The Robert Jones and Agnes Hunt Orthopaedic Hospital
NHS Foundation Trust

Operational Plan
2016/2017

Delivering Outstanding Patient Care

Contents

1. Introduction

1.1 The Operational Plan for 2016/17 forms year three of our previously agreed 5 year strategy and will:

- Continue to support the delivery of our strategy with refreshed objectives and priorities set for 2016/17 based on 2015/16 baseline performance.

- Reflect the responses planned by the Trust in relation to recent regulatory action and reports received including:

    - External review of Governance (Deloitte 2)
    - Breach of licence (waiting times)
    - Care Quality Commission (CQC) report

- Support the aims and objectives of the emerging Sustainability and Transformation plan for the Local Health Economy.

- Set the financial plan for the year and consider whether the requested control total can be achieved.

2. 2016/17 Objectives

2.1 Through engagement with our Staff, Governors and Trust Board we have re tested and confirmed our commitment to our overarching strategic mission and objectives and have developed the following core objectives for 2016/17:

'To be the provider of choice for patients through the provision of safe, effective and high quality orthopaedic and related care'

- Deliver our Access recovery plan, meeting our licence requirements and ensuring we align demand for our services with available capacity.

- Undertake a detailed sub speciality demand and capacity review and subsequently take steps to ensure sufficient capacity to meet waiting times on a sustainable basis.

- Work with our Commissioners to help manage growing demand for services (Quality, Innovation, Productivity and Prevention) and to enhance our intermediary care services.

- Deliver the next phase of our quality strategy incorporating the "must do" actions as outlined in the national planning guidance.

- Maintaining patient and staff satisfaction scores in the top 5% of all NHS hospitals.

- Transition into the new Theatre/Tumour development ensuring pathway improvements are delivered.

- Embed key digital transformation schemes (Digital Case Notes, Electronic Prescribing and Medicines Administration, refresh Patient Administration System) and deliver agreed benefits whilst improving our systems integration.

'To improve outcomes for patients through partnership working with patients, staff and commissioners of services at a local and national level, and through clinical networks with other providers'

- Through the STP integrate our strategy into wider health economy plans.

- Work with our colleagues in Betsi Cadwaladr UHB to ensure we have a mutually beneficial strategic relationship.

- Respond to findings of the CQC report through the delivery of the associated action plan.

- Retest our strategies to ensure we achieve excellence in our training and education, research and innovation.

- Work with partners to ensure the resilience of services and to broaden the footprint of the care we offer.

- Take an active role in developing the National Orthopaedic Alliance (NOA) Vanguard and through the Specialist Orthopaedic Alliance (SOA) support further development of Orthopaedic tariff.

'To develop a vibrant and viable organisation where people achieve their full potential and success leads to investment in services for patients'

- Strengthen our overarching governance arrangements in response to the recommendations of our recent governance review.

- Continue to develop and reinforce an open values driven culture that embraces our patients, staff and wider stakeholders supported through our collective leadership and communication and engagement strategies.

- Ensuring staff feel motivated and engaged through recognition of the part they play in delivering the care we offer

- Establish and embed new members of the Trust Board and our supporting structures.

- Deliver efficiencies required to ensure a minimum Financial Sustainability Risk Rating (FSRR) of 3 and ensure continuing reinvestment in our services.

