



**Strategic Plan Document for 2013-14**

**UNIVERSITY HOSPITALS OF MORECAMBE BAY NHS FOUNDATION TRUST**

**Strategic Plan for y/e 31 March 2014 (and 2015, 2016)**

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

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<b>Date</b>	<b>31<sup>st</sup> May 2013</b>

**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.**

Approved on behalf of the Board of Directors by:

Name (Chair)	John Cowdall
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Signature



Approved on behalf of the Board of Directors by:

Name (Chief Executive)	Jackie Daniel
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Signature



Approved on behalf of the Board of Directors by:

Name (Finance Director)	Tim Bennett
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Signature



## EXECUTIVE SUMMARY

During 2012/13 the Trust was focused on stabilising the organisation and making improvements in the quality and safety of the services it provided. During the course of the year the Trust developed a recovery plan that outlined these improvements in detail. It also outlined the scale of the clinical and financial sustainability challenge faced. The Trust sees 2013/14 as a year of transition focused upon consolidating improvements in safety and quality and developing a longer term strategy to ensure it addresses both clinically and financially sustainable.

The Trust submitted its Recovery Plan to Monitor in May 2012 (updated October 2012) under the banner 'Transforming Morecambe Bay', to address the issues of safety, quality and governance following the 'significant breach' of its terms of authorisation in October 2011 and formal intervention by Monitor under section 52 of the 2006 Act in February 2012.

The core challenges the Trust faced related to:

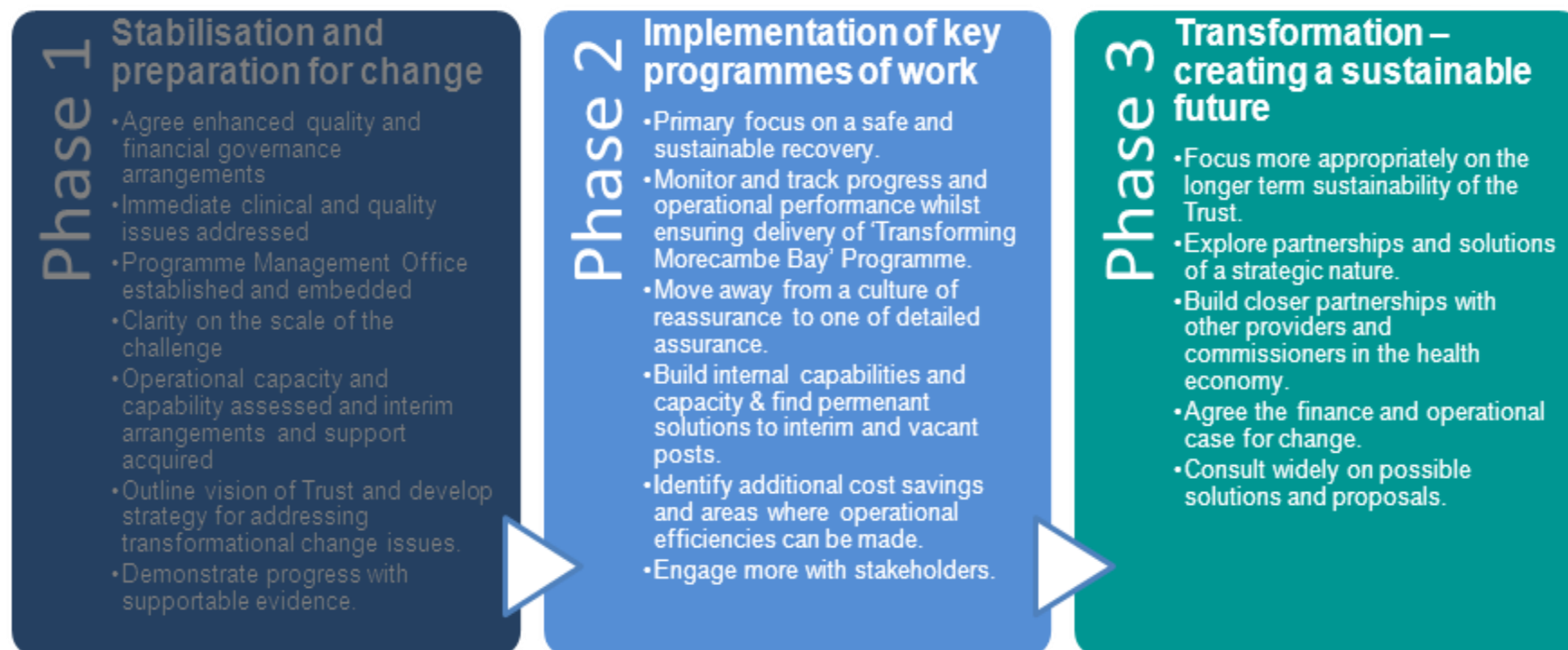
- **Quality and performance** – The Trust had been subject to a number of critical reports into the quality of care it provided and the operational performance of some of its key services
- **Capacity and capability** – To deliver a change programme of this nature required the right capability and capacity and the need to put in place necessary and sufficient resources to secure delivery
- **The scale of the financial challenge** – At a time when we should have been making improvements in efficiency the Trust has invested heavily to address the safety and quality issues it faced. This has created a considerable gap between our income and our expenditure which will take several years to address and will require fundamental redesign of services in order to achieve
- **Communication and engagement** – The Trust has been transparent and objective in making the scale of the quality challenge clear and recognised the importance of extending this with its internal and external stakeholders in order to secure confidence in the overall recovery process

### The phases of the Trust's recovery plan

The Trust recognised the need to achieve the following from its recovery plan:

- A plan that put in place the right governance arrangements to ensure change was and is made in a substantial manner
- A plan that tackles the identified quality issues to ensure that they are not repeated and do not appear in other areas of the Trust
- A plan that built the capacity and capability of the Trust to be able to deliver as much of the change itself and with appropriate pace
- A plan that took costs out of the organisation in a planned way over several years in order to secure a position of financial balance safely

The Trust adopted a three phase approach to recovery. The Stabilisation phase (phase 1) is now completed and the Trust is making effective progress in terms of phase 2 (Transition) and 3 (Transformation).



