours would improve access for patients and efficiency for LHE, with one service rather than duplication as now • Stability for both parties financially	• This approach has been developed jointly with the CCG and is alignment with their strategy. • This approach would enable local GPs to work alongside Trust paediatricians, and would support the transfer of skills between the two groups.
2. URGENT CARE - GENERAL ACUTE PAEDIATRICS **Strategy: Collaborate & shrink**	• Rising admissions and need for more community based provision • National policy to reduce admissions to hospital • CCG commissioning intention to reduce non-elective admissions to hospital • Local financial challenge	• Collaborate with CCG/local GPs and Local Authority to build capacity in primary care to manage unwell children, through education and training • Work with local Children & Young People's Partnership , GP, HVs and Early Years service on advice and support to parents in managing common childhood illness	• If successful will reduce or prevent further growth of, admissions to hospital for less serious illness, and enable more children to receive care closer to home. • Reduced emergency admissions will provide capacity to enable the Trust to develop specialist services	• This strategy will reduce costs for the CCG, however will reduce income to the Trust • The approach will enable a higher proportion of the Trust's resources to be focused on the delivery of specialised services for children, a key role the Trust plays in supporting safe and effective care of children in the sub-region.	• This strategy is congruent with the CCG strategy which aims to reduce non-elective admissions to hospital.

SERVICE LINE/AREA	FACTORS INFLUENCING FUTURE STRATEGY	STRATEGIC OPTIONS	IMPLICATIONS OF PROPOSED OPTION	IMPACT ON LHE	ALIGNMENT WITH LHE & SUPPORT REQUIRED
3. COMMUNITY PAEDIATRIC SERVICES **Strategy:** **Collaborate & also to grow Health Visitor services**	• Local strategy to increase community based support to children and families with a preventative approach to support children to have a good start in life. • National strategy to increase Health Visiting professionals • Better Start initiative	• The Trust will continue to work with LHE partners to support more integrated and community based approaches to support children to stay healthy and provide early intervention when issues arise, working with Early Years services, GPs, schools and the voluntary sector. • Extend Health Visitor Services in line with agreed trajectories	• The Trust will need to enable community services to be delivered increasingly in partnership, particularly if the Better Start bid is successful, given that the Trust is closely involved in this initiative. • The Trust need to recruit and train sufficient HVs to meet trajectories, and this has been challenging previously.	• The Trust is a key partner in the city's Children and young people's partnership, as the major provider of children's health services in the city. The Trust therefore has a key role to play working with GPs and others to improve health outcomes for children. • The Health and Wellbeing Partnership Board in Sheffield have a key strategic aim to give children a good start in life.	• The Trust is working in close alignment with partners in the city to improve the healthcare and health outcomes of children, and there is a shared strategy which determines the priorities for all the partners, which the Trusts plans are set within.
4. MENTAL HEALTH SERVICES FOR SHEFFIELD (TIER3) **Strategy:** **Collaborate & transform**	• Financial challenge facing LHE • Current provision for 16-17 year olds not provided as part of CAMH Service at Tier 3, although Tier 4 services are up to 18. • Increased demand for services	• Extend CAMH Service up to age 18 in line with national standards, in collaboration with Sheffield Care Trust and Sheffield CCG, with focus on improving transitional arrangements	• The extension of the CAMH Service would improve the care of those aged 16-18 with a more age appropriate service in place.	• Developing CAMHS service to extend up to age 18 will require additional resources, which will be challenging given the financial pressures in the LHE	• The LHE organisations have an agreed plan that services for 16-17 year olds should transfer to the Trust. the financial plan needs agreement.
B. SPECIALISED SERVICES & SERVICES FOR CHILDREN IN SOUTH YORKSHIRE, HUMBER & NORTH DERBYSHIRE					
5. SPECIALISED SERVICES FOR CHILDREN – MEDICAL & SURGICAL	• Growth in referrals to the Trust over several years for specialised services and our success in building	• Continue to develop the Trust as an expert provider of specialised services for children and young people,	• If the Trust did not pursue this strategy, it is likely that it would cease to exist as a specialist provider and	• Local Area Team of NHSE want to ensure effective specialised services in place meeting service	• This approach is in alignment with national direction for specialised services, with high standards achieved for

SERVICE LINE/AREA	FACTORS INFLUENCING FUTURE STRATEGY	STRATEGIC OPTIONS	IMPLICATIONS OF PROPOSED OPTION	IMPACT ON LHE	ALIGNMENT WITH LHE & SUPPORT REQUIRED
Strategy: Collaborate & grow	skills and reputation of our specialised services • Nationally defined standards within service specifications set out by NHSE • NHSE stated strategy to reduce numbers of specialist providers and concentrate expertise in fewer centres, with research and teaching	building on existing expertise and reputation • Ensure that service specifications for specialised services are fully met • Undertake a review following publication of NHSE Strategy for Specialised Services due in Q3 2014/15, of all specialised services and determine range and mix of services for the future. • Address issues of vulnerability, such as Oncology. • Review potential to extend services up to age 18 to increase activity and robustness.	as a separate trust • For the Trust to succeed in this goal, there will need to be sufficient capacity to accommodate growth • This strategy fits with the strategy to reduce or prevent growth of non-elective acute admission identified in 2. above. • To expand as a specialist provider will require higher standards of accommodation for in-patient care, and the Trust is investing in new higher quality ward accommodation.	specifications • LHE partners value contribution of Trust in leadership role in relation to children's healthcare in the sub-region	specialised services • NHSE want to concentrate specialist activity in a smaller number of expert providers, with teaching and research alongside clinical service delivery, and the Trust is able to meet these requirements.
6. GENERAL SURGICAL SERVICES **Strategy:** **Collaborate & grow**	• Growth in planned and non-elective patient activity, with transfer of surgical patients to the Trust from local hospitals. • Standards defined for children's surgical and anaesthetic services • Changes in training scheme for surgery and anaesthetics, with sub-	• Trust to undertake more surgery on children within sub-region, given the sustainability issues in local hospitals • Trust to work with other providers to assess potential for Trust to provide day -case surgery in local hospitals	• For the Trust to accommodate growth in surgical activity the Trust will need to reduce or prevent further growth of non-elective acute admissions as described in 2 above.	• The LHE wants to ensure that surgery on children is undertaken in line with nationally recognised standards and this approach will support this aim. • The LHE is likely to want surgery to be undertaken locally wherever possible, to support local access,	• The LHE through the joint Working Together Programme has identified children's surgical service as a key priority for the Programme. The assessment of the current services demonstrates challenges facing local hospitals in delivering

