

**Annual Planning Review submission for 2016/17 – operational plan narrative – publishable version****Section 1: Strategic context****1.1 Scope of service provision**

Blackpool Teaching Hospitals NHS Foundation Trust operates within a regional health economy catchment area that spans Lancashire and South Cumbria, supporting a population of 1.6 million. The Trust provides specialist tertiary care for Cardiac and Haematology services across this region; a range of acute services to the 330,000 population of the Fylde Coast health economy and the estimated 11 million visitors that visit the seaside town of Blackpool each year; and a wide range of community health services to the 440,000 residents of Blackpool, Fylde, Wyre and North Lancashire.

**1.2 Strategic review**

During 2015/16, the Trust has undertaken a comprehensive strategic review, prompted by the requirement to assess its position in relation to resilience and sustainability. The review has followed the seven stage Strategy Development Toolkit, published by Monitor in October 2014, taking place over six months and engaging with a wide range of stakeholders through large-scale events and smaller working groups. Clinical engagement in the process has been significant, with both task-and-finish and strategic working groups being led by senior clinicians from across the Trust during the 'forecast' and 'generate options' stages, as well as a large number of clinical leaders participating in the large-scale events.

The Trust considered the need for strategic change from a number of perspectives (national, regional / local health and social care economy, and internal), before undertaking a SWOT analysis and a 'base case' financial forecasting exercise, and finally considering its financial and clinical sustainability in this 'base case' or 'do nothing' scenario.

The Trust has reviewed its current performance (based on 2014/15) across four key domains – quality, operations, finance and workforce – identifying the relative strengths and weaknesses across the domains, the drivers for performance in each of the four domains, and how performance across the domains is linked. In addition, the Trust completed an initial 'base case' financial forecasting exercise, which concluded that the Trust should plan for a strategic financial challenge of £56m over the coming five years, in addition to the requirement to deliver 1.5% transactional CIP. However, it should be noted that this financial challenge is front-loaded, with >60% of the strategic challenge to be achieved within the first two years and c.55% of the overall financial challenge. The reason for the challenge being front-loaded relates to the Trust's need to ensure that it has the minimum cash balance deemed necessary to maintain its ability to meet liabilities as and when they fall due.

In order to increase its sustainability, the Trust recognises that it will need to:

- Work with local partners to manage the growth in demand for its services, particularly urgent / emergency care;
- Meet the necessary demand for its services in a proactive and cost effective way;
- Consistently deliver operational and quality standards;
- Increase its levels of efficiency, delivering care within tariff;
- Reduce its use of contingent labour;
- Provide services in a more integrated way;
- Increase the pace and scale with which change is implemented;
- Deliver a sustainable financial balance by year 3.

**1.3 Strategic vision**

It is recognised that the Trust's strategic vision needs to address the key issues associated with achievement of clinical and financial sustainability, and that significant changes will be required in years one and two in order to meet the most immediate issue of financial sustainability resulting from the 'base case' financial forecast. However, the strategic vision must also deliver improvements in clinical quality and safety and ensure increased levels of efficiency, whilst meeting the needs of the local population.

The Trust's strategic vision for 2020 can be described as: "As a high performing Trust, operating as part of an integrated care system, we will provide high quality, safe and effective care. This will be achieved in a financially sustainable way, through our skilled and motivated workforce."

This will be achieved by:

- Delivering a root and branch improvement programme across quality and effectiveness, with the key objectives being a reduction in mortality rates to a SHMI of maximum 100 by year 3, coupled with a reduction in length of stay to top quartile performance by year 2 and top decile performance by year 5.

- Delivering an extensive productivity improvement programme that will include changes to current ways of working.
- Working with colleagues across the local health and social care economy to redesign services in order to ensure that they meet the needs of the local population whilst providing required levels of quality and cost effectiveness.
- Working with colleagues across Lancashire to improve the clinical quality and financial viability of services, including better utilisation of staff and facilities, in line with the Keogh review of service provision.

#### 1.4 Strategic ambitions

	Measure	Ambition	Key measure(s) of success	
			Current	Ambition
Quality	<b>1. Mortality: SHMI</b>	We aim to achieve our lowest levels of mortality, meeting and then falling below our expected number of deaths.	114 <sup>1</sup>	<=100 in 3 years
	<b>2. Patient Experience: Friends &amp; Family Test</b>	We aim to achieve our highest levels of patient satisfaction.	95.8% <sup>2</sup>	98% in 3 years
Operations	<b>3. Length of stay</b>	We aim to achieve top quartile performance, moving to top decile performance, for both non-elective and elective lengths of stay, whilst at the same time maintaining high quality care.	Non-elective 6.7 days <sup>3</sup>	Non-elective 5.1 days in 2 years 4.4 days in 5 years
			Elective 4.90 days <sup>3</sup>	Elective 2.2 days in 2 years 1.7 days in 5 years
			Readmissions within 30-days 103.19 <sup>4</sup>	Readmissions within 30-days 94.2 in 3-years 79.5 in 5 years
Workforce	<b>4. Vacancy rate</b>	We aim to reduce our vacancy rate by >50%, based on future workforce numbers	4.50% <sup>5</sup>	2.50% in 5 years
	<b>5. Staff Satisfaction: Friends &amp; Family Test (recommend as a place to work)</b>	We aim to achieve our highest levels of staff satisfaction.	69% <sup>6</sup>	85% in 5 years
Finance	<b>6. Finance</b>	We aim to achieve a FSRR of 3. The FSRR is a composite of various financial measures, including: <ul style="list-style-type: none"> <li>• Liquidity (days)</li> <li>• Capital Service Cover</li> <li>• I&amp;E Margin</li> <li>• I&amp;E Variance (as a % of income)</li> </ul>	2 <sup>7</sup>	3 in 3 years

These key measures of success will become the headline key performance indicators (KPIs) in all of the Trust's internal reporting from 1<sup>st</sup> April 2016.