**Figure 1: Trust Recovery Plan Phases**

### Progress to date

The Trust has made good progress in terms of stabilising the organisation during 2012/13 to tackle the governance, quality and operational issues faced. Tables 1 and 2 below highlight key areas of improvement.

Table 1: Governance - Progress		
Project	Original Issue	Progress – current position
<b>Board Capacity and Capability</b>	Board capacity was insufficient and greater clinical influence needed	New Chairman appointed February 2013 5 new Non-Executive Directors in place as of July 2012 New Chief Executive appointed August 2012
<b>Board Governance</b>	Insufficient focus on delivering the Trust's strategy	New divisional structure implemented lead by Clinical Director

<b>Risk Management</b>		Risk management culture was not embedded	New risk management strategy approved New electronic incident and risk reporting system implemented
<b>Table 2: Clinical Quality - Progress</b>			
<b>Project</b>	<b>Previous position</b>	<b>Progress – current position</b>	<b>Key next steps</b>
<b>Maternity</b>	108 risks identified  CQC warning notice issued	<ul style="list-style-type: none"> <li>• 6 red rated risks (self-assessed)</li> <li>• CQC warning notice removed</li> <li>• Enhanced staffing in place</li> </ul>	Consolidated action plan in place to address all regulatory concerns and enhanced support being provided to the Division to ensure delivery. Independent inquiry into maternity and neonatal services
<b>Outpatients</b>	19,000 Patient appointments outstanding	<ul style="list-style-type: none"> <li>• Backlog cleared</li> <li>• All patients with potential harms seen where requested</li> <li>• New booking hubs implemented</li> <li>• Efficiency Group now established to monitor and manage service delivery</li> </ul>	Focus now on improving outpatient process including viewing medical records electronically in clinic
<b>Stroke</b>	35% of stroke patients spending 90% of time in hospital on stroke unit (target 80%)	<ul style="list-style-type: none"> <li>• 80% target delivered</li> <li>• New dedicated acute stroke beds opened at Lancaster site</li> </ul>	Stroke project continuing including further quality and performance improvement
<b>Mortality</b>	127 (against expected value of 100)	Provisional 2012/13 Risk Adjusted Mortality Index(RAMI) 89.2 (against expected value of 100)	Continued monitoring of performance
<b>Emergency Care</b>	Less than 90% of patients spend less than 4 hours in A&E (target 95%)	<ul style="list-style-type: none"> <li>• 93.5% achieved</li> <li>• CQC warning notice removed</li> <li>• Early discharge scheme underway</li> <li>• New ambulatory assessment areas and two short stay wards</li> </ul>	Action plan in place to deliver target from quarter 2 2013/14

### **The Future – Next Steps**

To prepare the Trust for the future, the Board worked with staff governors, and other key stakeholders to develop a new vision for the organisation:

**“We will be the best in giving excellent compassionate care to the people of Morecambe Bay”**

The Trust's vision is underpinned by five strategic objectives:

1. Continuously improve the patient experience – becoming the provider of choice for excellence with safe and effective patient care

2. Support and develop all staff to take responsibility for what they do and help them do their best – getting staff truly engaged in how the Trust works
3. Encourage staff to be innovative when delivering and planning high quality and sustainable services – achieving long term financial sustainability
4. Work with our partners to provide an integrated health service that meets the needs of the local population – providing local access, including to specialist services wherever that is feasible
5. Positively contribute to the well-being of the local community

This financial year (2013/14) is seen as a year of transition focused upon consolidating improvement and developing the longer term strategy. The Trust has an ambitious agenda for 2013/14 focussed in the areas outlined below.

### **Clinical Strategy**

The Trust has assessed the key challenges facing the NHS in terms of demand, standards, workforce availability and funding, concluding that the status quo in terms of the Trust's current operational delivery model is not sustainable for the future.

The Trust worked closely with local commissioners to develop a process to review hospital and associated community and primary care services to develop a new 'fit for purpose' service configuration for the future. The review process includes the full range of health and social care partners under the banner 'Better Care Together' with the aim to provide health services that are patient centred, safe, high quality, effective, sustainable and affordable. The programme is managed by a full-time Systems Director supported by Programme Office with the Steering Group chaired by an independent Chairman.

The clinically led review covers services both inside and outside hospitals with a focus on integrating care across health, social care and voluntary sectors to support people to look after their own health and that of their families. The process has used best practice evidence in terms of clinical standards and efficiency to support the development of options for the future.

The Trust envisages public consultation on options for the future will take place in autumn 2013 with implementation from spring 2014. Following on from the clinical strategy the Trust will submit its own strategic purpose document in January 2014 in recognition of the regulatory license condition.

### **Financial Strategy**

Our Recovery Plan outlined a strategy for the Trust to return from deficit to surplus by 2015/16. This remains the overall basis for our continuing financial strategy.

