



**Strategic Plan Document for 2013/14**

**Alder Hey Children's NHS Foundation Trust**

## Strategic Context and Direction

### *Alder Hey's Strategic Position*

In 2011 the Trust refreshed its strategic direction in preparation for its move to its new facility, Alder Hey in the Park:

**OUR PURPOSE:** We are here for children and young people, to improve their health and wellbeing by providing the highest quality, innovative care.

**OUR VISION:** Alder Hey: building a healthier future for children and young people, as one of the recognised world leaders in research and healthcare.

**OUR STRATEGIC APPROACH:** Our strategic aims set out the direction of travel until 2015/16 and are supported by enabling strategies that underpin our operational plans and clinical business unit/departmental annual objectives that will ensure organisational alignment and focus:

- Excellence in Quality
- Patient-centred services
- Great Talented People
- International Research and Education

Annual milestones will be achieved through the delivery of actions identified within operational plans. This will be supported by a strengthened performance framework that ensures effective performance improvement alongside continuous development of service line management and reporting.

### *Our Strategic Aims*

- To deliver **clinical excellence** in all of our services
- To ensure all of our **patients** and their **families** have a **positive experience** whilst in our care
- To be the **provider of 1<sup>st</sup> choice** for children, young people and their families
- To be a **world class** centre for children's **Research and Development**
- To further improve our **financial strength** in order to **continuously invest in services and provide funding for a new hospital**
- To ensure our **staff** have the right **skills, competence, motivation and leadership** to deliver our vision
- To deliver our **hospital in the park** vision

Alder Hey continues to provide care for over 275,000 children and young people each year. In addition to the hospital site at West Derby we also provide inpatient care for children with complex mental health needs at our Alder Park building in the nearby borough of Sefton. Alder Hey also has a presence at a number of community outreach sites and in collaboration with other providers, our consultants help deliver care closer to home by holding local clinics at locations from Cumbria to Shropshire, in Wales and the Isle of Man.

The Trust is one of only four stand-alone children's trusts in England and has a strong reputation both locally and nationally; 30% of our income is non-specialist and 70% specialist commissioned. Alder Hey serves a wide population base for secondary care which spans 32 local clinical commissioning groups (CCGs), of which Liverpool has the largest proportion. In addition to this we have a significant contract to provide care for patients residing in North Wales. Alder Hey offers a number of specialist services and is one of only two providers in the North West designated to receive children's top up to national tariff.

The Trust recognises that the Royal Manchester Children's Hospital (part of Central Manchester NHS Foundation Trust) is also a significant provider of both secondary and tertiary paediatric services nationally and in particular in the North West. With emphasis on the specialist tertiary activity, we have worked proactively in collaboration with CMFT to form a Strategic Partnership Board, which has overseen developments such as the successful network bid to jointly provide the Children's Epilepsy Surgical Service in the North of England, through the Neurosciences Safe and Sustainable programme. Whilst we are the lead organisation for some services under this agreement (eg Cardiac services) it also gives us an opportunity to sustain some local delivery of our weaker services (eg Bone Marrow Transplantation) with support from the clinical team at Manchester under the governance arrangements of the Partnership Board.

In terms of market share, we have consistently held 23% of the North West paediatric market over the last two years. The Office of National Statistics has forecast that over the next three years the birth rate in Merseyside and the wider North West will remain stable, although over a longer planning horizon of 10 years the birth rate is forecast to fall by 6% in Merseyside and by 4% across the wider North West region. This compares with a 32% market share for CMFT, although the figure for both trusts has been consistent and it is anticipated that this will remain stable going forward as we look to develop new markets (ie outside of the North West) for growth. This includes Yorkshire for Cardiac surgery (subject to the Safe and Sustainable review), the West Midlands for Neurosurgery and Epilepsy Surgery for the North of England and potentially Northern Ireland.

### ***Impact of changes in local commissioning arrangements***

The Trust has experienced a significant change in local commissioning arrangements following the transition to Clinical Commissioning Groups (CCGs) and NHS England. We continue to work with our local commissioners and primary care colleagues to manage inappropriate demand, particularly in A&E minors, looking at the high rate of asthma admissions. This work will be overseen by the Clinical Performance and Quality Group, chaired by Liverpool CCG with representation from the Trust and other key CCGs across Merseyside and will build on the previous QIPP work led by Liverpool PCT. Our community teams play a significant part in supporting pathways of care out of the hospital setting. Strengthening relationships and working collaboratively with general practitioner colleagues is seen as key to ensuring care is accessed in the right place and remains safe and appropriate, first time, for all children. In working with CCGs we have also identified opportunities such as the Pharmacy Specials project, where we can provide or expand services which deliver more efficient patient care, with an improved quality of service for patients and a net saving for commissioners. Whilst it is recognised that CCG plans will develop over the coming year, we have reviewed current plans of all the CCGs in the Merseyside region and identified which of their key priorities impact on our service offer. The key themes are consistent with our quality aims and business development plans and include the following: quality and outcomes, asthma admissions, childhood mental health and obesity.

The changes in specialist commissioning, with increased national consistency through NHS England, present both opportunities and threats. The emphasis on equality of access for patients under the service specifications will create a platform for growth in some areas (eg Spinal Surgery, Endocrinology) and enables us to look beyond the traditional "North West" to increase our footprint in other areas of England (eg West Midlands). However, some of our smaller services, such as Bone Marrow Transplant (BMT) have been reviewed alongside the service specifications and elements of the pathway of care decommissioned, although our collaboration with commissioners and CMFT has ensured the best care is provided to patients locally wherever possible.

The Trust has a full Business Development plan incorporating a wide range of services and potential opportunities. This describes a range of strategic opportunities which include national NHS England services (Cardiac surgery, Neurosciences, Spinal surgery, Tier 4 CAMHS), non-specialised services commissioned by CCGs (Diabetes), Research and Development and International/Private Patient markets. This demonstrates the balanced portfolio of services that is being developed, with a focus on core tertiary and very specialised NHS services particularly in line with national initiatives such as Safe and Sustainable, but also complemented by diversifying income streams and new markets (including Northern Ireland for neuro and craniofacial surgeries) to mitigate the risk of being too dependent on one commissioner (ie NHS England).