#### 1.5 Strategic work programmes

Using prioritisation undertaken by clinically-led strategic working groups and the wider Trust and local health economy representatives, the Trust has agreed seven work programmes:

<sup>1</sup> 12-months to October 2015

<sup>2</sup> Year-to-date average, April – October 2015

<sup>3</sup> 2014/15, inc. LoS = 0 and exc. nurse-led therapy and rehabilitation

<sup>4</sup> 2014/15

<sup>5</sup> As at 04.01.16

<sup>6</sup> Year-to-date average, April – October 2015

<sup>7</sup> Quarter 2, 2015/16

- A Consistency in care provision to deliver high quality care to all patients
- B Reducing length of stay (LoS) to deliver high quality care affordably
- C Getting most value from all of our resources
- D Transforming non-elective points of entry into the hospital to improve patient experience and flow
- E New LHE models of care to deliver high quality care affordably
- F Lancashire-wide redesign to deliver high quality care affordably
- G Putting in place enablers e.g., Clinical leadership, communications, IT and data, estates, workforce

## Section 2: Operational planning for 2016/17

### 2.1 Approach to activity planning

The NHS England approach to contracting for 2016/17 requires the Trust to align its activity and income plans to those of its main commissioners. The formal submissions in January, February and March 2016 were used by the Trust to monitor progress on resolving the differences in provider and commissioner assumptions with the aim of agreeing contracts by 31<sup>st</sup> March 2016 deadline.

For the trust's two main commissioners this was successful with activity and finance schedules being agreed on 31<sup>st</sup> March and subsequently signed. While the Trust is planning that both contracts will over-perform the approach has enabled agreement to be reached with all parties aware of the risks attached to the contracts in place.

Both contracts are mainly PbR based with block elements for community activity and other small amounts. It was not possible for the Trust to agree anything other than PbR contracts based on the contract offers received.

For specialist services the Trust has received an initial offer from NHS England, but this was rejected. Negotiations with NHS England are ongoing, and a revised offer is anticipated shortly, albeit not in time to be reflected in the APR.

### Non-elective services and waiting times in the Emergency Department (A&E)

The main challenges in achieving the A&E waiting time standard in 2015/16 were the increased volume of attendances and surges in activity, increased acuity of the patients (47% increase in the number of patients who required care in a resuscitation area on arrival), and an increased volume of ambulance activity. Whilst spikes in activity have compromised performance standards, delivery of the ambulance turnaround and time to triage remains consistently high. The agency capping threshold has impacted on the ability of the ED to flex its workforce to respond to surges in demand. This remains a significant challenge for 2016/17, with the key risks being a continued increase in demand and the ability to manage surges in attendances whilst maintaining quality standards. Actions being taken include:

- Early agreement and implementation of the winter plan through the System Resilience Group
- A full workforce review within the ED department
- Reviewing audit results to understand whether alternatives to A&E were available at patient level
- Participation in the national ambulatory care working group
- Exploring opportunities to create an emergency village
- Increased partnership working with local primary and social care providers
- Improved integration across acute and community services, to reduce the flow of patients into the hospital and ensure timely discharge for those who are admitted.

Similar issues have been identified in children's services, with an increasing number of referrals to the Children's Assessment Unit (CAU). The CAU is open 7 days a week to support A&E operational standards. The Trust is working in partnership with the local CCGs, and other local secondary care providers, to implement standardised pathways of care for the management of children's health and social care that will support primary care professionals to make appropriate choices in urgent / emergency situations.

### Elective services including Referral To Treatment (RTT) and cancelled operations

The open pathway measure was consistently achieved across 2015/16, with the exception of cardiology services. In order to achieve the 18-week RTT standard at specialty level, the Trust will continue to respond to changing patterns of demand. To mitigate risk and address capacity issues, a combination of actions will be taken including creation of additional internal capacity and identifying opportunities to redesign pathways and create new ways of working. This will be achieved through increased theatre utilisation, additional theatre sessions, increased day case rates / reduced length of stay (e.g. using different surgical techniques, enhanced recovery pathways) and, where necessary, medical staff recruitment. Key CIP schemes for 2016/17 will review the operational efficiencies of outpatient clinics and operating theatres which will improve the matching of demand and capacity. Delivery of the RTT standards at specialty level during 2016/17 will be a particular challenge for gastroenterology, particularly with the introduction and implementation of the 2 week referral NICE cancer standards.

### Cancer services

The Trust continued to experience challenges in the delivery of the cancer standards in 2015/16. The greatest challenge has been the impact that patient choice has throughout the patient journey. Work will continue into 2016/17 with commissioners and GPs to emphasise to the patients the importance of attending appointments once referred to the Trust and throughout the diagnostic stages of their pathway. Peaks in referral rates (predominantly driven by national cancer campaigns and seasonality) and increased case complexity are anticipated to continue into 2016/17. Actions to mitigate for this include improved matching of demand and capacity through proactive pathway management (including a review of all administrative processes). Formal escalation processes are in place across each element of the pathway. The Trust is currently assessing the impact the 2 week NICE guidance will have on capacity and performance standards in the Trust.

### Diagnostic services

Capacity across diagnostic services is a key factor in the delivery of all operational standards. Increased demand is forecast into 2016/17 but the standard of 99% of all patients waiting a maximum of 6 weeks for their diagnostic tests has been consistently achieved throughout the year.

Capacity issues have been identified in MR imaging, CT and ultrasound services. To manage the levels of demand, the Trust will maximise machine outputs, maintain increased working hours and ensure full slot utilisation. To flex capacity, mobile MR scanners will support the Trust during the peak requirements. The Trust recruited to 4 of the additional 6 consultant radiologist posts during 2015/16. This has provided an increased ability for radiologists to attend MDTs, and will continue to reduce reporting timeframes. A further case for development of an additional MR scanner is being progressed and will require a further 3 Consultant Radiologist posts to support it. A full process review has been undertaken allowing the department to streamline activities and increase capacity across all modalities. Additionally, the workforce review redesigns roles allowing the department to manage the further increase in demand within existing resources. The continued transition to electronic ways of working, including requesting and protocolling, will enable support further demand management.