SERVICE LINE/AREA	FACTORS INFLUENCING FUTURE STRATEGY	STRATEGIC OPTIONS	IMPLICATIONS OF PROPOSED OPTION	IMPACT ON LHE	ALIGNMENT WITH LHE & SUPPORT REQUIRED
	speciality training requirements to undertake paediatric surgery or anaesthetics. • Working Together Programme of providers and commissioners reviewing surgical provision across sub-region assessing sustainability of surgery in local providers			and the Trust will work with others to explore the feasibility of this approach in terms of outreach provision.	small numbers of surgical activity in a number of areas. Maintaining expertise whilst undertaking small numbers of procedures is challenging. All parties want to find solutions to this problem.
7. CRITICAL CARE SERVICES **Strategy: grow**	• Growth in demand for specialised services, with more children who require emergency or post-operative critical care • Pressure in winter months in treating patients undergoing planned surgery which requires post-operative critical care • Trust's role as Major Trauma Centre	• The Trust needs to ensure it has adequate provision to support activity undertaken by the Trust. This will require an expansion in the provision of critical care services	• The Trust has identified in practical terms how an extension of the existing critical care unit can be achieved , linked to the Theatre development. • The Trust will need to negotiate with NHSE commissioners in relation to funding the Business Case for this development	• This development will support the expansion of specialised services at the Trust and therefore is in line with the strategy of concentrating specialised services in centres. • The development will require additional funding from NHSE	• The Trust will need support from NHSE for this development given the funding requirements. However, without this expansion there is a risk that waiting times will not be met for patients who require post-operative critical care. There is also a likelihood that more patients will require emergency care out of area if there are insufficient critical care beds in Sheffield.
8. EMBRACE CRITICAL CARE TRANSPORT SERVICE	• Highly successful critical care transport service for babies & children, with strong	• Could extend provision to a wider geographical area, offer telecommunications	• The service provides substantial support to local hospitals across Yorkshire & Humber	• Having an effective transport service supports the concentration of care of	• An expansion of the service would require additional funding, however, this may be a

SERVICE LINE/AREA	FACTORS INFLUENCING FUTURE STRATEGY	STRATEGIC OPTIONS	IMPLICATIONS OF PROPOSED OPTION	IMPACT ON LHE	ALIGNMENT WITH LHE & SUPPORT REQUIRED
Strategy: collaborate & grow	reputation and potential to grow.	hub and other services to other providers, and potentially expand air ambulance service	region in management of critically ill children. An expansion of the service develops leadership role played by Trust in the safe care of children in the region	the sickest children and supports commissioner strategic intentions for service reconfiguration	transfer of funding from other existing providers.
9. SPECIALISED MENTAL HEALTH SERVICES – TIER 4 **Strategy: grow**	• The Trust is one of the largest providers of bed based Tier4 specialist mental health services for young people up to the age of 18in the country. • There is a recognised under-provision of specialised mental health care provision nationally and the recent review of these services has concluded that there will be a national procurement to increase provision in this area. • The Trust has invested in the Becton Young People's Centre, and has the potential to expand provision in this Centre, so is well placed to respond to the national procurement. • The Trust recently commissioned an	• The Trust would look to extend the range of services provided from the Becton Centre, subject to Business Case assessment. Additional service provision may more generic beds, PICU, and Specialist Eating Disorders services	• The Trust would need to assess potential capital investment in the further development of the Becton Centre, which may require investment of between £3 and £6million depending on the extend of the development	• This development would require further investment in the service by NHSE commissioners	• This development aligns well with commissioners' intentions to increase provision of specialised mental health care for young people

SERVICE LINE/AREA	FACTORS INFLUENCING FUTURE STRATEGY	STRATEGIC OPTIONS	IMPLICATIONS OF PROPOSED OPTION	IMPACT ON LHE	ALIGNMENT WITH LHE & SUPPORT REQUIRED
	external feasibility study to review the scope to develop and extend the services provided a t Becton				
C. SPECIALIST PATHOLOGY SERVICES					
10. GENETICS SERVICES **Strategy: Grow**	• National strategy to develop genetics, including 100,000 Genome project, with significant transformation expected in clinical service delivery based on development of genetic technology • National procurement for Laboratory Genetics to develop services, in a smaller number of significant centres	• The Trust will bid to be one of the national centres for Laboratory Genetics through the procurement expected in Q3 in 2014/15. • The Trust is well placed to develop Genetic services and has demonstrated a capacity to make significant changes in service delivery in recent years, including significant workforce changes.	• For the Trust to be successful through the procurement it will be essential that an effective plan including a pricing structure can be formulated. It will also be necessary for the Trust to demonstrate effective partnership working, and proposed networking arrangements with other centres. • The Trust would need to ensure that it can accommodate an expansion of the department if successful, as the department would be bigger • There is a risk that the Trust will not succeed in the procurement in which case the Trust may not in future provide these services. This would lead to a	• The Genetics procurement is being led nationally by NHSE and it is their intention to ensure that laboratory services are developed effectively to support the transformation of clinical services. The procurement is part of the plan to ensure that services are delivered cost-effectively in a smaller number of centres.	• The Trust's plans are being developed in response to NHSE strategy.

SERVICE LINE/AREA	FACTORS INFLUENCING FUTURE STRATEGY	STRATEGIC OPTIONS	IMPLICATIONS OF PROPOSED OPTION	IMPACT ON LHE	ALIGNMENT WITH LHE & SUPPORT REQUIRED
			loss of income to the Trust.		
11. NEWBORN SCREENING **Strategy: Grow**	• National plan to centralise newborn screening within a smaller number of centres nationally, through a national procurement exercise. • The Trust currently provides newborn screening services to Gibraltar and is now exploring the potential to provide a service in Kurdistan, given that the Trust has supported the development of the Kurdistan Children's Hospital.	• The Trust is well placed to be recognised as one of a smaller number of providers of these services in the future, particularly given that it is a provider of a metabolic medicine service and is therefore preparing to be ready for this procurement • The Trust would expect to deliver a service in Kurdistan by Q4 2014/15, and further develop the service in future years.	• The Trust will need to ensure that it is ready for a national procurement of Newborn Screening Services and able to expand the service if successful. • If not successful , the Trust would suffer a loss of income	• This is an NHSE commissioned service and • Procurement will be led on a national basis. The Trust would be responding to commissioner strategy • The development of a newborn screening service for Kurdistan would have no impact on the LHE	• NHSE are leading this initiative and the Trust would respond to a national procurement exercise.