The Trust continues to have a thriving research portfolio, hosting the UK Medicines for Children Research Network (MCRN), leading the field in paediatric pharmacovigilance and as a founding member of the Liverpool Academic Health Science System – Liverpool Health Partners Ltd - which will enable us to continue to build our research reputation and portfolio for children and young people, ensuring that benefits are brought to patient care. Since 2006, Alder Hey has been the host for the NIHR MCRN for Cheshire, Merseyside and North Wales. This network continues to support investigators in recruiting patients into NIHR Clinical Research Network (CRN) Portfolio studies. Due to structural changes within the Primary Care sector and the formation of the CCGs the Trust was approached to host the NIHR NW Primary Care Research Network. This team moved into Alder Hey in January 2013. The NIHR made careful consideration to where this network was to be located and it is due to Alder Hey's reputation for supporting research and success in hosting the MCRN that our application to host was accepted.

## ***Collaboration, Integration and Patient Choice***

In light of the NHS reforms new Strategic Clinical Networks will emerge across the North West to provide a whole system integrated approach to care; Maternity and Children's networks will be one of the five national groupings to be established.

Operationally, the existing North West tertiary clinical networks will be reclassified to become Operational Delivery Networks (ODNs). These networks incorporate patient flows which go beyond the identified geographical areas of the LATs with the delivery of prescribed services being commissioned with Alder Hey and/or CMFT. During 2013/14 the ODNs will transition from the management of the North West Specialist Commissioning Group to the North West Children's Partnership Board enabled through the concordat agreement that was signed between AHFT and CMFT in 2011. These changes will require the Partnership Board to put in place clear governance arrangements that encompass roles, responsibilities, host assurance systems and agreed work programmes for networks which are performance managed and reviewed.

Locally across Merseyside our challenge is to ensure that as budget constraints are felt across all parts of the health and social care system, we work collaboratively with both Liverpool City Council and local primary care providers to identify key areas of transformational change that will contribute to improving the health and wellbeing of our children and young people, in the context of the high levels of deprivation experienced within the local population. It will be incumbent on us all to ensure that we establish a framework that enables us to work together as one co-ordinated system, identifying potential areas where resources may be pooled, services co-located and pathways redesigned to ensure best care for children. As Health and Wellbeing Boards begin to consider local Joint Strategic Needs Assessments that will inform future commissioning and priorities, we need to ensure the mechanisms are in place for Alder Hey to be recognised as a principal partner in the development of services for children.

## **Approach taken to quality**

The Trust has a three year Quality Strategy, now mid-way through implementation, which has underpinned the development of the Trust's Quality Aims and been the driver behind the establishment of a robust quality infrastructure encompassing assurance processes, roles and functions and reporting systems. In the last year the Board has focused on developing the quality improvement culture in the organisation through promotion of the quality aims and the transparency of performance, enabling staff to fully understand the impact of what we do and engaging them in the improvement of outcomes. To complement the Quality Strategy, the Trust has developed a Patient Experience Strategy which sets out a clear plan for engagement with patients and families, utilising their feedback in quality improvement to deliver care that is truly patient centred.

The organisation has committed to a number of developmental aims that will provide impetus to the delivery of our Quality Strategy and our promise to patients; these are deliberately aspirational but are a clear reflection of the journey we are on and our strategic vision:

- No hospital acquired infection
- No drug errors resulting in harm.
- No hospital acquired pressure ulcers
- No acute (unplanned) readmission within 48 hours of discharge (including under fours)
- No acute admission of patients with long term conditions (epilepsy, diabetes, asthma, lower respiratory disease)
- Patients will be discharged on planned day of discharge.
- Patients and families will have received information enabling them to make choices (involvement in care)
- Patients and families will be treated with respect.
- Patients will engage in play and learning.

The organisational approach to risk management ensures that all services have dynamic risk registers in place. These are evaluated through the Corporate Risk Committee and act as one of the inputs for the Board Assurance Framework.

The Board reviewed the Trust's approach to quality reporting following participation in a Board development programme in November 2012. As part of the Board's drive to focus on the quality improvement culture we have reviewed our use of information, including presentation and interpretation and are making progress in moving to a greater degree of transparency and openness by delivering reporting that is readily understood by staff and public. A review of Board effectiveness provided positive assurance of the content, quality and robustness of Board discussion and challenge of quality associated reports. Quality information is used within all Clinical Business Units; analysis of this demonstrates that it is often driven by what is available rather than what is required. The Quality Aims are currently subject to development of information sources to fulfil performance reporting requirements against them; plans are being developed to strengthen the Trust's resources in developing and using clinical information beyond current levels.

The major quality risks for the Trust continue to be predominantly associated with its ageing estate and infrastructure. The Trust appointed a new Director of Estates and Facilities during the last year, whose initial focus was to undertake a thorough assessment of the current risks and determine the key priorities requiring immediate and ongoing investment in the context of the move to the new hospital in two years' time. Improvements have been made in a number of areas including ventilation validations, oxygen and nitrous oxide pipelines, oil storage, electrical systems management and water hygiene. In terms of the operating theatres, a maintenance and independent validation programme had been established at the end of 2011 following risk assessments that highlighted gaps in compliance; during 2012/13 this programme was accelerated when immediate problems with ventilation systems compliance were identified. This resulted in a number of theatres being taken out of use during the course of the year for remedial works to be carried out. This in turn impacted on the Trust's ability to sustain the 18 week referral to treatment target in the third quarter of 2012/13. Performance in this area has been restored and the full programme of theatre upgrades is due to be completed by Quarter 4 of 2013/14, supported by an annual programme of maintenance and validation for all theatres and procedure rooms.

### **Quality Governance**

The Board at Alder Hey has robust governance arrangements in place through which it monitors the quality of services that the Trust provides. The chief vehicle through which this assurance is obtained is the Clinical Quality Assurance Committee, which has delegated authority from the Board for oversight of the Trust's performance against Monitor's Quality Governance Framework, the delivery of the Quality Strategy incorporating measures of clinical effectiveness, patient safety and positive patient experience and scrutiny of the organisation's compliance against key standards including those set by CQC and NHSLA. In parallel with this, the Audit Committee is responsible for the maintenance of an effective system of integrated governance, risk management and internal control across the whole of the organisation's activities.