The pathology service also continues to experience increased demand for its services, with envisaged difficulties in recruitment to a histopathologist role. Similarly, the pathology department will undertake a workforce review which aims to redesign roles allowing scientists, nurses and supporting technical staff to undertake enhanced roles. The increased demand for phlebotomy and ADAS services are currently under negotiation with local commissioners. The improvement of ADAS service standards to “UKAS point of care” is currently being modelled to assess the impact of this service change.

## 2.2 Approach to quality planning

The Trust’s quality goals remain focused on the provision of safe and high quality care and continue to build on the goals set out in the 2015 /16 quality accounts. These focused on all patients and carers being involved in decisions about their care, zero inappropriate admissions, zero harms, zero delays and compliance with standard pathways.

Its quality priorities for 2016/17 have been agreed following consultation with Trust staff, governors and local CCG’s and aligned with the standards set out in the NHS constitution and CQC quality and safety standards. The development of a quality strategy has been overseen by the Quality Committee, a sub-committee of the Board of Directors.

The development of the three year quality improvement strategy has set out three quality domains; Informed, Timely and Safe (ITS how we care) with each domain having a number of key improvement metrics supported by three strategic enablers. The strategy provides the Trust with a clear definition of quality, the quality priorities for 2016 /17, and the commitment of the organisation to put quality at the heart of all it does.

Care Domain	Key Goals	Metrics
Informed	<b>Enhancing the patient Experience and Promoting Patient Involvement</b>	<ul style="list-style-type: none"> <li>• Patients rating of care as excellent / very good / good</li> <li>• Patient who have been treated with dignity and respect</li> <li>• Patients who feel involved in their care</li> <li>• Patients who would recommend the service to friends and family</li> </ul>
Informed	<b>Providing Evidence Based Care</b>	<ul style="list-style-type: none"> <li>• Compliance with clinical pathways                             <ul style="list-style-type: none"> <li>a) Patient compliance</li> <li>b) Opportunities to care</li> </ul> </li> <li>• New clinical pathways implemented will achieve agreed % targets against a set of survival critical points</li> <li>• Mortality rates for conditions with a clinical pathway</li> </ul>

		as reflected in 12-month rolling SHMI
Timely	<b>Care in the Right Place</b>	<ul style="list-style-type: none"> <li>• Number of 'none optimal placement' of patients to admitting ward</li> <li>• Number of patients with extensive care service</li> <li>• Number of A&amp;E attendances / NEL admissions for people with extensive care service</li> <li>• % of eligible rapid discharge patients achieved</li> </ul>
Timely	<b>Care at the Right Time</b>	<ul style="list-style-type: none"> <li>• 18 week access targets</li> <li>• Cancer treatment targets</li> <li>• A&amp;E hour targets</li> <li>• Cancelled Operations</li> <li>• Access times for community-based services –e.g. therapies, nursing, IAPt, health Visitors</li> </ul>
Safe	<b>Harm Free Care</b>	<ul style="list-style-type: none"> <li>• Reduction in falls incidents resulting in harm</li> <li>• Reduction in failure to rescue / cardiac arrests</li> <li>• Reduction in avoidable harm due to pressure ulcers</li> </ul>
Safe	<b>Open and Honest Culture</b>	<ul style="list-style-type: none"> <li>• Number of clinical incidents reported</li> <li>• Performance on questions from staff survey in relation to transparency</li> <li>• Number of duty of candour processes completed for patient safety incidents</li> </ul>

The Trust's Board Assurance Framework identifies two main key quality risks which are covered in the quality strategy:

- Failure to maintain a reduction in the Trust mortality rates – Mortality rates are monitored by the Trust Board and via the Trust's integrated performance report. Mortality rates are tracked and discussed at performance meetings, mortality board meetings and monitored as an agenda item at the Quality Committee. Overall the Trust has been reporting a SHMI in line with achieving a target hospital-wide of less than 111 with cross organisational work continuing to support this target by the Trust, our local CCGs and AQUA which will continue into 2016/17.

The Trust has participated in the recent self-assessment on avoidable mortality, and is fully committed to the annual publication of avoidable deaths per Trust once agreed centrally definitions and guidance have been issued.

- Failure to maintain a high patient experience – Maintaining a high patient experience is a key quality goal for the Trust and is monitored monthly at the Trust Board with monthly visibility of performance Trust wide monitored by the integrated performance report. This will continue to be reported on at a divisional level via exception reporting both at divisional performance board meetings and via exception reporting at the Quality Committee. An annual review of performance, themes and lessons learned will also be provided in a report to Quality Committee.

### 2.3 Approach to quality improvement

The Trust's Quality Committee is authorised by the Board to oversee quality activities within the scope of its Terms of Reference, including the development of the Quality Strategy and policies for assuring and delivering quality; and the monitoring of the delivery of the Quality Strategy and policy. The main priority of the Quality Committee is to provide assurance to the Board that the highest possible standards in quality of care and patient safety are set and achieved by the Trust. The Committee will meet quarterly throughout 2016/17 to ensure effective systems of clinical governance and clinical audit are embedded within the Trust and that it is under constant review and improvement. A major objective of the Committee will continue to be to review all significant quality risks to ensure relevant action is taken to manage these risks and that all of the above is reported to the Board of Directors accordingly.

The Director of Nursing and Quality is the named Executive Lead on Quality and Patient Safety who represents the organisation at monthly Quality Review Meetings with all local commissioners and is also present at the commissioner led Fylde Coast Commissioning Advisory Board.

The Trust holds regular engagement meetings with the Regional Care Quality Commission (CQC) inspection officers where review of the CQC action plan developed following the Keogh Review 2013/14 and CQC inspection in January 2014. This action plan has since been completed and agreed as closed both by the Regional CQC inspectors and local CCG's.