3. Activity planning

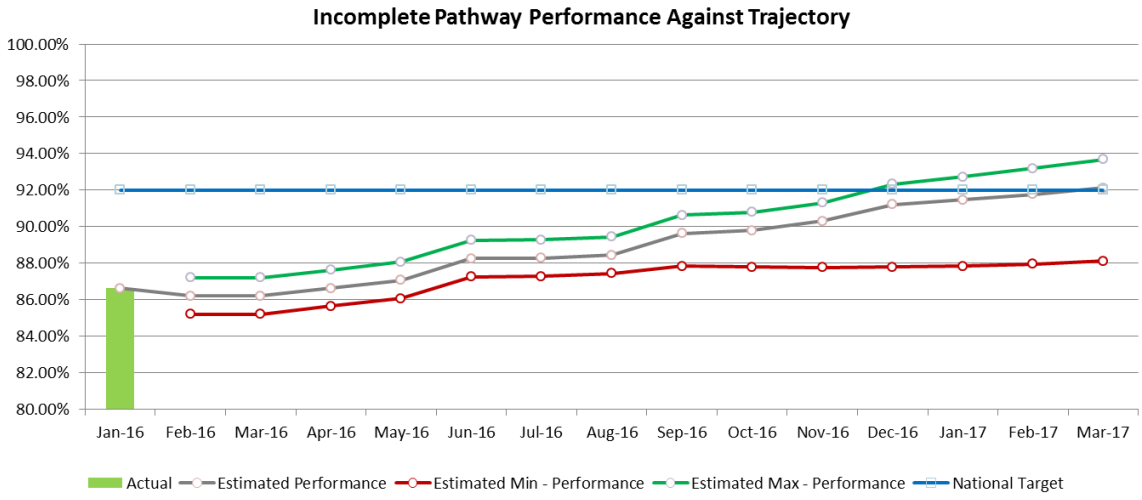
Access recovery plan

3.1 Following consultation with our key stakeholders (Commissioners, Regulator, patient groups) we have agreed a plan to improve access to our services ensuring patients do not have to wait excesively for treatments and follow up review.

3.2 A series of trajectiories and actions form the basis of the plan which will see us back to full compliance with national English waiting time standards by March 2017. Additionally we are focused on eliminating Trust initiated waits in excess of 52 weeks and have developed a no harm assurance monitoring system for our longest waiting patients.

3.3 As one of our key objectives for 2016/17, the recovery plan is overseen by our Trust Board and Business Risk and Investment Committee as part of an agreed governance framework.

3.4 The recovery trajectories that form the basis of the recovery plan are shown below:



Demand and capacity

3.5 Phase 2 of our recovery plan will focus on maintaining waiting time standards on a sustainable basis. To support this we are undertaking a demand and capacity assessment at sub specialty level to identify areas of constraint and in need of further investment. This will be shared with Commissioners to ensure full buy in.

3.6 Additionally we are working up a business case to consider options to extend our internal theatre capacity. The case will consider how we can most effectively increase both physical theatre capacity and the staffing models required to support. We anticipate additional theatre capacity

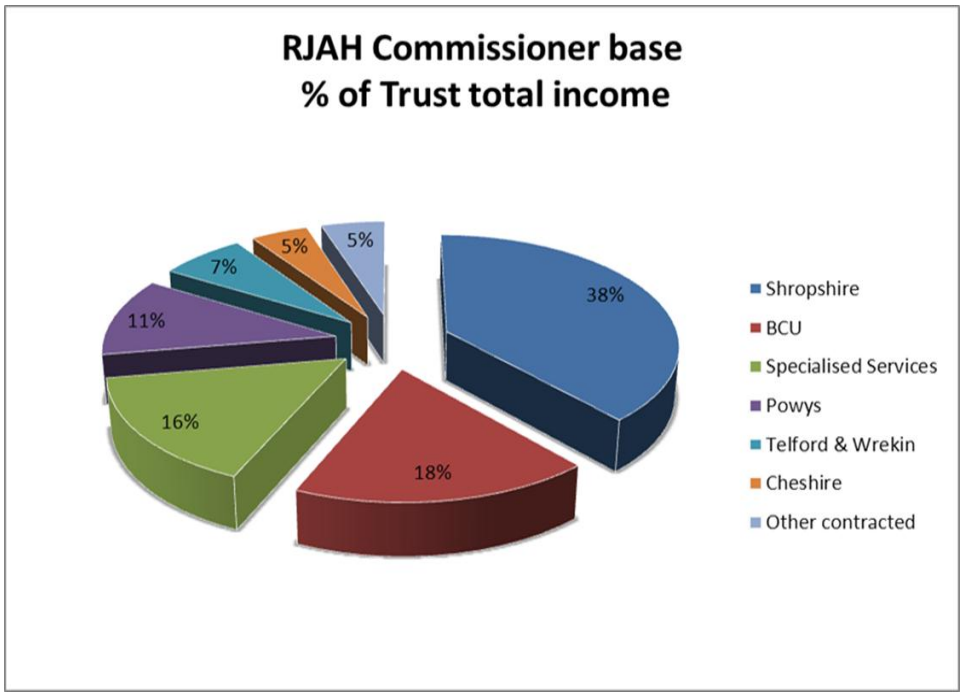
as being a key enabler in moving forward with addressing the surgeon constraints identified from the sub specialty demand and capacity assessment that will enable the recruitment of additional surgeons where required.