The work to strengthen quality governance arrangements carried out in 2011/12 resulted in the establishment in May 2012 of a new Clinical Quality Steering Group at operational level, chaired by the Director of Nursing. The aim of this is to provide greater clarity and separation between the day to day monitoring of key clinical risks and the assurance process that is at the heart of the Clinical Quality Assurance Committee's agenda. The latter has been able to focus on holding the organisation to account for the delivery of the Quality Strategy and ensuring that the Board remains fully sighted on performance against key quality metrics.

The Board Assurance Framework is scrutinised by the Board at its meeting each month to enable the Board to be fully sighted on key risks to delivery and the controls put in place to manage and mitigate them, as well as enabling all members to have an opportunity to identify key issues, concerns or changes. During 2012/13 the Board introduced a quarterly 'deep dive' into the assurance framework, supported by an Operational Assurance Report, to test controls and ensure that strategic and operational risks are being addressed as part of a coherent system. In addition, the relevant risks are monitored each month by each of the assurance committees.

The Trust has been keen to ensure that it optimises the Quality Governance Framework published by Monitor and as well as placing this at the heart of the model that underpins the Quality Strategy, we have also undertaken four self-assessments of our current position against each element of the framework and identified the actions required for improvement. The first of these baseline assessments was undertaken in the spring of 2011 and presented to the Clinical Quality Assurance Committee in July; the most recent follow up self-assessment, completed in April 2013, demonstrates good progress across most of the elements of the framework. To support this, our Internal Auditor has also undertaken a CBU level review against the Quality Governance Framework which identified areas of good practice as well as some areas that need to be strengthened.

In March 2013 the Board considered an initial gap analysis against the recommendations set out in the Report of the Mid Staffordshire NHS Foundation Trust Public Inquiry in order to inform its response; this was shared with the Council of Governors later in the month. Discussions have also been taking place within Clinical Business Unit teams. The outcome of these processes will be drawn together to form the Trust's response.

## Clinical Strategy

The Trust's clinical business strategy developed in 2012 sets out key areas for growth and development over the next three years and is linked to the Long Term Financial Model. The clinical business strategy identified the need to ensure a balanced portfolio of services is developed across clinical service lines, recognising the need to both increase revenue and enhance reputation. The strategy reflects the differing needs and priorities of both local (CCGs) and national commissioners (NHS England), ensuring Trust offerings are congruent with their objectives to ensure commissioner support.

An assessment of each clinical service line was undertaken in 2012 including a workshop with senior clinical leaders in prioritising business and service developments. Schemes were prioritised and categorised into four main categories:

- "Must Do" (i.e. included within the 2013/14 Business Development plan)
- Work up for 2014/15 (i.e. actions required now to deliver these schemes in 2014/15)
- Generic Growth
- Review in 12 months

In addition, the exercise identified funding and clinical issues that were taken forward separately as either contracting issues or clinical/quality issues with commissioners in the 2013/14 contracting discussions. The Trust's clinical strategy sets out:

- identified areas of growth to meet revenue targets of £9.1m and EBITDA of £2.9m over the next 3 years
- the development of new commissioner relationships and stakeholder management across key strategic markets
- supports clinical strategy development and investment that will provide the foundation for growth in future years.

Key areas of growth over the next three years include those specialist services commissioned under national Safe and Sustainable programmes such as cardiac and neuro surgery, which will result in the expansion of clinical networks covering the whole of the North of England. Other areas of specialist commissioning include spinal surgeries where nationally demand is greater than capacity, medical specialties such as endocrinology and gastroenterology and respiratory ECMO services. Further opportunities also have been identified in CAMHS services and the Trust has additional in patient capacity for Tier 4 services which commissioners wish to fund.

The expansion of international/private patients has received recent approval from the Council of Governors and a business plan developed which outlines moderate growth until the move to the new hospital when improved facilities and additional capacity are available.

As part of the national ambition to make joined-up and coordinated health and social care the norm by 2018, local discussions have been held with commissioners and the City Council to commit to an integrated care pilot scheme for children. This approach is completely aligned with the principles of the Alder Hey clinical transformation programme which is to continuously improve quality of care, reduce waste, cost and unnecessary steps across pathways. It is anticipated that a pilot project will be jointly agreed and scoped out in year which builds upon the paediatric QIPP work undertaken between 2010 and 2013.

The Trust has also seen its research performance, quality and reputation improve significantly over the past five years and has demonstrated it can successfully respond to an ever changing research environment. Areas of research excellence have emerged such as pharmacovigilance and paediatric rheumatology. Expansion of research infrastructure at Alder Hey includes an award of £2m by the National Institute of Health Research (NIHR) to support a Clinical Research Facility for Experimental Medicine. This facility will support research into leading edge medicines appropriate for the paediatric and neonatal populations. It will also offer investigators the opportunity to conduct clinical trials with patients in a safe and customised location supported by a cohort of fully trained and experienced research nurses, thus significantly improving the quality of patients' experience in the research environment. Alder

Hey has been awarded National LUPUS UK Centre of Excellence status: this prestigious award is again the first in a paediatric setting. In 2012/13 over 7600 patients were recruited into studies registered with the NIHR Clinical Research Network portfolio, the highest number in England of any specialist NHS trust and within the top 5% of all NHS trusts.

Work with our commercial partners has increased over the five year period and the Trust's reputation as a premier site to set up and run research is growing. Over the course of the last 18 months we have recruited the first patient at any site of an international study for three individual studies. In relation to the NIHR Higher Level Objectives (HLO) the Trust is continually achieving quick turnaround in terms of issuing NHS R&D permissions. The national target is for  $\geq 80\%$  of our studies to have NHS R&D permission granted within 30 days of receipt of a valid application. Alder Hey is currently issuing approval letters at 13 days, c.84%. National performance is currently running at c.28%. Another HLO is the time taken in recruiting the first patient into a study. The national target is for  $\geq 80\%$  of our studies to achieve recruitment of the first patient within 40 days of NHS R&D permission being granted. Our performance at the moment is around 68%. There are however some difficulties in achieving this target which are specific to the type of research undertaken at Alder Hey.