The Trust received an announced inspection to Maternity Services to review progress against the "inadequate" rating following the 2014 inspection and they also reviewed A&E services in response to CQC monitoring

intelligence regarding A&E performance. The Trust received the inspection report in January 2016 and overall the report acknowledged the improvements achieved since the last inspection with one regulated activity action and other areas for the Trust to review.

Maternity Services were noted to have made improvements since the last inspection in improving rates of incident reporting, in numbers and management of postpartum haemorrhages with positive reflection of the change in the midwifery staffing model. It was also noted that patient experience was positive and outcomes for patients were in line with the England average on most of the compared measures. Some concerns were raised about infection control and maintenance of equipment in some areas of the maternity unit.

Urgent and Emergency Services were reported to have improved in some areas since the last inspection. However, at the last inspection (January 2014) the CQC had not fully developed the inspection methodology for the effectiveness domain under which at this inspection national College of Emergency Medicine Audits were seen to be at the bottom 25% of participating Trusts (older people and mental health). The report did note that actions plans were in place. Checking of essential equipment was found to require improvement with shortage of some equipment requiring addressing. It was noted that the layout of the department hindered flow but acknowledged that processes were in place to manage periods of surge. Improvements in medical and nursing staffing and use of temporary staffing processes was recognised, good standards of care and multidisciplinary team working observed, evidence was seen of risks, incidents and complaints being managed well and patient experience noted as positive. The report did note a number of actions the hospital should act upon.

Maternity services were re-rated as “good” and Urgent and Emergency services remained rated at “requires improvement”. Both service areas will develop their local action plans in relation to the findings of the inspection which will be monitored via Executive Director led Divisional Performance Review Boards.

Actions the Trust are to take regulated activity on – treatment of disease, disorder or injury

- Regulation 9 – person centred care. Performance regarding the number of patients waiting for mental health assessment for over four hours did not always meet the needs of the patient.

The Trust has an ongoing Quality Development Plan that reflects outcomes of inspections / peer reviews / ongoing quality actions from previous inspections and will include the regulated activity actions required for the above, that the Trust will continue in 2016/17 working on with external partners. This will be monitored by the Quality Committee and the commissioner led Fylde Coast Commissioning Advisory Board.

In addition to the implementation of the Quality Strategy and the Quality Development Plan, the Trust will continue its participation in the National Sign Up To Safety campaign, which aims to reduce avoidable harms in the coming three years, with a local focus on several key areas:

- **Falls:** Reduce the number of falls resulting in harm by 20% by March 2017 from our 2015 baseline
- **Pressure Ulcers:** By March 2017 we will reduce avoidable harm caused by Trust attributable pressure ulcers by Stage 2 30%, Stage 3 50%, Stage 4 50%, from our 2015 baseline
- **Clinical Pathways:** Improve mortality and prevent delays in treatment through AKI and Sepsis Clinical Pathway Compliance. Targets for 2016/17: Sepsis 40%, AKI 50% compliance
- **Care of the deteriorating patient:** By March 2017 we will reduce avoidable harm caused by failure to rescue or failure to recognise the deteriorating patient 50% from our 2015 baseline of ‘Failure to Rescue’ 2222 calls.
- **Care of the deteriorating patient:** In Maternity by March 2017 we will ensure compliance with NICE intrapartum guidance and the sepsis pathway

The areas of focus have been identified due to each being noted as:

- A risk that impacts on patient safety and experience
- Directly or indirectly linked to litigation claims against the organisation
- Supporting the delivery of the Trust strategy, including the Vision and Quality Goals to provide integrated high quality, safe care
- Supporting the delivery of the Trust values as outlined in the Trust strategy
- Supporting delivery of the Trust Compassionate Care Strategy 2013-16
- Supporting the delivery of the Trust’s pledges of SUTS
- Supporting the delivery of CQC standards for providing care that is safe, effective, caring, responsive to people’s needs and well-led
- Delivering the Trust’s action plans following the Keogh Review and CQC Inspection

The Sign up to Safety Campaign is supported by the Trust Board, and has identified the Director of Nursing & Quality and the Medical Director as Executive Director sponsors. Trust Safety Leads have also been identified. The Board has committed to turn our implementation plan into reality to support our drive to improve patient safety. The Assistant Director of Nursing & Quality will lead the implementation and monitoring of the Safety Improvement Plan, supported by a Safety Improvement Project Group consisting of key clinical and non-clinical stakeholder representatives, including a Governor and Patient Experience representative.

The three key risks the Trust notes for 2016/17 within the Quality and Safety programmes are:

- Failure to Maintain a reduction in the Trust mortality rates (as described in 2.2)
- Failure to Maintain a High Patient Experience (as described in 2.2)
- Maintaining Infection Prevention Performance within set trajectories.

Whilst the Trust has achieved the trajectory for *Clostridium difficile* cases due to lapses in care (as at the end of Q3), the number has been greater than desired. The Trust commissioned an external review of its clinical processes during 2014/15, actions of which have been implemented during 2015/16. The Trust is yet to receive its target number of cases for 2016/17. However, the Trust considers *C.diff* to be a priority area for improvement and has a number of actions planned and/or underway to improve *C.diff* rates in 2016/17:

- Bed area equipment replacement programme for high risk areas / areas of high prevalence;
- Optimisation of diarrhoea management;
- Rolling programme of deep cleaning, particularly in high risk areas / areas of high prevalence utilising UV-C;
- Antimicrobial Stewardship Committee to address the NICE guidance on antimicrobial stewardship and process for effective antimicrobial medicine use;
- A fourth Consultant Microbiologist who is allocated to delivery of the HCAI;
- Re-launch of the Infection Prevention programme with staff, patients and visitors;
- Expansion of cross organisational working with CCGs to review and embed joint working, and share best practise / lessons learned actions.

All inpatients within the Trust have a named consultant who is responsible for their care during their stay within a particular specialty. Discussions have commenced regarding the principle of a single named consultant who will be responsible for an inpatient across the duration of their stay in hospital, and plans for implementation will be further developed during 2016/17.