3.7 Pending this and in the short term we will continue to use a number of mitigating measures to support improvements in waiting times to bring us back to compliance. These include:

- Flexible working arrangements (Out of Job Plan working) for clinical staff including extended weekend work.
- Review of operational processes to facilitate improved scheduling and booking e.g. pooled waiting lists.
- Outsourcing suitable cases to the independent sector.

Commissioner agreements for 2016/17

3.8 We provide services to a broad mix of Commissioners across England and Wales. The proportion of activity and income received from each during 2015/16 is illustrated below.



England

3.9 Contracts have been agreed with all of our English Commissioners through a single contract hosted by Shropshire CCG as part of a lead Commissioner arrangement.

3.10 Activity has been based upon 2015/16 activity out-turn with demographic growth ranging between 1.4% and 3.5% applied. Both local and national prices have been inflated by 1.8%.

3.11 Additionally non recurrent activity equating to an additional 450 operations has been included in contracts to support the delivery of our access recovery plan

3.12 Shropshire Clinical Commissioning Group (CCG) have applied a QIPP to the 2016/17 contract of £1.1m, a large proportion of which will be delivered following the introduction of new surgery thresholds for hip and knee surgery. The exact nature of how the balance will be delivered is still to be fully worked up but is expected to focus on improvements to the outpatient follow up pathway. A risk share approach has been agreed for QIPP delivery in 2016/17 as it is recognised delivery is essential for the sustainability of the local health economy.

3.13 To support delivery of QIPP, new booking procedures are to be introduced together with better collection of post surgery outcome data. This process will ensure both full compliance with existing procedures of low clinical value and better identify health gains achieved following surgery.

3.14 Commissioning for Quality and Innovation (C-QUIN) funding of 2.5% has been included and local schemes are under discussion. Further details are provided in section 4.

3.15 Winter resilience beds have been excluded from contracted plans at the request of our host Commissioner.

Specialised Services

3.16 A contract has been agreed with NHS England that is based on 2015/16 out-turn priced at 2016/17 agreed tariffs.

3.17 Additionally investments have been secured to block funded elements of the contract to support increased activity for Primary Malignant Bone Tumour and an increased number of HDU bed days.

3.18 An additional 20 highly specialised surgical procedures have been added on a non recurrent basis to support the delivery of our access recovery plan.

3.19 C-QUIN has been reduced to 2% with local schemes still to be agreed.

Wales

3.20 Whilst contracts for 2016/17 have still to be formally agreed with our Welsh Commissioners we are awaiting agreement on proposals made

based upon maintaining static waiting times of 26 weeks (Powys) and 52 weeks (BCU).

Operational Delivery Plan

3.21 The consolidated impact of our Commissioned services for 2016/17 confirms no overall recurrent growth has been commissioned (net of QIPP) but with non recurrent activity of an additional 450 operations to support our access recovery plan.

3.22 Our recovery plan allows for 250 of these to be delivered internally utilising both additional out of job plan working and increased capacity and productivity following the opening of our new theatres in September 2016.

3.23 In line with previous years we will continue to formally contract with the Oswestry Orthopaedic LLP in delivering around 25% of our total orthopaedic activity for 2016/17.

3.24 We anticipate the remaining 200 cases will be outsourced to the independent sector on a tariff pass through basis subject to formal agreement with providers and patients.

4. Quality planning

4.1 We are aligned to the requirements of national strategy in that quality is at the core of all we do. Our aim is to continue delivering outstanding patient care to every patient every day. We pride ourselves in the standards we achieve and in the feedback from our patients on the quality of our services.

4.2 We aim to safeguard our patients, both adults and children, at all times. This is achieved through clear policies and procedures that protect and support patients and their families during their stay and beyond. This also means working in partnership with other agencies to get the right outcome for our patients

4.3 For quality to flourish we need to recognise the need to change and to improve where systems and processes are hindering our staff to deliver high quality care to patients every day. We need to set a clear vision so staff and patients understand what our aims and goals in delivering that high quality service looks like and how they can contribute to enhancing our services. There needs to be clear lines of responsibility for safety and quality from board to ward/departments with each person including those using our services understanding their roles and responsibilities in ensuring improvements are made. Even the smallest change can make a difference to the patient, carer or staff experience.