5. Strategic Plans

5.1 Overview of our strategy

Having undertaken a full analysis of the context in which we operate and the future challenges for the local health economy, members of the Board have concluded that direction of travel that it has set for the organisation remains broadly fit for purpose, and that the Trust should continue to drive forward with its existing strategy for the Trust's clinical services. As one of four specialist children's NHS trusts in England delivering high quality, safe and effective care to children and young people in the north of England, the Trust has a niche role to play in the health economy. Given the Trust's successful track record, it is clear that the organisation has undertaken this role well in recent years and that commissioners as well as other Trusts, value the contribution the Trust can make in supporting the high quality care of children in the region. We intend, therefore, that the Trust will continues to fulfil its responsibilities in the leadership of children's healthcare and in delivering high quality care for children in the sub-region as well as locally in Sheffield.

Whilst the Trust's strategy will therefore broadly remain that which the Board developed in 2011, it is clear that the changing context in which the Trust operates will require a sharpened focus for the whole organisation. We will remain ambitious for our services and continue with key developments, but we will also have an absolute focus on organisational effectiveness, and delivery of key projects. Supporting our clinical services to be nationally and in some cases, internationally recognised, will require the organisation to be robust and effective, with strong financial performance.

To support the high quality services we provide, we have been clear about the importance of improving our in-patient accommodation through investment in a major capital scheme. The Board consider the scheme to be a key enabler for the development of the Trust's role as a specialist provider of children' services. This capital investment, together with the investment being made in other key infrastructure projects, including additional outpatient accommodation, additional operating theatres, a 3T MRI and the likely investment in additional critical care provision, will secure the Trust the capacity that is needed to support the growth in demand for the Trust's services.

The Trust Board have also recognised the importance of working with the Sheffield CCG and other key partners in the City to support more care for the children of Sheffield to be delivered outside hospital, by increasing capacity of primary care, and supporting parents in their management of children when they are unwell. We are therefore committed to working with others to redesign urgent care for children in the city, with a proposal to set up an integrated Urgent Care Centre for children and would expect initiatives of this sort to lead to a reduction in admissions of children to hospital over the five year period.

We have worked with partners in the LHE, and we believe our plans are congruent with those of our commissioners, and with other local trusts.

5. 2 Our strategic aims

The Trust provides a comprehensive range of care for children and young people including highly specialised hospital services, general hospital services including A&E, and a full range of community and mental health services. Our mission remains as follows:

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

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

OUR FIVE CORE STRATEGIC AIMS

We will:

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

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

Underpinning Strategies

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

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

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

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

We have reviewed our five year strategy in the light of the priorities defined by NHS England for the NHS in '*Everyone Counts Planning for Patients 2014/15 to 18/19',* through the analysis described in this plan and in the light of locally defined priorities and challenges. The Trust's Board of Directors is confident that the existing main strategic priorities that have been defined for the Trust remain fit for purpose at this time, and fit well with the national agenda. However, the details of our plans are adjusted to reflect specific changes determined both nationally and locally.

5.3 Activity and capacity

5.3.1 Activity projections

We have undertaken an assessment of the expected demand for our services over the coming five years, taking into account recent trends, demographic changes and an analysis of factors which might contribute to our future activity levels. The Trust has undertaken detailed assessment of future activity requirements over the last two years as part of the business planning process undertaken to assess the case for the capital investment into the new ward block. These forecasts have been refreshed to take account more recent actual referral patterns, along with other key information relating to specific services and other providers. A summary of the expected levels of activity are provided below in **Table K.**

Planned elective and outpatient activity

As shown in Table K, we are predicting further growth to our specialised services over the five years of the plan, and we also anticipate increased demand for our referrals to our general surgical services, given the difficulties some local hospitals have in delivering these services. Overall an increase of 18 % is predicted over the five year period in outpatient services with a rise of 18 % in elective admissions.

Non-elective activity

Non-elective activity is expected to reduce significantly over the five years of the plan to reflect two specific factors:

a) A rebasing exercise agreed with Sheffield CCG included an agreement to introduce a new local currency for short acute admissions within our short stay unit, which is linked to our A&E Department. Within the contract arrangements a new local currency will be introduced in the future for very short stay admissions. This counting change accounts for the significant reduction in the non-elective activity in the plan.
b) The reduction in activity also reflected the work underway with the CCG and local GPs to place a higher emphasis on work to support GPs to manage more acutely unwell children outside hospital.

Table K. Summary of expected activity levels 2014-19

	2013/14 Activity Plan	2014/15 Activity Plan	2015/16 Activity Plan	2016/17 Activity Plan	2017/18 Activity Plan	2018/19 Activity Plan	Expected change over 5 years
Outpatients							
New Outpatients	31,646	34,371	35,422	36,226	37,073	37,967	+ 20%
Follow – up/review	80,000	84,168	87,380	89,879	92,521	95,317	+ 19%
TOTAL	**111,646**	**118,539**	**122,802**	**126,105**	**129,594**	**133,284**	**+ 20%**
Elective admissions							
Inpatients	5,889	5,723	5,926	6,087	6,258	6,441	+ 10%
Day-cases	12,563	12,906	13,722	14,230	14,773	15,354	+ 22%
TOTAL	**18,452**	**18,629**	**19,648**	**20,317**	**21,031**	**21,795**	**+ 18%**
Non-elective admissions							
TOTAL	**12,046**	**13,395**	**6,783**	**6,850**	**6,918**	**6,988**	-42%

5.3.2 Capacity to deliver activity

On the basis of the assumptions on changes in demand and the activity required to meet this demand, we have undertaken a detailed capacity planning exercise with Divisions. The demand and capacity modelling work undertaken has been undertaken using the approach normally adopted by the Trust, which takes into account factors such as ROTT rates to take into account likely wastage, conversion rates for elective admission and other similar factors recommended for capacity modelling. We have assumed that a proportion of the additional activity will be delivered through improved productivity in outpatient clinics and theatres sessions, however, increased capacity will be required to meet the higher activity levels and work is underway to implement agreed plans within Divisions and Departments.

Theatre capacity

Over the last two years the Trust has been constrained by insufficient in-week operating capacity. All elective lists are allocated and maximum use is made of allocated elective lists, with a 93% utilisation rate of available lists. To meet planned activity levels, some specialities are dependent on lists handed back from other specialities, or on weekend or other out of hours working.. Due to constraints on theatre capacity the Trust has approved a Business Case, and a capital scheme is underway to build two additional theatres for completion by the end of Q4 2014/15. This will provide an additional 20 lists per week by the end of the five year period which will support the deliver planned activity levels. Over the last two years, the Trust has undertaken a proportion of its operating during weekends, due to lack of capacity in the working week; however, this is expensive given the enhancements to pay that are incurred, and this activity will move into the working week from 2015/16 onwards.