### 2.3.1 Seven Day Services

The Trust provides consultant led care across emergency services at weekends, via a combination of on-site presence and on-call duties. Further recruitment into vacant consultant roles remains challenging, and therefore during 2016/17, the Trust will be developing Advanced Nurse Practitioner roles within the Emergency Department and Acute Medical Unit, as well as increasing the number of middle grade doctors. During 2016/17, the Trust will continue to provide MR services, CT services and ultrasound services at weekends.

A key strategic work programme for the Trust is the transformation of non-elective points of entry into the hospital to improve patient experience and flow. This will dovetail with the local health and care economy workstream focused on urgent and emergency care services. Key to both of these work programmes is a reconfiguration of the current provision of both primary and acute provisions of ambulatory and inpatient urgent and emergency departments / assessment units (e.g. Acute Medical Unit, Surgical Assessment Unit).

The Trust is participating in the evaluation of the impact of High-Intensity Specialist-Led Acute Care (HiSLAC) on emergency admissions to NHS hospitals at weekends. Initial data regarding medical staff has been supplied with the analysis identifying that the Trust is in the centre of its peer group regarding service provision. A similar exercise for nursing staff is scheduled. In addition to examining the impact on patient-centred outcomes, the HiSLAC project will also undertake a health economics analysis of the impact of increasing specialist provision across the NHS in order to deliver the vision set out by the NHS Services Seven Days a Week Forum. HiSLAC will therefore provide useful information to the Trust regarding the cost-effectiveness of investing in consultant and other specialist staffing in implementing the drive to 7-day service provision.

In addition, the Trust is participating in the seven day hospital services survey coordinated by the NHS Sustainable Improvement Team.

### 2.3.2 Quality impact assessment process

The significant level of cost savings to be delivered in 2016/17, coupled with the requirement to ensure continued improvement in the quality and safety of clinical services and the need to introduce new models of working in alignment with the Trust's strategic direction, means that the robust processes used to support the management of

cost savings in 2015/16 will be continued during 2016/17. Each proposed CIP scheme (transactional or transformational) requires the completion of a Project Initiation Document and accompanying Risk and Quality Impact Assessment prior to submission to the Programme Management Office. The scheme is assessed by a cross-functional team of Executive Directors and Deputy Directors for its impact on quality, safety, workforce, financial performance and strategic alignment, with the opportunity for veto if significant concerns are raised in any of these areas.

This process provides assurance to the Executive Directors that work is being undertaken to deliver the key financial sustainability targets, within a context that does not compromise delivery of safe, high quality clinical care. The in-year monitoring of this is outlined in section 2.2.4.

### **2.3.3 Triangulation of indicators**

The Trust has identified six strategic ambitions, outlined in section 1.4, together with associated metrics across the domains of quality, operations, workforce and finance. These measures of success will become the headline key performance indicators (KPIs) in all of the Trust's internal reporting from 1<sup>st</sup> April 2016 and are identified in the KPI worksheet of the APR template. Whilst these have been allocated to the relevant committees of the Board for oversight, all KPIs will be reviewed by each committee quarterly, and a detailed assurance report will be provided between committees. In addition, the complete set of KPIs will be reviewed by the Board of Directors each month.

The selection of these KPIs is in alignment with the Trust's strategic work programmes (outlined in section 1.5), with the priorities for year one focusing on improvements within particular specialties / clinical conditions, and driven by the move towards standardised pathways of care. The choice of these specialties has been driven by triangulation of local and benchmarking data across both quality and productivity indicators, e.g. SHMI, length of stay, readmissions.

The Trust has developed a Clinical Matrix which incorporates clinical quality, workforce and financial measures at a ward/departmental level. This approach allows the Trust to identify any areas of concern, e.g. failure to meet clinical indicators, areas of high turnover or sickness absence levels, budget overspends, and therefore provide the relevant interventions to address these.

## **2.4 Approach to workforce planning**

Divisional workforce plans are devised from directorate / service plans which are based on commissioning intentions and service development. The Trust uses the recruitment trajectory tool (which has been acknowledged as an excellent planning tool by KPMG in a recent audit) to help inform recruitment planning, along with reporting available in Establishment Control to show the gaps between established and actual staff in post levels down to individual position type. The plans support and inform the budget setting process that takes place in January/February annually. Updates are discussed at monthly Divisional Board meetings when appropriate and by exception at Divisional Performance Reviews with Executive Directors. The divisional workforce plans are presented bi-annually to the Operational Workforce Committee and any issues/concerns are escalated to the Strategic Workforce Committee which is a sub-committee of the Board chaired by a Non-Executive Director. These plans then feed into the Annual Education Commissioning return to Health Education North West. CCGs are also invited to read and comment on the plan prior to final sign off.

The Trust's strategic review identified the need to address challenges associated with the workforce, and the associated work programmes include the opportunity for review and redesign of current workforce models as well as better utilisation of existing staffing resources.

Some of the Trust's difficult to fill posts are across the medical workforce (in Emergency Care, Care of the Elderly and Dermatology) where there are national shortages. This, coupled with the 'Shape of Training' review has made the Trust consider alternative roles within the Medical workforce. Clinicians have agreed that the Physician Associate role, which is trained to a medical model and works under medical supervision, may be an alternative solution to addressing medical shortages by adopting different ways of working. A successful bid to Health Education North West resulted in six students commencing the two-year Postgraduate Diploma in Physician Associate Studies at the University of Central Lancashire in January 2016. Consideration is being given to the development of further advanced nurse practitioners.

A new role has been introduced into the Families division, after receipt of funding from Health Education North West, for the Emotional Health and Well Being Service Manager for Children and Young People. The role provides strong professional leadership and liaison across all multi-agency services to develop a joint vision for the emotional health and wellbeing for children and young people. The aim is to ensure all services have a similar

focus and goals with the sole intention of providing a seamless service for children, young people and their families and in doing so prevent inappropriate admissions.

In addition, the Trust is actively involved in the development of an Extensivist service and Enhanced Primary Care services through the Fylde Coast Vanguard programme, with the aim of providing care to the patient as close to home as possible and preventing inappropriate and avoidable hospital admissions. A number of different roles are under consideration for this workforce, including non-clinical wellbeing support workers.