2012/13 was the first financial year covered by our Recovery Plan. The Trust will report a deficit of around £23m for 2012/13, following investment to deal with its clinical quality and governance challenges. This was slightly higher than forecast in our Recovery Plan, despite delivering above the planned level of cost reduction (£6m). The difference was primarily due to the amount of external financial support received being lower than originally forecast. Excluding the lower level of financial support the Trust's operational financial performance was better than anticipated largely driven through increased patient activity delivering a financial contribution.

In line with the Trust's Recovery Plan it is still assuming £10m of support from our commissioners in 2013/14. In addition the Trust has re-forecast its cost reduction plan achievement to £18m (over 2 years) versus the £25m target set out in the Recovery Plan. This decision was taken after the Board considered what would be necessary to achieve the £25m and concluded that this would risk undoing progress made in improving clinical quality and governance.

The reduced amount of external support and the reduction in the level of forecast cost reduction to date will create pressure on the Trust's cash flows in 2013/14. As such, the trust is looking to the Department of Health and the Treasury to provide additional financial support this year.

The timescales for returning to financial balance remain unchanged, so the reduction in CIP forecast for this year will be reflected by increased cost reduction forecast in later years. From 2014/15 in line with our Recovery Plan the Trust forecasts seeing financial benefits from the Better Care Together clinical strategy programme.

## **Governance Strategy**

As outlined above the Trust needed to improve its overall governance framework and process to address concerns raised in the external review of governance by Price Waterhouse Coopers. The Board implemented a range of actions to enhance governance and improve assurance including:

- New Board to address issues and capacity and capability
- Revised Board Committee structures to allow greater transparency and assurance
- Clinical leadership focused on putting clinicians into leadership roles, including operational divisions being led by Clinical Directors, supported by Divisional General Managers
- Revised operational divisional structures moving to five (from three) divisions to reduce the span of control and allow greater management focus on essential areas
- Revised risk management approach including introduction to Trust- wide electronic risk register system
- Review of Education, Training and Research and Development led by nationally recognised expert – report completed



- Robust programme and project management process introduced including progress reviews, reporting to bi-weekly Transition Board (including Directors)
- The Trust management structure has been altered and there is now a new post of Director of Governance and a Governance Directorate in place to provide added emphasis to corporate and clinical governance

## Conclusion

The Trust has addressed a number of significant challenges in terms of quality and governance during the last 18 month period. Whilst the Trust has made major progress it recognises that there are still services that need further improvement and it is committed to delivering the actions required to secure them.

The Trust is also focused on further improving its overall governance processes to ensure the Board are assured that improvements are being delivered and that standards of care are being adhered to.

Looking forward the Trust recognises that it cannot continue to deliver services in the current configuration if it is to address safety, quality, sustainability and the financial challenges faced by the NHS. On this basis it has made good progress in developing a new clinical strategy for Morecambe Bay working closely with local partners. It is planning to consult on these changes in autumn 2013.

## STRATEGIC CONTEXT AND DIRECTION

### Current position

#### Health Economy Overview

The Trust operates from three main hospital sites Furness General Hospital (Barrow), Royal Lancaster Infirmary (Lancaster) and Westmorland General Hospital (Kendal). The Trust's main commissioners and respective percentages of total contract income are provided in Table 3 below.

<b>Table 3 : Commissioners and Contract Income 2013/14</b>	
<b>Commissioner</b>	<b>Contract Income (%)</b>
<b>Cumbria Clinical Commissioning Group</b>	<b>55</b>
<b>Lancashire North Clinical Commissioning Group</b>	<b>36</b>
<b>National Commissioning Board</b>	<b>7</b>
<b>Other</b>	<b>2</b>
<b>Total</b>	<b>100</b>

## The Provider Market – Trust’s Key Competitors

The Trust serves a core local population of 360,000 with two main centres of population in Barrow and Lancaster. This population is expanded due to the influx of visitors particularly into the South Lakes with this group increasing demand for unscheduled care services.

Historically the level of competition faced by the Trust for planned care services has been restricted due to its geographical isolation. The level of local competition has reduced as the Independent Treatment Centre previously operated by an independent sector provider on the Trust’s Kendal site ceased provision and is now operated by the Trust. Table 4 provides an overview of the Trust’s performance compared to neighbouring NHS providers.

Table 4: Trust Competitor Analysis					
	University Hospitals of Morecambe Bay NHS Foundation Trust	North Cumbria University Hospitals NHS Trust	Blackpool, Fylde and Wyre Hospitals NHS Foundation Trust	Lancashire Teaching Hospitals NHS Foundation Trust	Wrightington, Wigan and Leigh NHS Foundation Trust
<b>CQC Core Standards 2012/13</b>	Fully compliant with all 5 core standards	Fully compliant with all 5 core standards (1 area currently under inspection)	Compliant in 3 out of 5 core standards	Fully compliant with all 5 core standards (2010)	<b>Fully compliant with all 5 core standards</b>
<b>Inpatient Survey 2012</b>	10/10 =About the same (Average)	10/10= About the same	9/10 About the same. 1/10 worse	10/10 =About the same	<b>10/10 =About the same</b>
<b>Outpatient Survey 2012</b>	9/9 =About the same	9/9 =About the same	8/9 =About the same. 1 worse	9/9 =About the same	<b>9/9 =About the same</b>
<b>Maternity survey 2010</b>	3/5 about the same. 2/5 Better	4/5 about the same 1/5 Better	5/5 about the same	5/5 about the same	<b>5/5 about the same</b>
<b>A&amp;E survey 2012</b>	<b>8/8= about the same</b>	<b>6/8= about the same 2/8=better</b>	<b>8/8= about the same</b>	<b>8/8= about the same</b>	<b>8/8= about the same</b>

The above analysis compares how the Trust’s patient’s view the services it provides, compared to its competitors in terms of national patient surveys, suggesting the patient experience at this Trust is similar to that experienced within our competitor Trusts. This also applies in terms of compliance with CQCs core standards. Whilst the Trust has faced significant criticism in the local and national media this does not appear to

have adversely impacted on the demand for Trust services from the local population. This level of performance linked to travel times indicates why the volume of patients choosing competitors from the local population is limited.