Moving forward the Trust has published a ten year integrated research strategy. This gives very clear strategic direction to how research will develop over that time frame. The strategy was very much developed with the strategic aims of LHP. The overall work programme for LHP is structured in terms of Clinical Academic Programmes (CAPs): infection, cancer, drugs, and musculoskeletal. LHP also has crossing cutting themes, one of which is women and children's health. Alder Hey's research strengths mirror those of the LHP CAPs and naturally lend themselves to the cross-cutting theme of women and children. Within the Trust, research theme leads have been appointed for all CAPs and having the CRF in place at Alder Hey will also support further work on drugs with our partners in the University of Liverpool and in particular the Centre for Drug Safety and Science and Wolfson Centre for Personalised Medicine.

### ***Service Line Management Strategy***

The Trust currently provides Service Line Reports on a monthly basis across the organisation from Board level to Clinical and Operational teams.

In 2013/14 Patient Level data will be incorporated into the Trust's Data Warehouse. Over the next 12 months the service line data will be further developed and the following initiatives will help us to improve data quality:

- The introduction of Nursing Acuity data to allocate ward based costs to each patient. The Costing Project team will be working with the trust Deputy Director of Quality and Experience and CBU Lead Nurses to identify ways of capturing and analysing the ward acuity data
- Improved data collection and cost allocation for our Therapeutic services. The Costing Project Team are currently working with the Therapeutic clinical teams to identify methods for capturing data which helps us identify the resources required per patient for the delivery of therapies.

In order to ensure our costing system and information is fit for purpose as we move into our new hospital, whilst also supporting the Trust's vision, a multidisciplinary project team will be set up to review our current system. The aims of the project group will be to establish what the future requirements are for the new hospital and if our current system is fit for purpose and will meet those future needs. The project group will make recommendations of future needs and the future service specification and will also be responsible for overseeing the implementation of the chosen system for the future.

The review will include looking at both the costing system and the reporting system, identifying what the information needs of the services will be, how we can use and display the information in a way which allows frontline services to make informed decision about patient pathways based on clinical quality and outcomes whilst also incorporating the financial impact of those decisions.

In addition to that the project will also include the possibilities for wider use of the Patient Level Costing System such as Service Developments, Benchmarking, Improving Clinical Engagement and driving the Transformation and Efficiency projects across the organisation.

## **Clinical Workforce Strategy**

Workforce issues and particularly the importance of engaging and involving staff, are a central theme of the Alder Hey's clinical workforce strategy and echo the themes set out in *A High Quality Workforce*. Alder Hey's aim is to develop a modernised and fit-for-purpose workforce that will deliver:

- 'child-centred care' which is more efficient and productive through changing the way we work
- care closer to the child, by the person with the most appropriate level of competence for that task irrespective of their professional role
- the Operating Framework 2013/2014 requirement for continued efficiency savings.

The identified workforce challenges are:

- ensuring the continued development of the skills and competencies of the current workforce as well as the developing the future workforce
- looking at the future shape of the overall health and social care workforce within and beyond Alder Hey
- responding to changes in medical training, with stronger educational foundations and flexibility to respond to emergent roles and new service models
- creating a more flexible workforce that can respond to changing patterns of service, more integrated care and shifting skills mix
- describing innovative approaches to meeting the quality productivity challenge
- securing collaborative and collegiate stakeholder engagement from local and wider area networks.

### **Current workforce**

By continuing to develop the current workforce, productivity, effectiveness and efficiency can be improved. Our clinical workforce strategy is embedded within workforce plans and business development priorities within Clinical Business Units (CBU). This takes into account the nursing, medical and AHP workforce requirements going forward, including plans for moving to Alder Hey in the Park, whilst recognising the short term and transitional issues as we plan for the future.

Within the Francis report, a significant number of the 290 recommendations relate to workforce issues. Alder Hey has carefully considered these recommendations as part of developing its clinical workforce strategy. A theme throughout the report is the need for a focus on the delivery of basic care and compassion by staff at every level, and that quality is primarily seen as a cultural issue and one to be supported by fundamental standards and roles review and a more effective programme of performance management. All of the above issues will have an impact on nursing workforce and other clinical workforce numbers as well as training and continuing professional development issues.

### **Medical Workforce**

The DH plans to reduce the number of nationally available entry level medical training posts to 6,500 which will lead to reductions in the number of training posts primarily in general surgery, trauma and orthopaedic surgery, paediatrics and anaesthetics. For 2013 this will be a 2% reduction. Locally we have identified gaps in some middle grade rotas. In response to these factors we have devised the "Safe at All Times" (SAAT) project. The purpose of the SAAT project is to ensure the delivery of equitable levels of care to children regardless of arrival the time at the hospital. It is part of an all-out drive to improve safety all the time. While the focus of the project initially is on Out of Hours work and weekends (drawing on adult experience of successful Hospital Out of Hours models) any important findings and best practice will be included in extended day working hours as well. This project will identify different ways of working using a MDT with the right skills to ensure patient safety at all times.

Working with the Deanery from now until 2015, we will identify current and projected numbers of trainees and map these against service requirements. We are currently reviewing junior doctor rotas, deanery contributions and further models of education and service provision. Stakeholder events and workforce projections via scenario planning are currently being developed utilising support from *Skills for Health*. Ongoing internal development of the medical workforce including revalidation, appraisal, job planning, clinical leadership and engagement is a priority for the Trust over the next 12 months.



## **Nursing and AHP Workforce**

The Trust's Nurse leaders are undertaking a comprehensive and meticulous review of the general nursing workforce in order to challenge previous assumptions, take into account changes in patients' acuity and dependency and ensure that revised workforce plans are based on a firm and accurate foundation. The review, which will conclude in July 2013 will include:

- A ward by ward review of existing establishment and predicted requirements associated with development or change in care practices and extending into the transfer into the new hospital
- A comprehensive audit of actual versus funded staffing against pre-agreed definitive levels of delivery
- An acuity and dependency review using a newly developed scoring methodology
- A comprehensive workforce dashboard, compiled ward by ward, identifying an accurate reflection of the reasons for any funded versus actual differential
- Benchmarking of ward establishments with similar wards in other children's trusts
- A historical analysis of changes and developments affecting workforce capability within the last three years
- Review of changes since the last staffing review undertaken in 2010
- Consideration of the number of nurses eligible for retirement in the next three years and the possibility that the move to the new hospital and change in working conditions may encourage greater numbers to retire.