The Trust has a comprehensive approach to the management of e-rostering across all aspects of the non-medical workforce. This is supported by a recent audit providing significant assurance in regard to a review of the design and operation of controls over the e-Rostering process. An e-rostering Steering Group is in place to review effective and efficient use of e-rostering and produces a KPI dashboard to monitor and address any compliance issues.

The Nursing Bench has recently been centralised to standardise processes and improve efficiency and effectiveness. This has already demonstrated improved fill rates of requested shifts which contribute to agency usage reduction. An operational group is in place to ensure the ongoing development of this service to support agency reduction and increased bench utilisation. A weekly reporting template is produced to monitor bench and agency usage at Board level.

The Trust continues to have work streams within its CIP programme to address agency usage. This builds on the work to date which has included:

- Appointment of a managed service provider for the supply of all medical, nursing and AHP staff.
- Ongoing permanent recruitment campaigns for medical staff
- Overseas recruitment campaigns for nursing staff.
- Development and issue of clear guidance for agency usage including Executive Director approval and sign off for any shifts which would be classed as exceptions under the Agency Cap rules.

The Trust will continue to:

- Work with an external partner to recruit medical workforce on a substantive basis across all clinical divisions.
- Source alternative agencies to provide cover where agencies refuse to reduce rates in line with the agreed capped rates. This has been, and will continue to be, challenging for some specialised areas, e.g. ICU.
- Increase the number of staff active on our bench and develop the bench for AHPs and other staffing groups
- Work with other local trusts on the feasibility of establishing a medical staff bench

The Education Commissioning Return provides an indication of our future workforce supply requirements. The Trust is engaged with the local Workforce Education Group (a sub group of the NW LETB) which brings together senior and operational representatives from organisations across the system who hold the different responsibilities and levers for shaping the current and future workforce. Work is focused on bringing workforce and service transformation together to identify areas for collaboration and joint actions. Through this, we are participating in the use of WRaPT to gain an understanding of the workforce capacity and drivers that will impact and to identify education provision for workforce transformation. Work has also been done at a pan-Lancashire level to ascertain the current and future workforce requirements under the Healthier Lancashire programme.

The Trust has developed a Clinical Matrix which incorporates clinical quality, workforce and financial measures at a ward/departmental level. This approach allows the Trust to identify any areas of concern, e.g. failure to meet clinical indicators, areas of high turnover or sickness absence levels, budget overspends, and therefore provide the relevant interventions to address these. Nurse staffing levels are also monitored and reported in line with national requirements and there is an ongoing process of review in terms of the relevant staffing levels, with any resulting proposals for investment taken to the Quality Committee and Trust Board of Directors.

The Trust uses a standard Programme Initiation Document (PID) for all CIP schemes. The PID contains a Quality Impact Assessment which is completed in relation to all aspects of the proposed scheme and voted on via an e-voting system. The Director of Workforce and OD and Deputy Director of Workforce and OD vote on all CIP PIDs and are able to assess and feedback any comments in relation to any workforce issues identified in the proposed schemes. In addition, the PID is signed off by the relevant Divisional Management team which includes the Workforce Business Partner (WBP), thus ensuring that the WBP is involved in the development of the proposed scheme and the planning and implementation in response to any necessary staff consultation. The Trust has a range of agreed policies which support organisational change and redeployment of staff. Involvement and consultation includes our trade unions. The Workforce and OD Directorate produces a monthly report detailing all cases including any related to organisational change which is presented to our Joint Negotiating and Consultative

Committee (JNCC). The JNCC is the joint management and trade union forum so any issues relating to these can be discussed at an Executive Director level.

The most significant development is the Vanguard programme which will provide an integrated care system to improve the health and wellbeing of our population; ensuring people are empowered to make informed decisions about their health and care. This will transform the way care is delivered through a targeted and highly coordinated integrated model of delivery, bringing health, social and third sector services together based within neighbourhoods with a focus on prevention, early intervention, shared decision making and self-care. Work is underway to transform the approach to elderly rehabilitation services from inpatient to a model of home care/community services, which will be undertaken by the Trust together with a joint health and social care facility.

The Trust has made significant improvements in its use of agency. The weekly reporting template demonstrates a significant reduction in relation to those shifts which do not comply with the agency rules. As noted above, the Trust has robust process in place for the booking and authorisation of any agency staff. Executive oversight is in place for medical agency bookings so that consideration of appropriate staffing levels and patient safety are assessed in any decision to use agency staff.

There are robust systems in place to assess nursing staffing levels on a daily basis and processes for escalation to bank and agency where this is required to ensure safe staffing levels. The Deputy Director of Nursing and Divisional Associate Directors of Nursing assess staffing levels and determine the appropriate deployment of staff. Targets have been set for the staffing levels in line with national guidance and are monitored and reported on.

The Trust has clear processes in place for managing risk. The Workforce and OD Directorate manage its Divisional Risk Register, which in turn may escalate risks to the Corporate Risk Register and Board Assurance Framework, depending on the application of the standard Trust-wide scoring mechanisms. The Directorate Risk Register is reviewed at the Workforce Board, with relevant escalation where appropriate. In addition, risks identified from the same processes within the Clinical Divisions are escalated to the Corporate Risk Register.

The Board Assurance Framework (BAF) is reviewed at the Operational Workforce Committee with any issues being escalated to the Strategic Workforce Committee. The Trust has included workforce as one of its major risks on the BAF and updates and monitoring against mitigating actions are reviewed with Executives and Non Executives as part of this Committee. The BAF is also reported to the Corporate Risk Committee.

## **2.5 Approach to financial planning**

### **2.5.1 Financial forecasts and modelling 2015/16 Financial Performance**

The Trust faced an extremely challenging financial environment in 2015/16, with a revised forecast at year-end of a deficit of £14.6m (before reporting exceptional items) compared to a planned deficit of £11.3m. The Trust is forecasting a Financial Sustainability Risk Rating (FSRR) of 2 at the end of 2015/16, with a forecasted cash balance of £7.7m.