Outpatient capacity

We have estimated that we there will be an increase of approximately 20% in the number of outpatients treated by the Trust by the end of the five year period. Taking into account improvements in productivity we have assessed that there will be a need for approximately 2533 additional outpatient clinics by the end of the five years, approximately 60 extra clinics each week. The Trust has negotiated with Sheffield Teaching Hospitals Trust for access to additional accommodation on the Northern General Hospital site, where the Trust already has a small outpatient service. A minor capital scheme is being progressed during the first half of 2014/15 with the new accommodation available from the autumn 2014, and the plan includes the revenue consequences of expanding our Outpatient Services at the Northern General Hospital.

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

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

Critical Care capacity – A proportion of our elective surgical patients will require access to high dependency care post-operatively, particularly patients undergoing spinal surgery and complex airways patients. During 2013/14 there was an increase in the numbers of patients whose treatment was delayed due to a lack of high dependency beds. This is a concern from a quality perspective, and also a risk to performance during the winter months. Further growth in elective activity will exacerbate this problem. A Business Case for the expansion of critical care is under development, and the potential to expand critical care is now feasible as a result of the theatre scheme – and the Trust has already included the provision of a physical shell on the top of the new theatres for this expected development.

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

5.4 Transformation and efficiency

The Trust has started work on the Transformation and Efficiency Plan from 2016 onwards. This includes the impact of work begun in earlier years such as the adoption and implementation of an Electronic Document Management System, and strategic changes such as the expansion of services beyond our current age based threshold.

The Trust will continue to manage the programme via the Programme Management Office to ensure a robust approach to development of detailed actions, monitoring, support and delivery.

5.5. Workforce

The Trust has a Workforce Strategy, however, this Strategy will be revised during 2014/15 to reflect the changing context in which the Trust is operating and to support the key programmes of change in which the Trust is embarked upon. The following key areas are considered to be of high priority at the current time and will be significant within our future workforce strategy:

Review of Workforce skill-mix

Linked to the Trust's Transformation and Efficiency Programme, we have identified the importance of undertaking a full review of our workforce. The skill-mix in each of our departments, clinical and non-clinical, will be reviewed to assess its suitability to meet current and future needs. There will be an emphasis on streamlining processes and specifying roles to support effective service delivery.

Changing the shape of the workforce

In order to meet current and future workforce challenges, there will be a strong emphasis on the development of new or enhanced roles in order to ensure the sustained delivery of safe and effective services in the future. For example:

- Given the challenges relating to shortages in medical workforce numbers, particularly in specialities such as Paediatrics and Paediatric Anaesthesia, we are developing more Advanced Nurse Practitioner roles, and working with education providers to develop more training places, in order to replace medical trainees in the service with ANPs.
- Whilst we are working with education providers and others to support the increase in the numbers of paediatric nurses places, we are aware that further action will be needed to develop the skills of Support Workers to extend their roles within service provision

New skills and different ways of working

The delivery of care is changing, and increasingly our staff will need new skills to support the delivery of effective and efficient patient care. Changes we are making through the Transformation and Efficiency Programme will require our staff to make greater use of technology and data. For example, the implementation of Electronic Document Management and the Electronic Health Record will necessitate staff are confident in accessing records electronically and transferring data safely.

Training and education

The Trust already has a significant focus on post-graduate education, and this will continue in the future. We also intend to focus attention on on-going skills development for all our workforce in a variety of ways, to support the Trust to maximise the contribution of all its staff.

Working with partners

The future delivery of services will increasingly involve more collaborative working by clinical staff and by organisations. The development of our workforce will include consideration of how we support our staff in working with others, both inside the Trust, and in other organisations to deliver care. This will

particularly be the case in terms of our staff working with local GPs on the care of unwell children, but will also include links with clinical staff in other locations, and in using technology to support remote joint working.

5.6 Priorities and milestones

Our detailed plans for the two year period are set out in **Table K.** below.

Table K. Trust Strategy - priorities and milestones over the next five years

Key actions to deliver goals, resources required and key dependencies	Key milestones (2014-15)	Key milestones (2015-16)	Key milestones 2016/17	Key milestones 2017/18	Key milestones 20181/19	How risks will be managed
STRATEGIC OBJECTIVE 1: PROVIDE HEALTHCARE TO CHILDREN OF THE HIGHEST QUALITY IN THE UK						
a) Ensure quality remains at the forefront of what we do • Implement action plan in response to Francis Report • Achieve high standards of cleanliness & low rates of infection • Ensure full compliance with all healthcare standards and all CQC requirements	• **Review nurse establishments & publish nurse staffing levels on each ward** • **Increase time for Ward Managers to lead (year 2 of investment £100k)** • **Pilot Nurse dependency tool** • **Extend family surveys**	• **Nurse dependency assessments** • **Publish nurse staffing levels on each ward** • **Extend family survey**	**Future priorities to be determined**	**Future priorities to be determined**	**Future priorities to be determined**	Risk & Audit Committee Clinical Governance Committee. Patient feedback Trust Board quarterly review of balanced scorecard Director of Infection Prevention & Control report to the Board on a quarterly basis.
b) Capital scheme for new ward block, outpatient department & new front entrance **Dependencies** – required to improve quality & deliver higher levels of activity	**Complete enabling works for site** **Commence main scheme in July 2014** *Capital cost £12.4m*	**University Car Park complete Q4** **Capital scheme construction – main phase** *Capital cost £17.6m*	**New Outpatient Department a part of hospital development in operation from Q1 2016/17** **New wards in use from Q2** *Capital cost £3.6m*	**New ward block and outpatient department in use and meeting expectations**		Project Management and governance arrangements in place accountable to the Trust Board.
c) Access - ensure patients receive prompt treatment in line with NHS Constitution.	**Capacity and systems in place and activity delivered** **Reduce patient queues by 10% & implement new RTT Training Programme**	**Capacity and systems in place and activity delivered** **Reduce patient queues by 10%**	**Capacity and systems in place and activity delivered**	**Capacity and systems in place and activity delivered**	**Capacity and systems in place and activity delivered**	Monthly review of performance through Divisional Performance Review Quarterly activity & capacity review Monthly performance report to the Trust Board