### Trust's strategic position within the Local Health Economy

**Table 5: Summary Strengths, Weaknesses, Opportunities and Threats (SWOT)**

STRENGTHS	OPPORTUNITIES	WEAKNESSES	THREATS
<ul style="list-style-type: none"> <li>• New Board with enhanced capacity and capability</li> <li>• Strong clinical engagement with Clinical Commissioning Groups</li> <li>• Clinically led operational divisions</li> <li>• Strong clinical engagement in planning and change process</li> <li>• New robust Governance Framework</li> <li>• Overall Stable workforce</li> <li>• Core financial and associated systems are robust</li> <li>• Council of Governors and memberships in place and engaged in the transformation process</li> <li>• National Patient Surveys results comparable to local competitors</li> <li>• Improving Estates and Facilities</li> </ul>	<ul style="list-style-type: none"> <li>• Morecambe Bay clinical strategy could provide scope to expand the provision of services along the pathway</li> <li>• Income gain from repatriation of more specialist services and new service areas</li> <li>• Joint working with CCGs and other partners to maximise estate utilisation</li> <li>• Exploitation of new technology e.g. Lorenzo electronic patient record</li> <li>• Partnership working with other Trusts on clinical networks and support services to improve sustainability and efficiency</li> <li>• Planned Improvements in business intelligence capability to drive equality and efficiency benefits</li> </ul>	<ul style="list-style-type: none"> <li>• The Trust recognises the very severe dent to its reputational image as a result of the previous failings in safety and quality.</li> <li>• Costs of operating on three sites</li> <li>• Need to improve business intelligence capabilities to improve corporate, operational and clinical performance</li> <li>• Further improvements in customer care to enhance patient experience</li> <li>• Elective/ non elective physical separation via Estate</li> </ul>	<ul style="list-style-type: none"> <li>• Securing an agreement to a clinical strategy that delivers sustainable services in the medium /longer term</li> <li>• Ability to secure transitional financial funding to allow for implementation of clinical strategy. (Monitor license requires no DH funding beyond March 2014).</li> <li>• Ensuring delivery of improvements per monitor license requirements</li> <li>• Any Qualified Provider – new providers entering the market in less complex/ profitable areas of Trust business.</li> <li>• Future changes to PBR tariff under new regime</li> <li>• Increasing trend to specialisation through specialist centres in major conurbations resulting in loss of services/income e.g. vascular</li> </ul>

### Local Health Profile

As part of the Clinical Strategy planning process, an assessment of demographic growth will be included in the activity modelling associated with the development of the options. There is an expectation that demographic changes over the course of the three years will be off-set by demand management strategies being undertaken by Clinical Commissioning Groups.

The projected increase in resident population is 3.38% over the period 2011–21. However, as shown in Table 6 there will be a significantly higher than average elderly population with a 20.5% increase in the over 65 year old age group over this period that will increase the demand for unscheduled care and planned care including long term conditions management.

<b>Table 6: Population Projections to 2021 – Over 65</b>			
<b>Locality</b>	<b>2011 (000s)</b>	<b>2011 (000s)</b>	<b>Change %</b>
<b>Barrow-in-Furness</b>	13.1	16.0	+22.1
<b>South Lakeland</b>	25.3	31.0	+22.5
<b>Lancaster</b>	25.5	30.0	+17.6
<b>Total/Average</b>	<b>63.9</b>	<b>77.0</b>	<b>+20.5</b>

The Public Health Profiles 2012 provided by the Association of Public Health Observatories outline the key challenges in each locality area and will be considered as part of developing the longer term health plans for Morecambe Bay as part of the new clinical strategy.

### **Maximising Market Share**

Looking forward there is some scope to expand provision by increasing market share or securing alternative income streams including:

- Trust's key catchment area boundaries e.g. Garstang, by expanding the range of services provided from the Lancaster site and increasing competition with the Blackpool Teaching Hospitals and Lancashire Teaching Hospitals
- Repatriation of tertiary services
- Reducing outflow of Trust core planned care provision – although this is limited there is scope in specific specialities to secure some repatriation, e.g. orthopaedics in Furness, by ensuring local GPs are fully aware of the quality of our services

Based upon the above the Trust is focused on improving the patient experience and the quality of service delivery. Initiatives include:

1. Improved out-patient booking service
2. Improved facilities for delivery of patients services e.g. new treatment centre at Westmorland General Hospital
3. Improved patient environment e.g. plan for new reception area at Westmorland General Hospital
4. Improvements to customer care process

### **Council of Governors and Membership**

The Council of Governor's support the Trust in influencing decisions about spending and service development and also make sure the Trust carries out its duties in line with NHS values and principles. Whilst not involved in the day-to-day management of the Trust, the Council of

Governors provides a vital link between Trust management, the wider Membership and the communities served. The Governors have played a key role in the development of this plan and in holding the Trust Board to account for delivery – examples of current and planned areas of activity include:

- Review of strategy – The Strategy Group reviews strategic direction, clinical strategy, contracting, commissioning and the Annual Plan
- Quality – The Council review the Quality Account, assurance on the Quality programme plus undertake structured ward and department visits
- Performance – The Trust's performance is reviewed at each full Council meeting including probing of areas of concern

The Trust currently has 11,705 members (6,806 public and 4,899 staff). The Council of Governors is developing a new membership strategy to ensure the Trust has a vibrant, representative, enthusiastic and engaged membership. Membership engagement events are already in place and will continue to build the membership throughout the financial year. The Trust's membership is designed to allow eligible members of the public and staff to become involved with the Trust in a variety of ways, depending on their preferences.