During the past two years, the Trust has achieved significant levels of cost improvement (CIP): £20.3m (5.5%) in 2014/15 and £17.3m (4.5%) in 2015/16. However a number of operational issues have meant that the CIP achievement has not been able to mitigate income and expenditure challenges.

#### **Development of the 2016/17 Financial Plan**

The Finance Committee and Board of Directors have been involved / informed throughout the planning process. The key steps have included:

- Detailed discussions with Heads of Department and Divisional Directors (both of which are clinical leadership roles) during December 2015 and January 2016;
- Discussions at Finance Committee since December 2015;
- Presentation and discussion at the Strategy and Assurance Committee; and
- Trust Management Team discussions since January 2016.

#### **2016/17 Income & Expenditure Plan**

The focus for the Trust in 2016/17 must be to ensure that financial stability and sustainability are achieved, in order to enable the transformational changes that are required across the Trust and wider health and social care economy, as set out in the Five Year Forward View. This is reflected in the outputs from the Trust's strategic review.

The Income and Expenditure plan for 2016/17 is projecting a balanced budget. The Trust is forecasting to end the year with a cash surplus of £0.2m and Financial Services Risk Rating of 2.

**(i) Income**

The Trust has approached the activity and income planning by utilising the 2015/16 forecast outturn activity. The key assumptions are:

- 2015/16 activity outturns used as basis for 2016/17 activity levels, but adjusted for items agreed with commissioners, plus any full-year and non-recurrent items
- Inclusion of commissioner financially agreed developments

**(ii) Expenditure**

As outlined in the financial performance section, the Trust needs to ensure that its cost base is aligned closely to the demand and capacity required that the expenditure controls are robust, the CIP plans are delivered and that there are sufficient mitigation plans in place if costs move negatively away from plan.

The 2016/17 expenditure plan for pay and non-pay includes national guidelines and Trust internal requirements.

The main assumptions based on national guidance (with local planning assumptions factored in where available) are:

- Cost inflation uplift of 3.2%.
- Efficiency factor of 2.4%.

The main Trust internal requirements are:

- Achievement of the 2015/16 forecast deficit of £14.6m.
- Impact of changes to the income plan, both activity and non-activity related.
- Achievement of the CIP plan for 2016/17.
- Removal of non-recurrent elements.

**Activity**

The Trust has used the 2015/16 forecast outturn activity as a foundation to adjust for known / predicted changes to activity and in turn ensure the Trust has the required levels of capacity to remain resilient throughout 2016/17. The assessments used for the activity planning are:

- The activity and finance implications to achieve RTT at specialty level.
- The activity and finance implications to achieve all cancer standards.
- The continuation of growth/ contraction trends in elective, non-elective and community activity.

**Financial Priorities for 2016/17**

The challenges for the Trust in 2016/17 are to ensure that the cash position is managed robustly and that the income and expenditure break even position is achieved.

**2.5.1 Efficiency savings for 2016/17**

The key aims of the CIP process include:

- Provide a means of holding to account those responsible for delivery of CIP.
- Provide assurance to the Executive Directors that work is being undertaken to deliver the key financial sustainability targets, but that also ensures delivery of safe, high quality clinical care.
- Provide a robust but fair challenge to the planning and performance of the programme ensuring that all projects have clear objectives, performance indicators, key milestones, savings targets (including phasing), timescales and accountability.
- Provide summary reports that highlight areas of concern and resultant contingency plans that have been implemented to mitigate the risks associated with the delivery of planned savings.
- Receive the following: updated financial plans and associated workforce impact summary reports showing the overall progress of the savings programme through an agreed CIP Tracking Tool; detailed exception reports from the lead directors/managers and divisional finance manager for each project that is indicating a red or amber RAG status for delivery; a summary of the Quality Impact Assessment of CIP plans.
- Identify and resolve potential conflicts that may arise between projects and the overall strategy of the Trust to deliver financial balance by year end whilst maintaining commitments to quality and service delivery.

There are a number of transformational themes and strategic programmes which underpin the CIP programme for 2016/17. Detailed planning and implementation is well under way for those schemes scheduled to deliver savings

in the early part of the financial year. As well as the transformational schemes the programme contains a number of well defined “traditional” or “tactical” CIPs, ranging from 1% to 2.5% of budgets.

#### **2.5.1.1 Lord Carter’s provider productivity work programme**

The Trust welcomes the Carter productivity work programme, as it will support the Trust in identifying opportunities to improve efficiency and improve its financial position. To date the Trust has engaged with the review team through:

- Undertaking an initial assessment of the savings opportunity identified by the Carter Review team and incorporating aspects with the 16/17 CIP programme;
- Completing the Carter Review questionnaire;
- Validating the ESR information to support the development of comparable measures; and
- Discussion with the review team to understand how the Trust can continue to support and benefit from the productivity work programme.

#### **2.5.1.2 Agency rules**

The Trust is making effective use of the agency rules recently introduced by NHS Improvement, having implemented controls and processes that are reducing the use of agency registered nurses, midwives and health visiting staff. The Trust is on course in 2015/16 to achieve the 4.2% cap on nursing agency expenditure and is developing plans to comply with the 3% cap in 2016/17. The Trust is making it mandatory to use NHS supply chain frameworks for all agency staff with any exceptions (on the grounds of patient safety) signed off by an Executive Director. The hourly rate caps have been implemented across all relevant staff groups. Whilst compliance was largely achieved against the November 2015 rates, we are working to minimise any exceptions against the February 2016 rates and will continue to monitor and report these as required.

The Trust has re-launched its internal staff bench with a focus on nursing and has seen a steady increase in the number of shifts being filled by bench staff and a reduction in agency usage. The Trust has also implemented weekly pay for bench staff to encourage staff to work via this route.