CQC rating and action plan

4.4 Following a comprehensive inspection programme in October 2015 our services have been rated overall as 'requires improvement'. Individual ratings are shown in the table below:

Our ratings for The Robert Jones & Agnes Hunt Orthopaedic Hospital

	Safe	Effective	Caring	Responsive	Well-led	Overall
Medical care	Requires improvement	Good	Good	Requires improvement	Requires improvement	Requires improvement
Surgery	Requires improvement	Good	Good	Good	Good	Good
Critical care	Requires improvement	Requires improvement	Good	Requires improvement	Good	Requires improvement
Services for children and young people	Requires improvement	Requires improvement	Good	Good	Requires improvement	Requires improvement
Outpatients and diagnostic imaging	Requires improvement	Not rated	Good	Requires improvement	Requires improvement	Requires improvement
Overall	Requires improvement	Requires improvement	Good	Requires improvement	Requires improvement	Requires improvement

4.5 Whilst the report highlighted examples of outstanding practice, particularly in relation to caring, we recognise there are areas where we need to improve.

4.6 These are being addressed in an action plan that focuses on the key themes of:

- Infection Control
- Incident Reporting
- Environmental improvements
- Medicines Management
- Outpatient scheduling
- Paediatric cover arrangements
- Communication and engagement

4.7 Delivery of the action plan is being overseen by our Director of Nursing with oversight taking place through the Quality and Safety Committee on behalf of the Trust Board.

Quality Assurance and further developments planned

4.8 We have increased our nursing establishment following the recommendations made in the reports of Sir Robert Francis, Don Berwick and Sir Bruce Keogh and have continued to report to the Board 6 monthly and monthly regarding our staffing ratios and fill rates.

4.9 We are currently strengthening our reporting structures for Quality and Safety to ensure that there is both Clinical and divisional ownership of the Quality and Safety agenda.

4.10 We will be working with the wards and departments to improve the processes related to the provision of harm free care across the Trust. This will be done by implementing a strong accountability framework for the review and escalation of harm.

4.11 We need to review our accommodation requirements for patients to ensure that we are fully compliant with the national Mixed Sex Accommodation guidelines, to ensure we are fully addressing the privacy and dignity needs of our patents.

4.12 Work has progressed relating to the STAR performance system, however work over the next 12 months will concentrate on the expansion of this assessment across the multidisciplinary and clinical teams so there is full ownership of the system.

4.13 Ward to Board information will be strengthened by the introduction of a ward/ department KPI programme and the Ward to Board Heat Map to ensure there are clear links to quality and safety from Executive and Board level to front line staff.

C-QUIN

4.14 The quality of the services we provide to patients is routinely reviewed by our Commissioners as part of monthly performance reviews that consider summary dashboard reporting on Trust wide quality issues. These provide opportunity for any areas of concern to be discussed and reviewed.

4.15 In addition to these we have agreed improvement goals to the way our services are delivered as part of the C-QUIN framework.

4.16 We expect to achieve all of our 2015/16 schemes, and are currently in the final stages of agreeing local C-QUIN schemes for 2016/17.

Managing quality risks

4.17 Quality risks are identified from our risk management processes and are monitored, managed and mitigated at local, divisional and corporate levels. Each risk is clearly defined and includes clear action plans to control and mitigate the risk.

4.18 The corporate risk register and Board Assurance Framework are reviewed quarterly by the Board and identify the key quality risks for the organisation with clear mitigations and action plans.