### **Monitor License Requirements**

The Health and Social Care Act 2012 makes a number of changes to the way in which NHS service providers will be regulated in the future and gives Monitor a number of new duties and powers. These changes include the introduction of a license for Foundation Trust providers of NHS services from April 2013.

The Trust continues to focus on improving governance, assurance and performance. Detailed below are the key areas the Trust is addressing in response to Monitor's License requirements.

- Maternity – Delivery of the revised maternity action plan, including outstanding recommendations from all previous reviews.
- Strategic Plan- Development of a long term strategic plan by January 2014
- Governance- Implement an action plan to address any recommendations from Price Waterhouse Coopers follow up review of governance
- Emergency Care – Develop and deliver a plan to return to sustainable compliance with the A&E 4 hour target
- Financial Plan – Develop and deliver a financial recovery plan for 2013/14

### **Strategic Direction**

Looking forward to 2014/15 and beyond the Trust will move into an implementation phase to transform the services it provides. Working with local Commissioners and key partners the Trust is reviewing services for the residents of Morecambe Bay to provide health services that are patient centred, safe, high quality, effective sustainable and affordable. Together the Trust has started a review (Better Care Together) of the way it provides health services inside and outside hospitals, and how in the longer term it can better integrate care across health, social care and voluntary sectors to support the local population to look after their own health and that of their families.

The current timescale envisage public consultation starting in autumn 2013 on potential changes with implementation of new service models scheduled from spring 2014.

Due to the scale of the challenges facing the NHS the Trust is also working closely with other local hospital providers to assess scope to improve quality and cost effectiveness of services over the medium term. This includes focusing on partnering in the provision of support services e.g. pathology and a review of network provision of clinical services.

### **Commissioner's Approach 2013/14 and Beyond**

#### **Commissioning Intentions – The Future**

The Trust is working closely with the two local Clinical commissioning Groups (CCGs) and other partners to define a new clinical strategy for Morecambe Bay covering the next 10 year period. This strategy will form the basis of the commissioning strategy for both CCGs moving forward as it will address changes in demand and provide clarity on how and where services will be provided. The CCG's commissioning intentions for 2013/14 included a limited range of proposed service changes that will be progressed during the year and will not be impacted upon by the clinical strategy process including:

- Review of Community Paediatrics – to expand the capacity of the current service in North Lancashire to match demand
- Alcohol Liaison Service – introduced to reduce unnecessary hospital admissions by supporting patients with community service provision
- 23 hour breast cancer pathway – introduced to reduce the time women have to spend in hospital

Commissioner Requested Services - As part of the contracting negotiations for 2013/14 the commissioners and Trust agreed to develop a list of commissioner requested services in year as part of the development of the Morecambe Bay Clinical Strategy.

In 2013, there are no locally commissioned services to be decommissioned and no proposals to undertake further Any Qualified Provider tenders that relate to Trust services. With reference to specialist services the Trust is awaiting the report from the Independent Reconfiguration Panel and final decision by the Secretary of State on the future of vascular services in Cumbria and Lancashire following the 2012 review.

### **Internal enablers**

#### **Informatics, Information and Innovation Strategy**

The Trust recognised the need to enhance its information infrastructure and provision to support the transformation programme. It commissioned a review by Price Waterhouse Coopers to provide a strategic framework focussed upon leading edge systems to support corporate monitoring, operational delivery and clinical decision making. To ensure delivery of the strategy the current Informatics and Information Departments have been merged under the leadership of a Chief Clinical Information Officer and a Chief Information Officer (Senior Manager). The programme to deliver the strategy is focussed on three key workstreams:

1. Develop and deploy the remaining Electronic Patient Record modules with Lorenzo
2. Introduce a 'paperlite' approach including electronic access to medical records in out-patients and other clinic settings
3. Implement new business intelligence system

#### **Infrastructure Development – Estates Strategy**

The Trust is developing a new Estates Strategy with the support of expert advisors in two phases:

1. Short term – Maximising efficiency in current configuration to support cost reduction
2. Medium term – To ensure the provision of appropriate and cost effective estate in line with the outcomes of the clinical strategy

### **Intellectual Property**

The Trust plans to review its research strategy and produce a forward plan following the Trust's review of the recommendations in the report on Education and Research at Morecambe Bay University Hospitals NHS Foundation Trust by Professor Sam Leinster, Emeritus Professor of Medical Education, University of East Anglia. This will include an assessment and plan relating to the scope to expand the Trust's intellectual property income from research.

The Trust's main focus for intellectual property exploitation relates to the development of systems linked to the Trust's Lorenzo Electronic Patient Record system termed 'Lorenzo extensions'. The Trust has produced a suite of extensions to the system including training modules, dashboards and linkages to primary care systems. These are being marketed on a commercial basis to Trusts who decide to take Lorenzo as a system from the National Programme for IT.