The review report will be set in context of current national drivers, most notably the Francis report (February 2013) and its prolific recommendations for nursing care delivery, coupled with the CNO National Nursing Strategy, '*Compassion in Practice*'.

As part of the work to review national service specifications, the CBU's have assessed each clinical service against the draft national service specifications published at the end of 2012 and have assessed clinical workforce requirements accordingly. This work has prompted a review of the current AHP workforce across the Trust and potential for closer integration of services that are spread across CBUs. In particular, the input of psychological services and therapies in a wide range of services and pathways will necessitate a review in these areas.

## ***Clinical sustainability***

The sustainability of the Trust's clinical services is driven by a number of assessments:

- Clinical business unit risk registers
- Gap analyses against national service specifications
- Clinical data (eg national audits, NICE)
- Royal college standards/recommendations

### ***CBU Risk Registers***

The Trust's clinical governance framework ensures that each Clinical Business Unit holds a comprehensive risk register that outlines key clinical risks at services line level. Each risk is assessed, scored and has clear mitigations and actions plans that are reviewed on a regular basis. Risks that score greater than 15 are reported through to the Trust Board via the Operational Assurance Report. Key services gaps and actions to mitigate are outlined below:

- Neuro-muscular service – an additional consultant post was approved as part of spinal business case investment
- Respiratory service – a consultant appointment was made in 2012; the individual is due to take up post in 2013. Current gaps are bridged in the short term by current Trust and academic workforce
- Interventional Radiology – gaps for 24/7 cover were identified as part of the standards for major trauma units, an interim solution is in place that satisfies commissioners and the re-accreditation process. In addition, a Clinical Fellow post was approved in order to develop and train future workforce
- Ophthalmology – the Trust is undertaking a review to ensure that a sustainable workforce plan is in place to meet both the needs of secondary and tertiary level care as described in national service specifications.

### ***National Service Specifications***

The clinical business units have undertaken a comprehensive assessment of each clinical service against the draft national service specifications published at the end of 2012. It is expected that the majority of specialist services will be compliant with final specifications when published in October 2013. The Trust derogated on two key services in

the initial assessment; this includes clinical derogation on bone marrow transplantations (BMT) and commercial derogation on spinal services (due to the historical long waiting times for treatment).

Subsequent approval of a business case for spinal surgery by the Trust Board will ensure that the Trust will be in a position to meet the national standards and service specifications and grow its spinal service going forward, thus this will no longer remain a risk.

In respect of BMT services, the number of procedures the Trust performs has been historically very low (circa two allogeneic cases in 2012/13), the clinical team identified that it will be unable to meet the clinical requirement of JACIE accreditation with very few cases performed each year and as such will cease to provide this service from April 2013. A new pathway of care has been developed and commissioned for 2013/14, enabled by the Trust's partnership with Central Manchester Children's Trust (CMFT). The pathway sets out pre and post-operative care to be delivered locally at Alder Hey and the transplant procedure to be undertaken at CMFT, this will enable the services that continue to be provided at Alder Hey to remain both clinically and financially sustainable.

#### *Clinical data and audits*

Clinical Audit is a key aspect of assuring and developing effective clinical pathways and outcomes. National clinical audits are either funded by the Health Care Quality Improvement Partnership (HQIP) through the National Clinical Audit and Patient Outcomes Programme (NCAPOP) or funded through other means. Priorities for the NCAPOP are set by the Department of Health with advice from the National Clinical Audit Advisory Group (NCAAG). In 2012/13, there were 14 National clinical audits and five National Confidential Enquiries that related to services provided by Alder Hey and the Trust was involved in all of these. The reports of 13 of the national audits were reviewed by the relevant clinical team and appropriate actions put in place which will be monitored under the auspices of the Trust's Quality Account. A total of 170 local audits were registered within the Trust in 2012/13 across all CBUs. The reports of 29 completed local clinical audits were reviewed and actions monitored through the Quality Account. A further 131 audits are ongoing.

#### *Royal College standards and guidance*

The Trust keeps emerging standards from relevant Royal Colleges under review and clinical teams take action to implement recommendations as appropriate on an individual basis. These changes come under the purview of CBU clinical governance arrangements.

#### *Sustainability and critical mass re nursing and AHP's*

The Trust has an excellent track record in nurse recruitment and this is predicted to continue for at least the coming three years. There are early indications in nursing roles that younger and less experienced staff will not accept the working conditions associated with some roles that the existing ageing workforce accepts; an example of this is the role of hospital night manager. With this in mind the nurse leaders in the organisation are undertaking a review of roles that may present this difficulty and identifying ways of changing or adapting roles to enable successful recruitment.

The challenge facing specialist nurse roles and professions allied to medicine is unique to the organisational profile. In a specialist trust there are a significant number of single handed functions; succession planning for these posts is both expensive and a long term task. The risk of not undertaking succession planning is that specialist services would not be able to continue in the sudden absence or departure of the single handed practitioner.

Following completion of the general nursing workforce review, a detailed review and forecast of specialist nursing and AHP roles will be undertaken within the year.

#### *Innovation in care delivery*

Nurse leaders are working with CCG leads to identify role development to enable the appropriate setting for care and effective discharge and readmission prevention of patients with complex long-term health and social care needs. Current proposals involve the development of practitioners who are dual qualified in both nursing and social work to utilise their skills and knowledge in the prevention of admission for non-clinical reasons and the prevention of delayed discharge. This would provide appropriate care and support in the right setting and ensure Alder Hey resources are used effectively to deliver health care to acutely ill children. Many of the efficiency schemes currently underway at the Trust clearly demonstrate innovative techniques to deliver high quality in care pathways. In

developing the Trust's vision we have taken the opportunity with the development of the Programme Management Office to put in place processes to enable change through encouraging innovation and the development of ideas that supports the improvement network and programme. The Trust has seen some success in innovation across its research functions, through pathway transformation (the development of the walkabout pathway has been presented nationally through the NHS Innovation Awards process) and workforce, for example the development of practitioners with dual qualifications in nursing and social care.