Key actions to deliver goals, resources required and key dependencies	Key milestones (2014-15)	Key milestones (2015-16)	Key milestones 2016/17	Key milestones 2017/18	Key milestones 20181/19	How risks will be managed
d) Seven day working	**Implement Out of Hours service in Q3 in line with Pilot undertaken in winter 2013/14**	**Agree plan with commissioners for Seven Day working to meet identified gaps**	**Implement further improvements to out of hours services**			Progress report to the Trust Executive Group with reports to Trust Board
STRATEGIC OBJECTIVE 2: DEVELOP AND EXPAND OUR ROLE AS A PROVIDER OF SPECIALIST SERVICES FOR CHILDREN						
a) Meet standards in specifications for specialised services	• **Address gaps in compliance** in line with plans agreed in derogation process	• **Address gaps in compliance** in line with plans agreed in derogation process				Negotiation with NHSE on the timetable and resource requirements for compliance underway.
c) Deliver higher activity levels in agreed specialties & ensure capacity in place to deliver growth.	**Ensure clinical capacity in place & activity & income plans delivered**	**Ensure clinical capacity in place & activity & income plans delivered**	**Ensure clinical capacity in place & activity & income plans delivered**	**Ensure clinical capacity in place & activity & income plans delivered**	**Ensure clinical capacity in place & activity & income plans delivered**	Activity plans reviewed monthly & quarterly with review of future activity & capacity projections .
d) Increase physical capacity to treat more patients. **Including the following:** **-Theatre capacity** **-Outpatient capacity** - **Clinical Genetics office & clinic capacity**	**Start Capital scheme for new theatres Q1** *Capital cost theatres £4.1m* **Minor capital scheme for expansion of NGH OPD complete for additional clinics and Clinical Genetics from Q3**	**Two new Theatres complete & in use from Q1 2015/6** *Capital cost theatres £1.9m*	**New ward block& OPD in place as per 1b above.**			Progress on capital schemes monitored monthly through Capital Investment Team meeting and reported to Trust Board.
e) Increase productivity in theatres & outpatients& beds	**Targets agreed for improved productivity in theatres & outpatient clinics met**	**Targets agreed for improved productivity in theatres & outpatient clinics met**	**Targets agreed for improved productivity in theatres & outpatient clinics met**	**Targets agreed for improved productivity in theatres & outpatient clinics met**	**Targets agreed for improved productivity in theatres & outpatient clinics met**	Monthly report to Finance & Resources Sub-Committee.

Key actions to deliver goals, resources required and key dependencies	Key milestones (2014-15)	Key milestones (2015-16)	Key milestones 2016/17	Key milestones 2017/18	Key milestones 20181/19	How risks will be managed
b) Meet standards for Paediatric Neurosciences **Dependencies –** Neurosciences are key element of Trust specialised service provision**,**	**Complete Action Plan for full compliance with Neurosurgical standards** & ensure continued delivery of Epilepsy surgery. **Install new 3T MRI** *Capital cost MRI - £2.5m* **Set up host arrangements for Neurosciences Operational Delivery Network**.	**Work with Neurosciences ODN to determine plans for services** **Complete scheme for new 3T MRI as part of capital scheme for Theatres –Q1**	**All national Neuroscience Standards fully met, with external validation through Peer Review.**	**All national Neuroscience Standards fully met, with external validation through Peer Review.**	**All national Neuroscience Standards fully met, with external validation through Peer Review.**	Effective management of development through monthly Trust Neurosciences Group to monitor progress of implementation of improvement with reports to Trust Executive Group.
f) Ensure compliance with designation standards for Major Trauma Centre.	**Address gaps in compliance against Trauma standards & achieve full compliance, to include:** **Additional consultant staffing in the Emergency Department Q2 2014/15**	**Allocate theatre as Trauma theatre (as part of Theatre redesign scheme) Q1** **Appointment of additional Consultant in Emergency Medicine Q2**	**All Trauma standards met.**	**All Trauma standards met.**	**All Trauma standards met.**	Financial plan includes assumption that Trust will meet some of the costs of achieving compliance.
i) Develop & expand Tier 4 CAMHS services	**Complete Review of Becton Tier 4 using information from external staffing review & Feasibility study & respond to national procurement for additional Tier 4 capacity.**	**Establish additional Tier 4 services in line with outcome of procurement - Q1**	**Further development of Tier 4 CAMHS service , including development of additional specialised services i.e. PICU & Eating Disorders Services**			Additional external & internal management support to service to support assessment of options & development of services.

Key actions to deliver goals, resources required and key dependencies	Key milestones (2014-15)	Key milestones (2015-16)	Key milestones 2016/17	Key milestones 2017/18	Key milestones 20181/19	How risks will be managed
g) Strengthen & develop specialised services within agreed key clinical priority areas.	**Expand & develop specialised services to meet higher demand as detailed in Operational Plan**	**Agreed service developments achieved in line with plan**	**Agreed service developments achieved in line with plan**	**Agreed service developments achieved in line with plan**	**Agreed service developments achieved in line with plan**	Progress in implementation of this development will be undertaken through monthly Divisional performance review meetings.
h) Review specialised services following publication of NHS England Strategy for specialised services	**Review specialised services following publication of NHSE Strategy for Specialised services; determine priorities for investment & disinvestment**	**Take action to develop or disinvest in services in line with Trust assessment**	**Take action to develop or disinvest in services in line with Trust assessment**			Trust Executive Group to oversee Review of specialised services Reports to Trust Board.
STRATEGIC OBJECTIVE 3: WORK IN PARTNERSHIP WITH OTHERS TO RESHAPE HEALTHCARE FOR CHILDREN IN SHEFFIELD						
a) Redesign of children's Unscheduled Care, with Sheffield CCG	**Assess feasibility of setting up an Integrated Urgent Care Centre for children at Sheffield Children's Hospital.** **Work with CCG to reduce emergency admissions to hospital**	**Implement integrated Urgent Care Centre for children based at Sheffield Children's Hospital, if plan agreed**	**Integrated Urgent Care Centre for children in place jointly run by primary and secondary care clinical staff to create one point of entry for children out of hours.**			Partnership arrangements are currently working. Strategic direction agreed, along with agreement to use readmission funding for investment in alternative provision.
b) Develop Health Visiting Services	**Meet agreed trajectories for Health Visitor staff numbers**	**Meet agreed trajectories for Health Visitor staff numbers**	**Health Visitor trajectories fully met.**	**Health Visitor trajectories fully met.**	**Health Visitor trajectories fully met.**	Training of existing staff and support to local training provider.
c) Work with partners to improve services for children with complex condition	**Develop plans for reconfiguration of respite care services.**	**Implement agreed plans to improve choice & efficiency**	**.**			CCG as lead for change , including public consultation