Governance

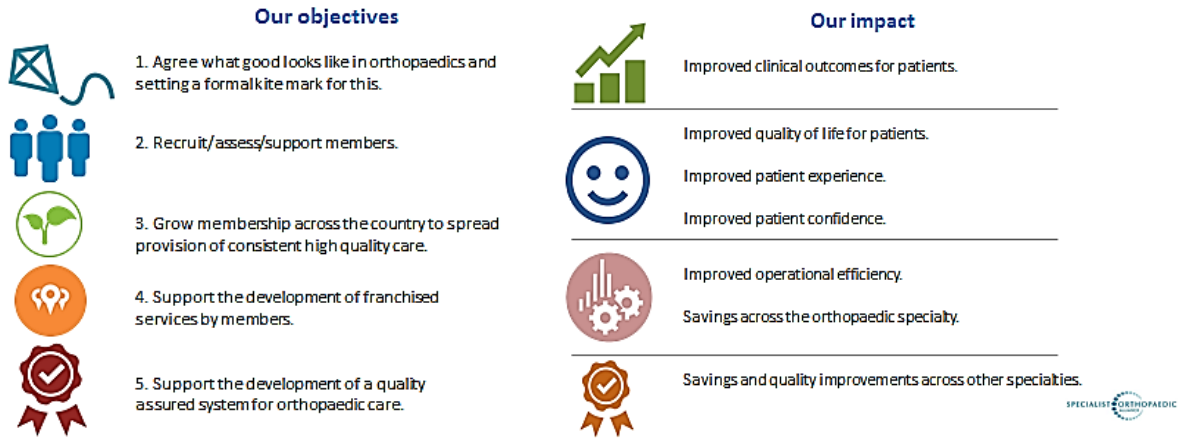
4.19 The Board will also sign off a governance action plan at its May Board which will incorporate the Deloitte Governance Review findings and the Well Led review which was completed in 2014. Actions will be tracked through the Board throughout the year.

National Orthopaedic Alliance (NOA) Vanguard

4.20 Alongside the Royal Orthopaedic Hospital in Birmingham and the Royal National Orthopaedic Hospital in London we were successful in being selected as a national vanguard pilot.

4.21 The aim of the vanguard is to provide a framework for improving quality in orthopaedic care. It will create tools, including a membership model, for providers to enable them to consistently achieve quality and efficiency, and provide a clear benchmarking system. In addition, it will develop flexible contracting mechanisms to ensure that commissioners can adopt the quality assured new model of care in different local health systems.

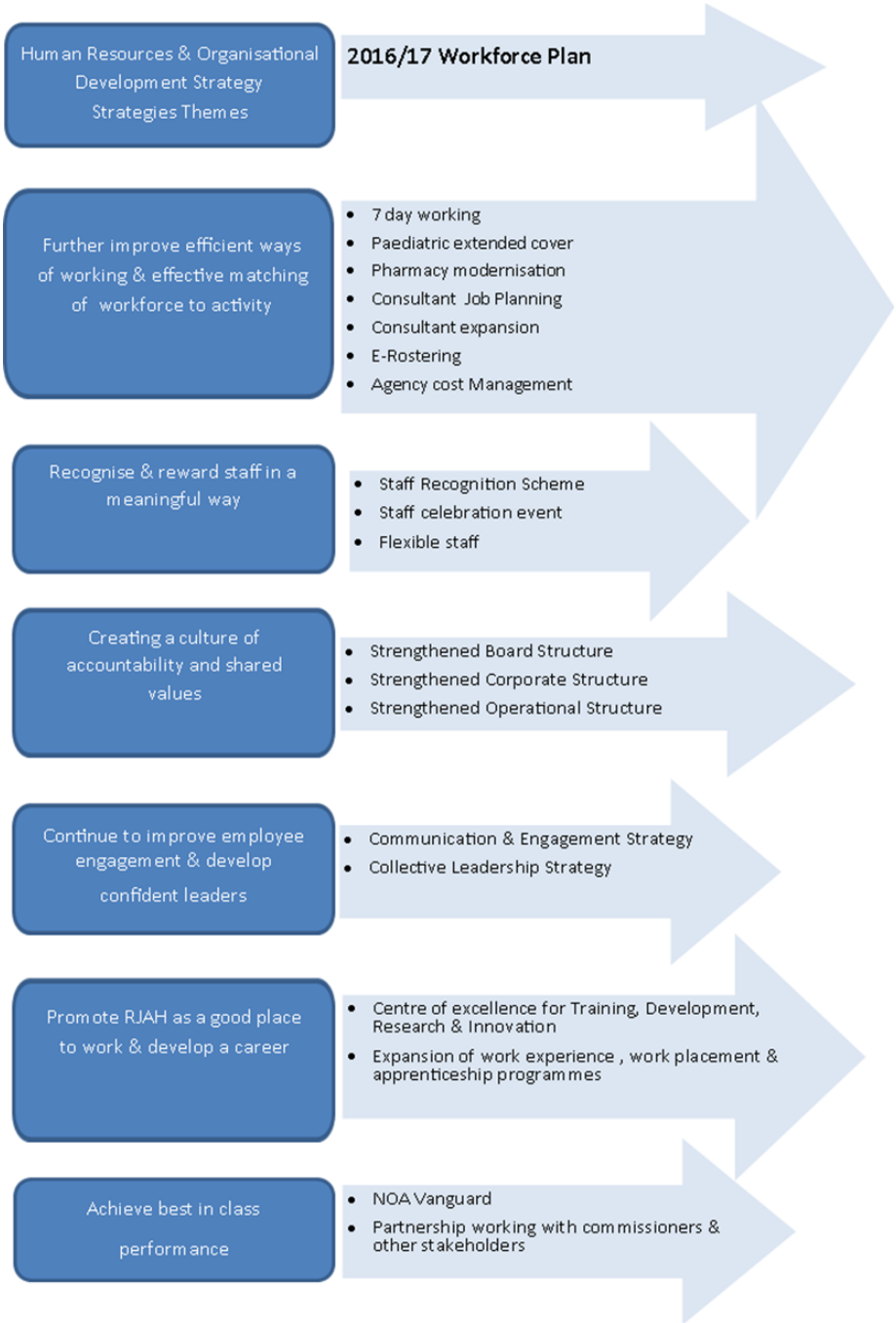
4.22 The NOA objectives and target impact has been illustrated as follows:



4.23 Members of our clinical and operational teams will lead aspects of the programme which, subject to confirmation of national funding, will be a key development for the Trust during 2016/17 and as part of our longer term strategy.

5. Workforce planning

5.1 Our workforce planning process is aligned to our 5 year strategy through the Human Resources & Organisational Development Strategy. Annual workforce plans reflect operational demand and capacity modelling to ensure delivery of activity in year, while ensuring we progress the strategic workforce themes, as demonstrated below.



5.2 Assurance of the workforce plan is provided by tracking of key workforce metrics which is undertaken by the Board of Directors Quality and Safety Committee, which also enables appropriate clinical engagement and triangulation of quality and safety metrics.

5.3 The workforce metrics monitor staff retention, attendance, compliance with appraisal and training and bank and agency expenditure. The monthly workforce KPI dashboard is cascaded to line managers on a monthly basis for information and operational action with key workforce issues and recruitment hotspots identified.

5.4 Nurse staffing levels are also included within the workforce metrics, and reported separately to the Director of Nursing and Board of Directors each month.

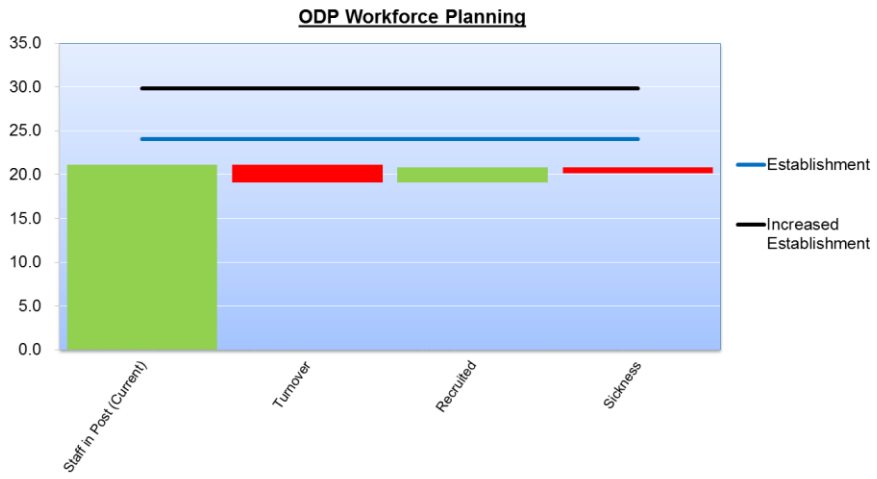
5.5 Our 2015/16 organisation wide performance indicates good levels of stability and attendance, cost management of variable pay maintaining good levels of appraisal and training, although individual performance management systems will need reinforcement in 2016/17.