## **Productivity and Efficiency**

The Trust transformation strategy is designed to improve productivity and efficiency measures across four key areas of redesign:

- Outpatients
- Standardised pathways
- Theatre planning
- Bed management and patient flow

### *Outpatients*

Transforming outpatients will be delivered through three key projects in 2013/14. These include:

- Introduction of partial booking process which will reduce hospital cancelled appointments from a baseline of approximately 145 appointments per month and DNAs from the Dr Foster reported baseline of 13.9% or 2000 per month
- Clinic template redesign which aims to optimize and where possible increase clinic utilisation of slots and ensure patient waits are reduced (project aim is for patients to be seen within 10 minutes of appointment time)
- linked appointments and diagnostics through the implementation of multi resource scheduling systems within the new EPR.

This redesign initiative is expected to contribute to both the Medical Workforce cost reductions (£600k) in this and future years and minimise the cost of delivering planned service developments in growing specialities.

### *Standardised pathways*

Key projects across medical and surgical pathways will result in reduced hospital length of stay, demonstrating a 12% improvement on the 2010/11 baseline (a 4% improvement was made in year one). Improvement projects for 2013/14 include:

- rollout of the surgical walkabout pathway for minor emergency surgical procedures (including orthopaedic trauma)
- introduction of surgeon of the week and enhanced recovery after surgery model
- new model of care for acute medical assessments and admissions
- demand management for diagnostics that supports evidenced based, high quality care
- 'safe at all times' project which aims to review out of hours care and workforce, ensuring timely decision making and access to key skills and competencies across the 24/7 period.

Re-admissions to hospital is also one of the Trust's key quality aims, as well as a key balancing measure for the projects aimed at improving bed utilisation and reducing hospital length of stay, based on 140 elective and emergency readmissions per month.

These redesign initiatives will be key contributors to delivering the savings planned through improved bed utilisation (£476k), revision of junior doctor rotas (£300k) and increased theatre productivity (£483k).

### *Theatre planning*

The productive theatre programme aims to achieve a theatre utilisation measure of 90% x 90%, this will be achieved through the introduction of a weekly theatre planning meeting, redesigned systems and processes within the theatre department and across service line teams and a seasonal emergency theatre model.

Key improvement measures include a reduction of short notice theatre list cancellations (less than 6 weeks' notice), cancelled operations with less than 24 hours' notice and improving the number of surgical cases in each theatre session.

This initiative supports the pay savings of £483k through improved theatre productivity.

#### *Bed management and patient flow*

The transformation project 'right care, right place' aims to ensure that all children admitted or transferred to the hospital are placed in the right bed that is appropriate to their care needs and that this is done in a timely manner.

Key improvement projects include:

- Improved utilisation of the Trust's newly created direct admissions and discharge unit
- effective care and discharge planning
- Improved utilisation of the Trust's expanded surgical day unit and medical programme investigation unit, smoothing flow and demand across the week from Monday to Saturday.

Integral to each area of redesign is the hospital wide scheduling programme which aims to predict demand (elective and emergency), simulate and model bed requirements across the week and link patient requirements for key resources such as hospital beds, operating theatres and critical care, thus resulting in improved efficiency across pathways of care.

This redesign initiative is a key driver to the delivery of the planned savings of £476k through improved bed utilisation.

#### **CIP governance**

The Trust fully delivered the 2012/13 savings plan on an in-year and full-year basis. Whilst the Trust is now progressing with the building of its new hospital and starting to implement a new EPR solution, the overall savings programme continues to be driven by the Trust's Transformation Strategy approved by the Board of Directors in November 2011. Subject to periodic review to reflect on success and barriers to releasing resources, the underlying programme based approach continues, supported by transformation work programmes to oversee and deliver the required step-change in service delivery.

To maximise the opportunities arising from and the alignment of the major initiatives already underway, an overarching structured programme management approach is also being pursued by the Trust. Now that the PFI contract has been signed and we embark upon our 'Pathway to the Park' the Trust has taken the opportunity to review the Programme Management Office arrangements and strengthen these with additional resources. This includes the appointment of a very experienced Programme Manager with a track record of success with similarly large scale projects. The review was informed by a piece of work undertaken by Mersey Internal Audit Agency.

To ensure that transformation schemes and departmental schemes release the required level of CIP in each year, achievement of the release of in-year and recurring CIP savings is separately monitored alongside annual contractual performance by the Performance Management Group, reporting to the Resources and Business Development Committee.

The overall savings plan is broken down into 20+ individual schemes each with an agreed Executive/Senior Lead plus a Project Lead or Leads where more than one CBU is directly involved in delivering that saving.

Progression of schemes follows a four stage process of Initiation, Appraisal, Approval and Realisation. With completion of the Trust's structured Quality Impact Assessments at both initiation stage and final approval pre implementation, the required assurance of the service impact is provided before the scheme commences. This assurance is further supplemented for CBU schemes with CBU Board approval pre-implementation including Clinical Director and Lead Nurse sign-off.

As in previous years, the delivery of the majority of individual schemes will be achieved from the direct outcome of the completion of an individual transformation work programme (e.g. Digitisation of Records) or from the enabling support provided by a transformation work programme (e.g. Outpatient Efficiency Work Programme enables Medical Productivity savings).

## **CIP Profile**

The overall savings programme has been categorised into the five high level groups listed below, containing the 20+ programmes. Appendix 2 provides further details.

- Clinical pathway and workforce redesign
- Procurement
- Back-office functions
- IM&T enabled
- Medicines management

The Transformation Work Programmes all include schemes considered to represent step changes. Examples of the areas impacted are listed below.

### *Surgical Pathway Group*

Introduction of radical changes to the flow of emergency surgical patients will reduce their time waiting for surgery and therefore their overall length of stay, contributing to reduced Length of Stays and improved theatre utilisation.

### *Theatre Utilisation Group*

A combination of actions, including implementation of a three weekly planning cycle, three session days, a new staffing model plus comprehensive reporting dashboard, will together ensure the maximisation of existing theatres as we temporarily reduce theatre capacity as a result of the planned maintenance programme and will thereafter release the capacity required to meet targeted growth in a number of specialties, substantially increasing overall theatre productivity.

### *Medicines Management*

Implementation of a new Outpatient Pharmacy service via a new Trust Wholly Owned Subsidiary Company, will result in improved service levels from investment of part of the savings arising from lower operating costs possible.