Key actions to deliver goals, resources required and key dependencies	Key milestones (2014-15)	Key milestones (2015-16)	Key milestones 2016/17	Key milestones 2017/18	Key milestones 20181/19	How risks will be managed
d) Develop Tier 3 CAMHS Service with extension of age range up to 18 & implementation of Children's IAPT	**Transform CAMHS model to include Children's IAPT Tier 3 CAMHS service extended to include young people between 16-18 years of age.**	**Review impact of new service &effectiveness of transition arrangements**				The Trust has notified commissioners that it would not agree transfer of service with insufficient funds.
STRATEGIC OBJECTIVE 4: EXPAND THE TRUST'S ROLE AS AN EXPERT PROVIDER OF SPECIALIST PATHOLOGY SERVICES						
a) Establish Next Generation Genetic Sequencing(NGS) technology to transform patient care	**Research project applications to support research in NGS**	**Develop & implement plans in line with agreed strategy, which will be determined during 2013/14**		**Sheffield recognised as Biomedical Diagnostic Hub**		
b) National procurement of Laboratory Genetic services to consolidate in smaller number of providers	**Respond to 100,000 Genome procurement for Recruitment Centres** **Submit bid for Biomedical Diagnostic Hub s– Q3 2014.**	**Establish Recruitment Centre for 100,000 Genomes if successful with bid** **Completion of procurement October 2015 – with plans for expansion .**	**Development of Genetic services if successful in tender**			Careful preparation for the procurement process, with additional resourcing to support bid.
c) Review opportunities to expand Newborn Screening Respond to request from National Screening Council on the expansion of newborn screening**.**	**Ensure screening for the new disorders is successfully implemented** **Implement screening for Kurdistan Q3**	**Develop and implement plans in line with agreed strategy, which will be determined during 2014/15**	**Respond to request from National Screening Council on the expansion of newborn screening.**	**Newborn Screening Service expanded to include screening for a larger number of conditions.**		By working on strategic alliances with NHS and commercial partners, the Trust is preparing for a reduction in providers which the NCB is likely to implement in future years.

Key actions to deliver goals, resources required and key dependencies	Key milestones (2014-15)	Key milestones (2015-16)	Key milestones 2016/17	Key milestones 2017/18	Key milestones 20181/19	How risks will be managed
c) Respond to national procurement and reconfiguration of Newborn Screening services	**Prepare for national procurement & consolidation of services into smaller number of centres**	**Bid to become one of smaller number of centres for new-borns screening nationally**	**New enlarged Newborn Screening in place if successful**			Careful preparation for the procurement process, with additional resourcing to support bid
STRATEGIC OBJECTIVE 5: TO BE A NATIONAL LEADER IN RESEARCH AND EDUCATION						
a) Promote excellence in Paediatric Research in Sheffield &strengthen the Trust's role as a provider of research Failure to develop Trust's research capability will have a negative impact on the Trust's clinical services and reputation. Strengthening research will reinforce the Trust's role as a specialist provider and support the development of highly specialist service development	**Play key role in the new Yorkshire and Humber Clinical Research Network with the Trust as the leading centre for Paediatric Research in the Network.** Strengthen links to local Universities & others to encourage collaboration in research & innovation Increase commercial research by 20% pa	**Meet agreed growth targets & increase activity within the Clinical Research Facility in line with plan.** Attract Clinical Academics to the Trust to increase research capacity. Support applications to the NIHR Clinical Fellow scheme and support other clinical staff undertaking higher degrees. Increase commercial research by 20% pa	**Meet agreed growth targets & increase activity within the Clinical Research Facility in line with plan.** Increase commercial research by 20% pa	**Meet agreed growth targets & increase activity within the Clinical Research Facility in line with plan.** Increase commercial research by 20% pa	**Meet agreed growth targets & increase activity within the Clinical Research Facility in line with plan.** Increase commercial research by 20% pa	Research & Innovation Board to oversee progress with quarterly report to Trust Executive Group & Annual Report to Trust Board

6. Supporting Financial Information

6.1 Financial Position 2014/15 – 2018/19

The financial forecast for years 2016/17 to 2018/19 build upon the projections previously submitted to Monitor as part of the two year (2014/15 – 2015/16) operational plans. These assumptions incorporate the impact of the anticipated completion of the New Hospital build in 2016/17. This financial overview section provides a brief, high level narrative as to the key assumptions made for 2016/17 – 2018/19. Table 1 below provides an overview of the financial position over the whole 5 year period:

Table 1: High level financial position 2014/15 – 2018/19

	2014/15	**2015/16**	**2016/17**	**2017/18**	**2018/19**
	£m	**£m**	**£m**	**£m**	**£m**
Operating Revenue	165.6	165.7	165.5	168.0	170.5
Operating Costs	(156.4)	(155.5)	(156.6)	(158.4)	(160.5)
EBITDA	9.2	10.2	8.9	9.6	10.0
Non	(6.6)	(7.8)	(16.2)	(9.1)	(9.2)
Surplus	**2.6**	**2.4**	**(7.3)**	**0.5**	**0.8**
Capital Expenditure	**24.3**	**24.7**	**9.0**	**4.9**	**5.1**
Liquidity (Per CoSRR)	**24.0**	**5.2**	**1.1**	**1.5**	**2.0**
Efficiency savings target	**6.6***	**5.1**	**6.1**	**6.1**	**6.1**
CoSRR	**4**	**4**	**4**	**4**	**4**

*****includes B/F from 2013/14 of £1.56m

Income

Activity related income growth

As part of the two year operational plan submission, it was highlighted that demand for activity at the Trust has continued to rise over recent years. Continued growth in demand has therefore been included within our activity projections over the five year period. At a high level this equates to roughly 3.5% p.a. growth in activity numbers for Elective inpatients (including daycase) over the five year period, and an increase in outpatient attendances of 5% p.a. for the first two years, dropping to 1.5%-2.3% p.a. for the last three years.

Based on historical evidence and likely future shifts in activity, it could be suggested that these assumptions are relatively conservative, particularly from 2015/16 onwards.

Other key considerations with regard to income forecasting in the 5 year model:

- Activity has been priced using the 2014/15 National Payment By Results rules, guidance and tariffs and no variations to this funding has been assumed in future years in the base case position, though risks around tariff reductions have been modelled in the downside position

- Donated Income totalling £6.5m has been assumed within the financial position in the first three years of the plan to support the New Hospital Development. From 2017/18 onwards a minimal level of charitable income has been assumed and this is likely, in reality, to prove to be understated.

- The Trust has continued to forecast the reduction of Education related income over the next two years. Whilst perhaps not material within a single year, over 7 years this means the Trust will lose over £1m in education related income as a result of changing the formula to fund undergraduate teaching. This is a significant challenge when combined with the other changes within the financial environment.

Alignment of Income projections with Commissioner Plans

The Trust has been actively engaged in discussions with it's main commissioners and shared activity plans for review. Whilst the majority of work with commissioners at a detailed level has focussed on the first two years of the plan, activity projections for the full five years have been shared with both Clinical Commissioning Groups (CCGs) and NHS England (NHSE).

Expenditure

The expenditure projections within our model are based on extrapolating existing assumptions from the detailed work undertaken within the two year operational plan, and then also providing for additional cost pressures broadly in line with changing tariff uplifts in later years.