Recruitment activity is in place across key staff groups to reduce the reliance on agency. The Trust has undertaken a number of overseas recruitment campaigns with more planned, and is also engaging with local trusts to explore the feasibility of a local medical staff bench. The Trust is exploring alternative staffing models to address the gaps in ‘difficult to recruit’ specialties.

#### **2.5.1.3 Procurement**

The Procurement department is constantly reviewing its operational plans in delivering cost improvement plans and cost avoidance, with strong controls and assurances being developed and implemented. Some of the immediate measures being developed and implemented are:

- Strong processes and systems to deliver the local Cost Improvement Plan, for example, the formation of the Trust wide Procurement Steering Group.
- Understanding and implementing good practices nationally, for example, the national procurement strategy and interim Lord Carter of Coles report.
- Electronic systems implemented to control unwarranted variations.
- Standardisation and rationalisation of product / capital lines/ Inventory.
- Managing other areas previously out of the procurement scope, e.g. utility charges.
- Complying with the Monitor and TDA requirements associated with non-pay.
- Greater utilisation of national framework agreements and procurement provider partnerships.

#### **2.5.2 Capital planning**

The Trust has introduced a Capital Strategy Group, chaired by the Director of Finance and Performance and with representation from clinical and operational teams, which reports directly to the Finance Committee. The main objective of the group is to assess and prioritise all capital expenditure proposals and ensure that any investment is aligned with the strategic direction of the Trust. The group considers maintenance capital (routine replacement of existing equipment and reorganisation or rationalisation of existing building infrastructure) and development capital (investment into new build initiatives or equipment which will increase the underlying asset base and will therefore require separate financing. This will only be agreed through approval of a full business case).

### **Section 3: Link to the emerging ‘Sustainability and Transformation Plan’ (STP)**

The Lancashire NHS community has determined to deliver a 'Sustainability and Transformation Plan' (STP) on a Lancashire-wide footprint. This will be constructed from five health economy plans which are being formed by the constituent bodies within those health economies. The Healthy Lancashire programme will facilitate the amalgamation of those health economy plans and the overarching principles for the Lancashire-wide work incorporating the appropriate local authority based inputs.

The Trust will be a key partner in the development of two health economy level STPs – one for the Fylde Coast (for which it provides acute and community services) and one for the Lancashire North / South Cumbria region (for which it provides community services only).

### **Fylde Coast STP**

The Fylde Coast health and care economy's STP is part of the Lancashire wide STP and has been developed from a strategic alignment exercise that was completed in December 2015. The key aspects of this work were:

- To identify the degree of alignment across the Fylde Coast;
- To identify the key challenges facing the Fylde Coast health and social care economy that need to be addressed on a Fylde Coast basis;
- To recommend programmes of work that will address the key challenges;
- To provide recommendations on the leadership approach, resources to deliver, and the required governance structure that will provide effective support;
- To provide the Fylde Coast health and social care economy with a more informed understanding of which aspects of service redesign would be beneficial to approach on a pan-Lancashire footprint, thus enabling more informed discussions with the 'Healthier Lancashire' programme regarding future participation.

Through a combination of desk top review of individual organisation's strategic plans and facilitated workshops, the Fylde Coast health and care economy has identified the key challenges that should be addressed on an economy-wide basis:

- Complex, varied and changing patient needs
- Recognition that there are opportunities to further increase the quality of care provision
- Workforce challenges
- Financial challenges

These challenges will be met through delivery of a number of clinical and non-clinical work programmes, each of which will have a lead director and lead senior clinician, working on behalf of the health and care economy:

- Prevention
- Primary and community care
- Planned acute care
- Children's services
- Frail and elderly care
- Management of multiple long term conditions
- Urgent and emergency care
- Mental health and learning disabilities
- Enablers – including Estates, Information Technology, Workforce, Organisational Development, and Contractual Models.

### **Morecambe Bay / Lancashire North / South Cumbria STP**

The Trust is also a key partner in the Better Care Together Programme in the Morecambe Bay area. Specifically as the main provider of community based services in the North Lancashire catchment we are actively working with partners in the creation of new care models involving all health and social care providers in the Morecambe Bay area.

### **Section 4: Membership and elections**

As at 6<sup>th</sup> January 2016, the Trust has a membership of 5,452 public members and 6,066 staff members, which is an increase from the numbers on 1<sup>st</sup> April 2015. In 2015, there were no governor elections; however in August 2016 there will be elections for 12 governor posts (3 staff and 9 public). The Trust has held Elections Sub-Group meetings to review the lessons learnt from the previous elections and to identify improvements. The Group has agreed to change the process for nominating Governors by removing the requirement for a proposer and seconder, allowing self-nomination. In addition, to improve the engagement and recruitment of Governors, a role specification has been developed to provide a better understanding of the skills required to be a Governor. Both of these recommendations have been approved by the Council of Governors.

The Trust arranged for two Governor Development Workshops to take place in 2015 which were facilitated by Inspiration NW. The Trust received positive feedback from the Governors regarding these events and a report was provided by the facilitator which included five recommendations which are currently being considered.

Over the past 12 months, there have been several membership events including Health Seminars on topics such as prostate cancer, electronic prescribing and depression, Meet & Greet Sessions with the Governors, the distribution of recruitment leaflets to GP surgeries, and continued use of the Trust's Facebook and Twitter social network sites. Furthermore, the Chief Executive holds Question Time events to give members the opportunity to discuss issues with him. The Trust's 'Your Health' Newsletter is sent to members three times a year to keep them up to date with events and developments at the Trust, including reports on fundraising activities, a Meet Your Governor interview and a section dedicated to highlighting the work of Governors.

In July 2015, the Membership Development Strategy was reviewed in an effort to engage a diverse range of members especially younger people and was ratified by the Council of Governors. Since then the Council of Governors has approved a change to the age of full membership and voting to 12. Also the Membership and Governors Officer has developed a DVD to allow Governors to promote the role within their membership and to encourage future Governors to stand for election. The DVD provides an overview of the role and duties, how Governors become involved within the Trust and how Governors can engage with their members.