### *Trust-wide Outpatient Efficiency Programme*

Through a combination of actions, including making maximum use of existing clinics, improved scheduling and administrative support, capacity will be released to meet emerging growth and enable reductions in the medical workforce requirement.

### *Digitisation of Records*

The project is now well underway to complete the extensive programme of scanning existing records and scanning of new documentation. This work is due for completion by December 2013, with a radical change in the accessibility of on-line records paving the way for the introduction of the new EPR system in 2014.

## **CIP enablers**

### *Clinical Leadership Inputs*

Inputs from the Trust's clinical leadership to the savings plan occurs through the following routes:

- Senior Leadership Team (SLT)* – the savings plan has been the subject of periodic review through 2012/13 by the SLT (comprised of the Executive Team, CBU Clinical Directors and General Managers and other corporate departmental heads) to assist in identifying areas to investigate further. This has confirmed the opportunities for reducing resources through targeted pathway developments, demand management reviews of diagnostic services and promotion of outpatient and theatre productivity initiatives.
- Senior Medical Leadership* – The Medical Director and Associate Medical Director are personally leading the programmes for review of Medical workforce and the more effective deployment of Junior Doctors through the Safe At All Times (SAAT) project.

- CBU Clinical Directors, Service Group Leads and Lead Nurses – through the CBU management and board structures local leaders are tasked with identifying schemes at a CBU level and completion of the associated quality impact assessments.

#### Enabling infrastructure

To date this has been achieved from existing resources through the Transformation and IM&T teams, plus the investment in the external provider to complete the major scanning exercise for the Digitisation of Records. The investment being made in 2013/14 in the new EPR will be key.

#### **Quality Impact of CIPs**

The Trust has implemented a 5x5 risk assessment matrix, adapted for use within the CIP impact assessment process. Each scheme is subject to assessment prior to formal adoption of the scheme; only schemes with safe (green) outcome are able to progress. Schemes with amber outcome are returned to the originator for modification and re-assessment.

All schemes must have an approved risk assessment in place prior to implementation, any change in the scheme, however minor, results in automatic re-assessment. This may include such things as delay in implementation date in order to ensure that other factors that may have an impact on quality have not emerged during the delay period.

The scheme was piloted during the early part of 2012-13; following positive evaluation and minor modification it was implemented throughout all services, for all potential schemes prior to the year end.

All schemes are compiled in the overarching CIP plan and the effect of the combined schemes is monitored through the Corporate Risk Committee to ensure that a combination of green schemes does not have an overall detrimental impact either across the organisation or within individual departments. Experience has shown that CIP schemes in non-clinical functions can have an untoward impact on the quality of care, usually related to unidentified transfer of workload. In order to ensure this cannot occur all schemes are reviewed together.

The measurement and evaluation of quality has been described above; patient experience and safety outcomes are continually monitored, there are many indicators that serve as an early warning system for deterioration of quality, the monitoring process includes review of these indicators at CBU and organisational level, with formal review via assurance committees on a monthly basis.

Finally, the Trust maintains a robust process of monthly monitoring against a wide range of quality indicators which are reported to the Resources and Business Development Committee, where progress on the savings plans are also reported, providing the opportunity to triangulate the delivery of activity safely whilst reducing overall costs.

## **Financial & Investment Strategy**

The Trust's financial strategy as set out in last year's plan and within the Confirming Business Case for AHP has not changed significantly. The Trust has continued to build on its successful financial track record to create sufficient recurrent surplus and cash to enable the Trust to fund the AHP scheme which is due for completion in 2015.

#### **Performance in 2012/13**

<b>Metric</b>	<b>Performance 2012/13</b>
EBITDA	£18.0m
EBITDA Margin	9.7%
EBITDA achievement of plan	108.6%
I&E Surplus	£12.8m
I&E Margin	6.8%
Return on Assets	14.7%
Liquidity	96 days
Risk Rating	5

The Trust achieved its financial targets for 2012/13 in spite of the hardening of the financial environment in the NHS. The target net surplus has been exceeded by £1.6m due to a reduction in PDC dividend payments because of the

impairment of Trust buildings together with additional interest received. The Trust has benefited from non-recurrent income from Liverpool PCT and NHS North, amounting to £4.5m in 2012/13.

The PFI contract to provide the new Alder Hey in the Park was signed on 21st March 2013 by the Trust and the Acorn Consortium. This initiated some extraordinary transactions in the 2012/13 accounts. A provision of £2.8m was included in 2012/13 as the expected future costs arising in connection with AHP become a liability on financial close of the contract. The I&E account also includes a charge of £42m for impairment of the current hospital buildings as their future useful life is reduced on financial close of the AHP contract.

### **Financial Plans 2013/14 to 2015/16**

The financial plans for the next three years have been set, taking account of the planned EBITDA in the Confirming Business Case, the commissioning environment in the NHS, the Trust's business development plans, cost pressures and clinical investment to support national and local quality standards. The normalised EBITDA will increase slightly over the plan period due to developments and small levels of growth. The normalised net surplus remains the same in 2013/14 and 2014/15 but reduces in 2015/16 when the Trust starts to pay the Unitary Payment on the new build.

As in 2012/13 the planned EBITDA and net surplus for 2013/14 and 2015/16 will be deflated by a number of non-recurrent transactions, only some of which will be recognised as normalising entries by Monitor in its planning template. These are identified in the table below. The Board is keen to demonstrate that the financial strategy is based upon underlying trends and that non-recurrent items do not provide a distorted view of organisational performance. The Trust will achieve a financial risk rating of 5 in all three years.

	<b>EBITDA 2013/14 £m</b>	<b>Surplus 2013/14 £m</b>	<b>EBITDA 2014/15 £m</b>	<b>Surplus 2014/15 £m</b>	<b>EBITDA 2015/16 £m</b>	<b>Surplus 2015/16 £m</b>
<b>Performance from Schedules*</b>	<b>20.4</b>	<b>11.6</b>	<b>21.7</b>	<b>12.9</b>	<b>18.5</b>	<b>(46.4)</b>
North Mersey Children's QIPP	0.6	0.6				
Neurosciences Lease Termination Fee					4.9	4.9
MASS Scheme <i>recognised by Monitor as exceptional</i>		0.5				
Impairment <i>recognised by Monitor as exceptional</i>		1.6				62.7
Donated Asset Income						(11.5)
<b>Normalised Performance</b>	<b>21.0</b>	<b>14.3</b>	<b>21.7</b>	<b>12.9</b>	<b>23.4</b>	<b>9.6</b>

### **Investments**

The key financial investments for 2013/14 are shown in the table below. They include service investments for Safe and Sustainable, quality improvement investments and additional IT investments.