The key expenditure challenges over the 3 year period 2016/17-2018/19 are:

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

- Ensuring sufficient revenue cover is available in 2016/17 for the increased running costs of the New Build. A reserve of c£2m has been created in previous years and invested non-recurrently in our transformation programme. This approach has been continued within the 5 year plan, with the majority of non-recurrent expenditure planned to be withdrawn by 2016/17.

- Ensuring that maximum benefit is delivered post implementation of the New Hospital Build, including optimisation of efficient working opportunities afforded by the newly developed space and ensuring financially effective use of the vacated space within the remaining estate.

-Ensuring that additional investment in infrastructure made in earlier years, for example within the area of IMT, promotes effective and efficient process development and helps deliver efficiency savings through the Trust's transformation programme.

Capital Plans

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

	2014/15	2015/16	2016/17	2017/18	2018/19
	£m	£m	£m	£m	£m
New Ward Block	**12.4**	**17.6**	**3.6**		
2 New Theatres	**4.1**	**1.9**			
3T MRI	**2.5**				
New PAS / EPR	**0.8**				
Other (including IT)	**4.5**	**5.2**	**5.4**	**4.9**	**5.1**
Total	**24.3**	**24.7**	**9.0**	**4.9**	**5.1**

Financial Risks

There are a number of financial risks within the 5 year plan. Some of these risks are "known" and quantifiable, whilst others relate more to the NHS system as a whole and the potential impact that any number of those risks might have on this organisation. Some of these are therefore "unknowns" at this stage and are significantly more difficult to quantify at this stage. The Trust Board considers the most significant financial risks over the next five years to be:

- Delivery of Efficiency Savings targets. The 5 year plan requires delivery, on average, of around £6m p.a. Whilst this is within the 4% target contained within the tariff forecast, it is extremely challenging for this organisation to deliver, and it must be questioned whether the NHS provider section as a whole can continue to deliver 4% efficiency target year on year without significant risks to quality and viability.

- NHS England is currently facing significant financial pressure and increasing demand for specialist services. The majority of this Trust's funding comes from NHS England and it is unclear at this stage how, in the short to medium term, these financial pressures might be resolved. Any reduction in existing income, whether, for example, through national contracting arrangements or national tariff income reductions, would significantly impact on the finances of this organisation and create additional efficiency requirements.

- Managing the cash impact of the capital programme over the five year period is crucial. The Trust currently has a capital programme that is over-committed by up to £2m compared to the capital expenditure model included as part of the submission. A substantial amount of work is currently underway to re-prioritise and manage the programme to ensure the cash position is delivered within that forecast. However, there remains a risk that over the five year period, there will be a real overspend against the plan envelope if unforeseen essential investments are required in areas of risk and quality.

- The National Strategy direction is to concentrate specialist services in specialist centres, and also ensure that other services are offered in the most appropriate setting for the patient. As a provider of specialist services, this can be viewed as an opportunity for this Trust. However, there could be significant financial implications depending on the timing of policy introduction, interim or transition arrangements and financial pressures around specialised services currently being experienced by the system as a whole.

- The development of the New Ward block, planned for completion in 2016/17, will ensure that the Trust has modern accommodation that matches the standard of the clinical care provided and delivers the experience required by patients and their families. The Trust Board sees this development as an essential element of the Trust's strategy to continue to be a leading provider of local and national children's services, whilst also providing flexible accommodation to allow the Trust to take advantage of growing demand, service development opportunities and a platform on which future growth can be secured. However, this development does not come without cost, and it will be essential that the costs of implementing, running and developing the totality of the new hospital estate is carefully managed and controlled to avoid potential cost over-runs and the erosion of planned benefits.

These significant risks have been considered by the Trust Board and also as part of the downside scenario modelling incorporated within the plan submission.

Downside and Mitigation

The most sustained risk across the final three years of the plan relates to continued delivery of challenging efficiency targets. However, as described above, there are other potential risks that arise in relation to the current uncertainty around potential shifts and timings of any national funding changes through tariffs, potential specialist top up changes, procurement of services, the shift of activity under national policy direction from DGH to specialist centres and potential unforeseen cost pressures.

Our modelling over the final three years of the planning period suggests that we have sufficient mitigation available to offset the financial downside position, (if it materialised in full), and enable the Trust to continue delivering a CoSRR at level 3 in the years 2016/17 – 2018/19 (i.e after downside and mitigation modelling, a decrease in the Trusts CoSRR from 4 to 3 in each year).

Liquidity

The base case submitted provides sufficient liquidity to deliver a of 4 over all 5 years of the plan for the liquidity element of the CoSRR. However, as anticipated and modelled previously, liquidity is forecast to

deteriorate to a low point in 2016/17 (the completion of the New Build project and maximum depletion of cash balances), before recurrently improving in the following years.

Risk Ratings

The base case submitted delivers a CoSRR of 4 in all 5 years of the plan. The strongest element of the ratio is the liquidity element which remains at a level 4 in all years. As anticipated, however, due to the increased capital spend, related revenue charges and loan interest hitting the I&E particularly from 2015/16 onwards, the debt service element falls to a level 3 in 2015/16 and remains at a 3 for the remainder of the planning period.

June 2014

Appendix 1

Sheffield health economy draft statement on joint approach to managing future challenges

The statement given below has been prepared jointly by members of the Local Health Economy in Sheffield, led by the Sheffield CCG, and including Sheffield Teaching Hospitals Foundation Trust, Sheffield Children's NHS Foundation Trust, Sheffield Health & Social Care Trust and Sheffield City Council. Whilst work is still underway regarding the development of this joint approach, this statement represents the joint understanding of the nature of the challenge facing the local health economy and the approach that will be needed to ensure key priorities are addressed over the next five years.

HEALTHCARE IN SHEFFIELD IN 2019

Demand for healthcare in Sheffield is growing as the population increases, we live longer and there more births in the city; and as there are new drugs and interventions to offer people. At the same time there is minimal growth in NHS funding expected over the next five years, all providers have to improve efficiency year on year, and there are significant reductions in funding to Local Authorities that affect social care for children and adults.

It is more important than ever that the NHS in Sheffield has a clear single view of the challenges it faces and how services need to change to respond to them. We – the Clinical Commissioning Group (CCG) and NHS Foundation Trusts (FTs) in the city – are committed to working together, and with Sheffield City Council, with primary care providers and with the voluntary, faith and community sector, to respond to these challenges.

Our Aspirations

We recognise and support the aims of Sheffield's Health and Wellbeing Strategy, to ensure that:

- Sheffield is a healthy and successful city
- Health and wellbeing is improving
- Health inequalities are reducing
- People get the help and support they need
- Services are affordable, innovative and deliver value for money.