## APPROACH TAKEN TO QUALITY

### Putting Clinicians in Charge - Divisional Restructure

In April 2012, the Trust introduced a new divisional structure expanding from three to five divisions with a new division for Women and Children's, all lead by Clinical Directors. The Trust is focused on developing clinical divisions to act as operational units focused upon the delivery of high quality and cost effective patient services. They will be supported by effective information for decision-making including effective business intelligence (service line reporting/benchmarking) and best practice evidence reviews. The Divisions will drive the quality agenda at the frontline with support from the corporate level and be held to account for delivery of improvement targets.

### Our Approach to Quality

The Trust Board is committed to delivering high quality and sustainable services for its patients. The Board is focused on achieving high quality care putting the patient's needs at the centre and providing them with compassionate care that meets or exceeds national guidelines and requirements.

### Existing quality concerns

**Table 7: Quality Concerns – Update**

Area	Details	Current Position
<b>Emergency Pathway</b>	CQC Section 48 review of emergency pathway – 40 recommendations  CQC warning notices on emergency pathway – Essential outcomes 1,4,13 & 14	Follow- up review conducted in April 2013 – Moderate concern relating to outcome 8 (cleanliness) at Furness General Hospital (report May 2013) – Trust rectified almost all problems immediately and action plan in place  Compliance confirmed – warning notice lifted (September – 2012)
<b>Maternity</b>	CQC warning notice on maternity - Essential outcomes 1,8,10,13,16 & 21  Central Manchester diagnostic review follow up Independent Inquiry	Compliance confirmed - warning notice lifted (September 2012)  Revised action plan submitted to Monitor ( April 2013) to address outstanding actions from all reports/reviews  Terms of reference & timescales to be confirmed
<b>Accident and Emergency</b>	Breach of 4 hour A&E waiting time standard	Action plan submitted to Monitor with trajectory to achieve from Quarter 2 onwards (April 2013) – Trust performance improved since late April 2013
<b>Healthcare Acquired Infections</b>	Breach of targets in 2012/13 MRSA cases = 5 (target = 3) C-difficile cases = 48 (target = 40)	Root cause analysis completed on all cases and action plan in place



Monitor has imposed a series of enforcement actions as part of its assessment of the Trust in regard to breaches of its provider licence including Maternity Services and Accident and Emergency (see above).

The Trust's quality improvement projects for 2013/14 focus upon key areas for improvement to address other areas of concern beyond these identified above including:

- Paediatrics
- Safeguarding
- Harm Free care
- Complaints/patient experience
- Medical records
- A number of specific projects under the Commissioning for Quality and Innovation Scheme (CQUIN)

### **How the Board derives assurance on the quality of services**

Following the Price Waterhouse Coopers external governance review in early 2012 the Trust strengthened its corporate and quality governance systems, structures and processes including:

1. New Board Assurance Framework
2. Integrated Quality Reporting for key committees including benchmarking of key performance indicators
3. Serious Incidents Requiring Investigation Panel chaired by a Non-executive director with lessons learned outputs
4. Programme Management Office (PMO) providing monitoring and assurance on all quality projects
5. Revised quality impact assessment mechanism in place for all cost reduction schemes
6. Clear focus on ensuring effective assurance from internal and external sources

### **Clinical Strategy for Morecambe Bay: Developing High Quality Services for the Future**

As outlined above the Trust is working with partners to develop a new clinical strategy for Morecambe Bay. Clinicians are leading on developing proposals for change and have utilised best practice evidence and national guidelines /standards to support the process of developing alternative clinical models. General Practitioners, hospital doctors, and nurses, with input from allied health professionals have developed clinical models which they feel will best serve the needs of the local population and meet required standards.

No decisions on the future model have been made at this stage but the same key themes have emerged from the clinical teams that will need to be subject to public consultation including:

- a) More services being provided in primary care, the community and at home rather than in hospital
- b) Improved access to specialist care in the Trust's hospitals by organisations and staff working together more closely. This might require the development of bigger specialist teams and some services being centralised
- c) Changes to the range and mix of services available at the Trust's hospitals and in the community

## CLINICAL WORKFORCE STRATEGY

### Strategic Context and Organisational Changes

As outlined above the clinical strategy will set the long term direction in terms of the service delivery model to be adopted by the Trust and other providers in Morecambe Bay. As part of the clinical strategy structure a Workforce Sub-Group has brought together stakeholder organisations from the wider local healthcare economy to consider the workforce implications, challenges and benefits that will come from a number of potential care models. The work stream will ensure a fit for purpose workforce can be delivered to meet the demands of the short listed options and associated clinical models.

### Planning for the Future - Integrated Workforce Planning

It has therefore been a Trust priority to undertake a comprehensive approach to workforce planning in 2013/14. This involves divisional and departmental discussion, workforce analysis and planning to establish workforce priorities, potential savings, and skill mix reviews for clinical, medical and administration staff. The workforce planning activities take account of the interdependencies between the cost reduction work stream and the forthcoming clinical strategy care delivery models. The products of this exercise will be a detailed workforce plan for each department/unit with a higher level view at divisional level. Workforce plans will be completed by August 2013.

Workforce plans will become key documents that drive and inform the Trust's workforce strategy and be subject to regular review at divisional management meetings.

### Workforce Profile

The Trust's overall workforce increased in terms of contracted whole time equivalents (WTEs) from 3,833 in 2011/12 to 4,028 in 2012/13. This reflected the Trust taking action in terms of recovery to address under-resourced clinical areas to ensure the delivery of safe services and enhanced patient experience. In addition the Trust provided additional capacity and capability in terms of the turnaround process.