	Description	Indicator	2015 Average
Staffing Levels	Vacancy WTE	% WTE	7.94%
	Stability	WTE	91%
	Sickness absence	% days lost	2.99%
Variable Pay	Overtime	% pay bill	0.91%
	Bank	% of vacancy WTE	39.86%
	Agency	% pay bill	2.50%
Training	Appraisal	Within past 12 months	87.71%
	Statutory Training	% complete	86.92%
	Induction completion	% complete	75.00%
	Deffered Increments	# deferred from month	2.00

5.6 Use of agency staff within the Trust is low and national Agency Caps have been applied since November 2015 and notice issued to non-compliant agencies moving forward from 1st April 2016.

5.7 As a specialist acute provider, we have a good track record of attracting nursing and medical staff, however, national and local shortages in Theatre Scrub and ODP roles and some Specialist Consultant roles have proved challenging. The Trust has taken the lead in developing a workforce strategy for theatre roles with the LETC and continues to raise awareness of shortage specialities to ensure risks are identified within the LETC workforce plan.

5.8 Shortages in specialist areas however, continue to add cost pressures and an analysis of the theatre workforce demand (including forecast turnover, sickness and other leave) demonstrates a predicted shortfall for 2016/17, which will be addressed through local and national recruitment and specialist training and development offered to staff, followed by consideration of international recruitment options.



5.9 Other recruitment hot spots, expected to be driven by analysis of sub speciality demand and capacity assessments to be addressed in year include Consultant recruitment to Foot & Ankle, Upper Limb, Rheumatology, Spinal and Anaesthetics specialties.

5.10 Following the implementation of 12 hour shift patterns across wards, in 2016/17 focus will fall upon more effective planning of all staff groups. We will assess the feasibility of introducing e-rostering to enable analysis to support this. Additionally we will introduce new measures of productivity e.g. care hours per patient, ensuring quality of services whilst minimising workforce costs.

5.11 Following agreed investment in MCSI and diagnostic services to support to seven day working and clinical quality; we will increase our physiotherapy, paediatrics and pharmacy services in year subject to full business case approval and in response to the need for strengthened governance and operational structures our managerial, administrative & clerical workforce will expand in year and as part of our access recovery plan.

5.12 Changes in the workforce, including working practices and CIP programmes are formally reviewed and agreed by the Medical Director and Director of Nursing and we have a well-established ‘Management of Change’ process, developed in partnership with local trade unions which ensures full engagement with staff and their trade unions when implementing transformation programmes which have the potential to impact upon staffing numbers, bandings, work location or other terms and conditions (such as the new theatre/tumour development).

5.13 Beyond our own workforce plan, we are engaged in the local Future Fit Programme workforce planning work stream as well as the LETC Leadership sub group.

6. Financial plan

6.1 We have been set a financial control total (surplus target) of £2m for 2016/17 that whilst designed to be a stretch target offers a number of benefits including access to £0.5m additional funding from a national sustainability and transformation fund (STF) as well as exemption from contract sanctions for breach of waiting time targets (£0.7m cost in 2015/16).

6.2 Our financial planning for 2016/17 therefore aims to achieve the control total to ensure these benefits are secured. Whilst an increase of £1.9m from our 2015/16 out-turn, the benefits of signing up to the control total will bridge £1.2m of this leaving a residual stretch of £0.7m to deliver in year (equivalent to 0.7% of our income).

6.3 In terms of our five year strategy planning to deliver a £2m surplus for 2016/17 will recover the shortfall of surplus delivered in 2015/16 and improve cash balances ensuring levels of capital investment can be maintained.

Planning Assumptions

The following assumptions have been used in formulating our financial plan for 2016/17:

6.4 Clinical Income

- No growth in baseline activity (excluding recovery plan) - increased demand has been offset by QIPP schemes
- No change to Welsh waiting times (currently 52 weeks for BCU and 26 weeks Powys)
- Full achievement of C-QUIN from English Commissioners (2.5% for all except Specialised running at 2%)
- Tariff inflation of 1.8% for England based on the published national tariff for 2016/17
- Suspension of all contract penalties (based on sign up to control total)
- Non recurrent income of £0.5m associated with the STF

6.5 Other Income

- No material changes in the levels of income secured from either private patients or Injury Cost Recovery (formerly RTA).