For the NHS in Sheffield, the CCG's prospectus captures our aims:

- To improve patient experience and access to care
- To improve the quality and equality of healthcare in Sheffield
- To work with Sheffield City Council to continue to reduce health inequalities in Sheffield
- To ensure there is a sustainable, affordable healthcare system in Sheffield

We will work together, and with Sheffield City Council and with other providers in the city, to develop integrated services.

To achieve these aims, the healthcare system in Sheffield will:

1. Contribute to reducing health inequalities in Sheffield, focussing on the part healthcare can play in ensuring all our population can get advice, testing and treatment when they need it
2. Work with the City Council and communities to ensure that all children get the best possible start in life
3. Ensure long term care for older people and for adults and children with learning disabilities, physical disabilities or serious mental illness is safe, of high quality and supports people to have as independent lives as possible.
4. Have developed more physical and mental health services in local communities, built around local practices and community organisations, which support people to stay well, with all people at risk of hospital admission offered a care plan.
5. Place a greater emphasis on advice and information for people so that they can make the best choices about how they get healthcare, including self-care and maintaining healthy lifestyles to reduce the risk of ill health
6. Provide more specialist led care in community settings, including much greater use of new technologies to offer alternatives to traditional outpatient attendances.
7. Have established, with the City Council, services that integrate health and social care for adults and children, so that patients experience more joined up care
8. Focus more on service outcomes in our planning and contracting, so that services are properly rewarded for getting people well and remaining at home
9. Provide more specialist care to a wider population whilst retaining the hospital services that local people need for emergency care and consultant advice and treatment
10. Continue to have strong Foundation Trusts providing high quality hospital and community services to the population of Sheffield, and high quality specialist care to South Yorkshire, North Derbyshire and Bassetlaw and, for some services, to a much wider area.
11. Have well developed local health and care services, accessible to all, with consistently high quality, including local practices and third sector providers.

Together, these aims represent significant change in the way healthcare is delivered that is likely to see up to 20% fewer emergency hospital admissions by 2019, fewer hospital outpatient attendances but more specialised services provided in Sheffield.

Working Together to Achieve Our Aims

We believe we need to work together as one NHS in Sheffield to achieve our aims, recognising that competition for contracts is necessary and appropriate in its place, but that without a shared commitment to common aims and to implementing change, managing the risks and consequences together, we will not succeed. We will therefore continue to emphasise collaboration and co-operation as the way we want to work together. We will need to work more closely with the City Council, primary care and VCF providers.

Issues we will work together on include:

1. Developing a stronger relationship with patients and the public so that the changes we need to make are informed by their views and meet their needs, and so that we can offer the right advice and support for people to enable them to reduce the risk of illness and make best use of self-care options.

2. Developing co-ordinated and integrated health and social care pathways and services.
3. Sharing approaches to raising quality within the financial constraints we face, and to assuring ourselves that cost improvement initiatives do not compromise the quality of care.
4. Having a common view of future demand for services and a shared plan for how we meet that demand, so that we each have confidence in activity assumptions for finance and contracting purposes. In particular, we need to work together to develop local services that achieve the intended reduction in A&E attendances and emergency admissions.
5. Developing specifications for local services and developing capacity to deliver those services in primary care and community services.
6. With NHS England, responding to planned changes in specialised care so that Sheffield continues to be a regional and national centre.
7. Work with regional partners to make the most of opportunities to develop the most effective care models across South Yorkshire, Bassetlaw and North Derbyshire, and to act collectively where there is financial or quality benefits in doing so, such as procurement of equipment
8. Working with the City Council to make the best use of our collective estate in hospitals and community settings, supporting improvements (e.g. development of the Children's hospital, new primary care premises) and achieving the most efficient use of buildings. This is likely to lead to some rationalisation of the current NHS estate.
9. Ensuring we have the right workforce to deliver the services and support people need in the future.
10. Developing contractual mechanisms that reward outcomes and focus less on activity.
11. Ensuring that all the NHS organisations in Sheffield have realistic, sustainable, shared plans for the future.

Shared Financial Assumptions

- There will continue to be very limited growth in NHS funding in Sheffield, as nationally
- The requirement for providers to make efficiency improvements, implemented through national price reductions, will continue
- Demand for services will continue to grow and must be funded by changes to the services commissioned and by driving out inefficiencies in the health care system. In particular, as people live longer there will be more demand for urgent care and for long term care.
- We need to implement change because otherwise hospital activity will continue to increase and where traditional tariff activity based contracts continue to exist result in unsustainable cost pressures to commissioners.
- There will continue to be other cost pressures for providers and commissioners, including increased costs of medicines and technology and changes to staff pension schemes
- Reductions to Local Authority funding will mean that total resources for health and social care in Sheffield will reduce
- As important tertiary providers and centres of excellence the Sheffield FTs will look for opportunities for efficiencies to be made or to attract more income from surrounding CCGs

Health needs and service challenges

- The current level of health inequalities indicate that there is a level of unmet need for healthcare in Sheffield that must be responded to if health inequalities are to be addressed
- The transition from children's to adult's services must be improved, especially for children with

mental health problems and with complex needs

- The birth rate is growing in Sheffield and will lead to more demand for maternity and children's services
- Primary care services, including GP practices, are busier than ever. We must develop capacity in local services if we are to achieve our aims.
- Improving the quality of care whilst meeting more demand with limited resources will require creativity, innovation and transformation of how we deliver care.

Workforce Issues

- The growth of community services, accompanied by a reduction in emergency admissions to hospital, and the potential growth in specialised services, will lead to changes in the way our staff work, with more staff, with more specialist skills, working in local settings
- Recruitment of trainees in medical and non-medical professions is increasingly difficult nationally. We need to make sure Sheffield is a good place to learn and work, to attract trainees.
- Ensuring equality of access to services will require many staff to adjust how they work to meet the differing needs of, for example, people with learning disabilities or mental health problems and new arrivals to the UK.
- A greater emphasis on patient choice and control will require a cultural shift to a less uniform and paternalistic approach both in our systems and the way clinicians and other staff work with patients.

More to be added when workforce plans done

Innovation and Research

- We aim, singly and collectively, to make the best possible use of new technology to help us achieve our aims.
- We will continue to support research and the development of innovative practice
- We will work with the Academic Health Science Network to support us in the above

Collective Risks

- Failure to achieve provider or commissioner efficiency improvements
- Increase in demand for services
- Failure to engage with patients and public, resulting in proposed changes that do not meet their needs
- Failure to achieve the changes in behaviours and lifestyle which we need to deliver our ambitions
- Barriers to information sharing
- Inability to adjust contract models to support the service changes we need to make
- Failure to plan for changes in specialised commissioning or primary care commissioning – or absence of information to enable us to do so
- Failure to develop our workforce to respond to planned service changes

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