Significant emphasis has been placed on analysing and benchmarking the Trust's workforce against regional, national and external benchmarks. The key conclusions from this review are that:

- The current workforce profile is broadly in line with comparator trusts when comparing grade distribution

- Absence rates have increased and are at or above the level of peer Trusts (North West average 2011/12 = 4.5%)
- Turnover rates are low in comparison to other peer Trusts

## Improving Workforce Metrics

Table 8: Key Workforce Metrics		
Workforce Measure	2011/2012	2012/2013
Staff in post (WTE)	3,833	4,028
Absence	3.78%	4.63%
Turnover	7.47%	7.21%

### Absence Management

No one single issue can be identified as causing the deterioration in the Trust's absence rate. However, the Trust is aware of the impact on staff morale of on-going regulatory processes and the recent launch of the cost reduction plan consultation. To improve the absence rate the Trust has increased staff engagement, adopted a rigorous approach to reducing absence through sickness utilising the Trust's absence management policy and implemented a 24/7 Employee Assistance Programme providing free advice and support to staff.

### Maintaining an Effective Workforce

Following a benchmarking exercise and to ensure an effective workforce is maintained the Trust is planning to:

1. Introduced 'cross bay' cover in a number of corporate and clinical roles to improve cover and cost effectiveness
2. Streamline management costs and spans of control
3. Implement a process to ensure turnover 'hotspots' are identified and remedial action is put in place at Divisional level
4. Implement a pro-active approach to attracting and recruiting to hard to recruit to medical posts via domestic and overseas recruitment

### The Future Workforce

The Trust's ability to quickly restructure the workforce to address short term cost reduction targets and longer term strategic change has been hampered by reduced turnover which is symptomatic of a contracting local economy and fewer opportunities in the labour market. To address these issues the Trust has:

- Undertaken a formal consultation with staff on the expected level of workforce reduction stemming from the cost reduction programme
- Commenced development of a detailed workforce plan to identify the requirements for a 'fit for purpose' workforce in line with outputs of the clinical strategy options and models
- Commenced a review of its mandatory and speciality training offer to ensure that staff are sufficiently well trained to deliver a safe service, whilst looking for opportunities to reduce the level of non-clinical time

## **Workforce Innovation**

Key innovations currently being implemented to achieve these are goals are given below:

1. Remodelling of the workforce – This is the major focus of workforce planning stemming from the clinical strategy programme. Examples of current areas being addressed include:
  - a) Pathway re-design with community health partners linked to length of stay reduction
  - b) New ward staffing rotas to ensure the optimal nursing skill mix in each ward
  - c) Development of Assistant Practitioners, Advanced Nurse Practitioners and Assistant Therapists to provide more appropriate skill mix
2. E-rostering – To be implemented to optimise the development of staff to ensure greater control of financial and quality parameters
3. Overseas recruitment of medical, maternity and neonatal staff - Recognising the continued challenges faced by the Trust, in terms of location and geography, the Trust has commissioned work aimed at promoting the organisation, its location and improving the recruitment support package to domestic and overseas candidates. This will lead to reductions in the use of locum and contingent labour, enhancing continuity of care, creating development opportunities for staff through rotational arrangements and improved patient care
4. Workforce flexibility and use of contingent labour - The Trust continues to review its use of contingent labour and use of the most cost effective labour streams. There is a significant shift in reducing the dependency on agency supplied locum labour whilst retaining flexibility in the workforce to ensure safe services that meet increased demand. The Trust has contracted with a third party supplier to manage contingent labour, thus reducing margins and delivering financial savings. This is expected to generate substantial savings in discretionary pay spend
5. Improving recruitment through automation - The Trust has undertaken a review of vacancy authorisation, and proactive recruitment in order to reduce the time to hire and the incidents of engaging contingent labour to fill short term gaps. The TRAC recruitment system has been adopted and is in early stages of implementation. This will provide rapid self- service options for hiring managers and reduce the overall time to hire. It will also enhance real time management reporting and vacancy analysis

### Cost Reduction – Historic Performance

Prior to 2012/13 the Trust had delivered cost reduction plans typically in the range of 3.4%-4.6% per annum. During the latter part of 2011/12 and into 2012/13 the Trust's focus was on addressing quality and governance concerns to ensure the safety of patient services. This impacted upon the Trust's ability to deliver similar levels of cost reduction and it secured only 2.4% in 2012/13.

### Productivity and Efficiency – The Trust's Approach

The Trust has now introduced improved governance in cost reduction planning and delivery including:

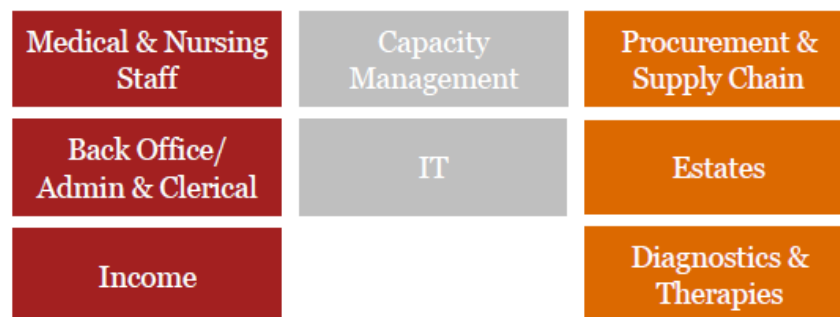
- Cost Reduction Plans governed through the Cost Reduction Delivery Office reporting to the Transition Board (Executive)
- Appointment of an experienced Programme Controller reporting directly to the Chief Executive
- Each Cost Reduction Scheme has to have a completed work book and Quality Impact Assessment in place

### Ensuring Cost Reduction Projects Don't Adversely Impact on Quality - Quality Impact Assessments (QIAs)

Each project must have a Quality Impact Assessment signed off by the Medical Director and/or Executive Chief Nurse (or their nominated Deputies). The Trust has agreed with the local Clinical Commissioning Groups the process for signing off cost reduction plans.