	<b>£m</b>
Inflation	2.6
Quality Investments	1.8
Clinical Investments	1.7
Facilities and Estates Cost Pressures	0.2
Other Pay Pressures	1.1
<b>Total Investments 2013/14</b>	<b>7.4</b>

### **Income**

The forthcoming year is one of significant transition for commissioners as PCT's transfer commissioning responsibilities to Clinical Commissioning Groups and NHS England takes on responsibility for commissioning specialist (prescribed) services. New "identification rules" have been issued which govern whether clinical activity is deemed to be secondary or specialist and these are continuing to evolve. Contracts have been signed with all key commissioners, with the exception of Wales - due to differing commissioning structures the 2012/13 contract was not signed until June 2012.

The income forecast for 2013/14 shows a reduction of £6.7m from 2012/13. Significant reductions include the contribution to the Hospital in the Park fees (-£10.1m); access monies/critical care beds (-£2.5m) and profit on disposal (-£1.4m) which were all non-recurrent in 2012/13. In addition, there is a recurrent reduction in income of £1.4m due to tariff deflation; however this has been partly offset by tariff gains of £0.9m.

These reductions have been offset by growth of £2.3m included in the signed contracts and other business development plans, including the nationally accredited Epilepsy Surgery.

AHFT is hosting the North West Epilepsy Surgery service and the 2013/14 income plan includes £0.6m which will be transferred to Central Manchester FT. The current year's income also includes £1.6m for the Cheshire and Mersey paediatric cystic fibrosis network for patients treated in neighbouring DGH's with Alder Hey acting as the specialist centre in a "hub and spoke" arrangement. All contracts for 2013/14 have been agreed on a full PBR basis.

### **Cost Improvement Plans**

The Trust's cost improvement targets are in line with national assumptions over three years and although challenging, are not considered unachievable. A savings plan of £7.5m was achieved in 2012/13 and CIP targets for 2013/14 and 2014/15 are £6.5m and £7m respectively. In 2015/16 the move into the new facility will enable the release of further CIP's with standard 32 bedded wards, the use of Automated Guided Vehicles and substantial investment in IT and medical equipment. The CIP target for 2015/16 is £8m. The programme is supported by a Transformation Strategy and a Transformation Team headed up by a Programme Director reporting into the Chief Operating Officer. It is overseen by a committee of the Board of Directors.

### **Capital Programme**

The focus is now clearly on the building of Alder Hey in the Park and the implementation of the Electronic Patient Record. Capital investments outside of this are minimal. Medical equipment purchased will be mostly transferred into the new building and items which require replacement. Building schemes are geared towards ensuring the current building remains safe until the new hospital is complete. There are no capital building developments on the existing site. The capital programme for the next three years is set out below.

		13/14	14/15	15/16
		£,000	£,000	£,000
Buildings	Refurbishment Theatres 6,7 & L1C	600		
Buildings	Medical Air/Vac Plant Replacement	300		
Buildings	LV Distribution Upgrades Work	300		
Buildings	Other Maintenance	577	488	
IM&T	Electronic Patient Record	3,641	3,458	1,209
IM&T	IM&T Strategy	495		
Equipment	General Replacement Medical Equipment	887	1,173	2,279
CHP	PFI Main Hospital inc Outpatients & Car Park			*179,900
CHP	IM&T AHP Infrastructure & equipment		4,300	
CHP	New CHP Equipment		10,646	
<b>TOTAL</b>		<b>6,800</b>	<b>20,065</b>	<b>183,388</b>



The Trust is providing £82m in capital contributions into the PFI scheme, £72m from its own cash resources and £10m from charitable donations (NB charitable donation not included in the table). This is phased as follows: £37.8m in 2013/14, £43.3m in 2014/15 and £0.9m in 2015/16. This is initially treated as a prepayment during construction of the development, and then converted into an asset when the new build is complete.

### ***Inflation / Marginal Cost Assumptions***

For 2014/15 and 2015/16 inflation assumptions have been kept consistent with those in the Trust's CBC (Concluding Business Case) Base Case. Tariff deflation has been assumed at -0.8% for both years, while inflation around costs is detailed below:

<b>Cost inflation categories</b>	<b>%</b>
Pay	1.8%
Increments	0.7%
Drugs	8%
Clinical Supplies	2.5%
Other Non-Pay	2.5%

The Trust has planned, as approved as part of its CBC, a small proportion of clinical generic growth (0.5%) with a marginal cost of 40%.

### ***Cash***

The cash balance built up by the Trust from successful trading over the past four years starts to be utilised to support the AHP development in 2013/14. The opening balance of £54m is reduced to £25m as set out below:

<b>Sources of cash:</b>	<b>£m</b>
Net Surplus (add capital charges & impairment)	19
FTFF loan	4
<b>Total sources</b>	<b>22</b>
<b>Applications of cash</b>	
Capital Contributions into AHP scheme	38
VAT receivable for Capital Contributions	3
Capital Expenditure Programme	7
Release AHP related Provision & Deferred Income	3
<b>Total applications</b>	<b>51</b>
<b>Cash reduction</b>	<b>29</b>

### ***Financial Risk Ratings***

The Trust is projecting to achieve an overall FRR of 5 over the next three financial years. The financial metrics and FRRs are set out in the table below:

	<b>2013/14</b>	<b>2014/15</b>	<b>2015/16</b>
Underlying Performance	4	5	5
Achievement of Plan	5	5	5
Financial Efficiency	5	5	5
Liquidity	4	5	4
<b>Overall FRR</b>	<b>5</b>	<b>5</b>	<b>5</b>

The debt service cover rating within the 'Continuity of Service' shadow risk ratings is indicating a 1 in 2015/16. This is because the finance template is not discounting the Trust's £72m capital contribution from the capital PFI repayment. With this adjustment would Trust would score a 4 in all years for the Continuity of Service risk ratings.