### Developing the Cost Reduction Programme – Next 3 Years

The Trust engaged Price Waterhouse Coopers (PWC) to undertake an efficiency review in 2012. The process focused on eight key areas:



**Figure 2 – 8 Areas of Assessment**

This process then went through a number of key steps to identify the priority work streams with the largest potential for cost reduction:



**Figure 3 – Outline of Key Steps**

This work has been the basis for formulation of the Trust's cost reduction plan 2013/14 and for the next two years.

### **Cost Reduction Plan – The Detail**

Table 9 details the eight priority (major) schemes developed from the process as part of the £18m Cost Reduction Plan for 2013/14.

<b>Table 9: Cost Reduction Plans 2012 – 2014</b>		
<b>Scheme</b>	<b>Scheme Description</b>	<b>£m</b>
Priority Scheme 1	Length of Stay (excluding cost of winter contingency beds)	1.08
Priority Scheme 2	Nursing Establishment	1.13
Priority Scheme 3	Medical Staffing Review	0.75
Priority Scheme 4	Discretionary Spend	1.17
Priority Scheme 6	Procurement Review	0.65
Priority Scheme 7	Theatre Improvement	0.35
Priority Scheme 8	Estates Review	0.11
<b>Priority Projects Sub-total</b>		<b>5.24</b>
<b>Divisional Schemes and other</b>		<b>9.52</b>
<b>Schemes Under Development</b>		<b>0.74</b>
<b>Vacancies Review</b>		<b>2.50</b>
<b>Other Measures</b>		<b>0.25</b>
<b>Total Savings Identified</b>		<b>18.00</b>

The Trust's Cost Reduction Plans for 2014/15 and 2015/16 will be £19m and £10m respectively.

## FINANCIAL AND INVESTMENT STRATEGY

### **Assessment of the Trust's current financial position**

During 2012/13 the Trust developed its financial recovery plan (FRP) which outlined how it intended to return to financial surplus by 2015/16. The Trust was required to produce this plan after reporting a financial deficit on the back of incurring high levels of unplanned expenditure in putting right its significant governance and clinical quality issues that arose during 2010/11 and 2011/12. The phases of our recovery plan (as reported as part of last year's Annual Plan) are set out above in Figure 1.

The Trust is now firmly into Phase 2 of the plan and have begun the planning for Phase 3 as outlined within the Productivity and Efficiency section. Further details of Phase 3 can be found above in relation to the development of the Clinical Strategy.

### **2012/13**

2012/13 itself was also a challenging year, as the Trust recorded a £23m shortfall of income against expenditure due to the ongoing costs of ensuring compliance with regulatory concerns, delivering the annual efficiency requirement built into the national tariff for PbR (Payment by Results), as well as local commissioner changes.

This performance was slightly below expectation, primarily because of lower than expected financial support from our commissioners, but included delivery of £6m of Cost Reduction Plans (CRPs) (versus a target of £5m). Excluding the lower level of financial support the Trust's operational financial performance was better than anticipated largely driven through increased patient activity delivering a financial contribution.

### **2013/14**

As such, the Trust's financial plan has changed and has been updated to reflect our results for last year, any recent changes such as our contracts with our commissioners (CCGs), changes to the amounts of external financial support assumed, and the most up to date position with our CRPs.

Last year the Trust identified a requirement for £27m of external support over 2012/13 and 2013/14, and after £10m of external support was received last year, we are assuming £10m of support from our commissioners this year, leaving a remaining gap of £7m.

In addition the Trust has re-forecast its planned CRP achievement to £18m (over 2 years) versus the £25m target set out in the FRP. This includes £14m to be achieved this year which is equivalent to 5.2% of its cost base. This is a significant increase on the 4.5% efficiency requirement assumed within the National PBR tariff.

The decision to re-forecast our CRP target was taken after the Board considered what would be necessary to achieve the £25m target, and concluded that driving toward this in full year in 2013/14 would risk reversing progress made in clinical quality and governance. It is felt that 5.2% is still a significant amount of savings to make in one year and this has therefore left the Trust with a gap of £7m versus our plan.

### **What does this mean?**

The reduced amount of assumed external support and the reduction in the level of CIPs assumed in year will put considerable pressure on our cash balances. The Trust has managed this as best it can through spending less on things such as capital expenditure and by managing the balance sheet. However, even after this, the Trust is still forecasting a cash shortfall of £12m. As such, the Trust is looking to the Department of Health and the Treasury to provide this level of support in the current year.

### **The Future**

The £7m shortfall (emanating from 2012/13) will need to be made up in 2014/15 in order for the Trust to remain on track to get back to a sustainable financial position by 2015/16. Clearly, this will not be easy to deliver. The Trust is beginning to plan for this now in order to give it the best chance of delivering this requirement.

2014/15 is also when the Trust forecasts starting to see the financial benefits of the “Better Care Together” clinical strategy work. The Trust and its partners are working closely together to try and make the right clinical decisions that will improve the quality of care provided and the financial efficacy of that service. The financial benefits of this work will not be known until it comes closer to its conclusion. The Trust has assumed that, in creating a more efficient service model for patients, significant financial efficiencies will be delivered in addition to year-on-year CRP targets.