- A reduction in Education and Training Income of £0.1m (8%) from 2015/16 levels.
- Charitable income of £1m associated with the completion of our new Tumour and Theatre development. This income stream counts towards our overall FSRR but is excluded from the position for the purposes of measuring achievement of the control total.

National cost pressures

6.6 National cost pressures totalling £1.9m including:

- National pay award of 1% and incremental progression - £0.7m
- Increased National Insurance contributions of 3.4% £0.7m
- Increased CNST premiums of 17% £0.3m
- Non pay inflation of £0.2m

Local Investment in services/cost pressures

6.7 The plan allows for £1.8m to be invested in our services and in the bolstering of governance and management arrangements in response to recent regulatory reviews including:

- I M & T (PAS contract extension) £0.4m
- Operational structures £0.4m
- Theatres/Tumour unit investment £0.3m
- MCSI £0.2m
- Clinical Support Services £0.2m
- Paediatrics £0.1m
- Clinical Leadership £0.1m
- Organisational Development (non recurrent) £0.1m

Recovery Plan

6.8 The financial implications of delivering the activity associated with the recovery plan are neutral. The £1.8m income received from Commissioners will be utilised fully on delivery including funding the outsource of an additional 200 operations to the private sector. The costs of clearing a backlog of overdue post surgery follow ups has been provided for in 2015/16.

Contingency

6.9 The plan contains a contingency for unforeseen cost pressures of £0.5m (0.5%). This is aligned to historical levels of contingency carried.

CIP

6.10 An efficiency programme of £3.5m (3.6%) has been set. Whilst this is in excess of the national requirement, this level of efficiency is required in order to support the above investments whilst allowing us to achieve our control total. Further details of our efficiency programme are provided under section 7.

Income and Expenditure plan

	2015/16 Outturn £'m	2016/17 Plan £'m	Variance £'m	2016/17 CIP £'m
Clinical income	84.8	88.8	4.0	
Private patient income	4.7	4.9	0.2	0.2
Other income (exc. donations)	6.1	6.1	0.0	0.1
Sub total income	**95.6**	**99.9**	**4.3**	**0.3**
Pay expenditure	(53.9)	(55.5)	(1.6)	1.2
Non pay expenditure	(38.4)	(38.6)	(0.2)	2.0
Sub total expenditure	**(92.3)**	**(94.1)**	**(1.8)**	**3.2**
EBITDA	**3.3**	**5.8**	**2.5**	**3.5**
EBITDA %	**3.5%**	**5.8%**	**2.3%**	
Finance Costs	(4.0)	(4.4)	(0.4)	
Donations	0.7	1.0	0.3	
Net surplus	**0.1**	**2.4**	**2.3**	**3.5**
Donated Income		(1.0)		
Depreciation on donated assets		0.6		
Control total		**2.0**		
FSRR	**3**	**4**		

6.11 The table above bridges 2015/16 out-turn to the 2016/17 plan after application of the planning assumptions described. This shows we are planning for 2016/17 to deliver a surplus equivalent to the control total target.

Risks to the delivery of the Plan

6.12 In setting this plan a number of risks to delivery have been recognised that include:

- Potential changes in scope to the current agency rules that could restrict our ability to deliver planned activity using the services of the Limited Liability Partnership (LLP).
- Inability to realise capacity in the independent sector whether through patients being unwilling to transfer or through a lack of suitable available capacity.
- Inability to recruit sufficient and appropriately qualified staff in key areas necessitating an increase in agency usage.
- Further requests for changes to the scope of our recovery plan trajectories previously agreed and used as the basis for this plan.
- Welsh Commissioning intentions – Contracts not formally agreed at time of plan submission. Additionally greater risk of in year instability given an election year in Wales.

- Under delivery of QIPP/CIP schemes.

- Potential impact of any industrial action on either a national or local basis that may temporarily reduce clinical capacity.

- Under utilisation of internal capacity should productivity improvements not be fully realised upon the opening of new theatres, during the transition into the new unit or should the opening of new theatres be delayed.

- Reduced capacity to accommodate private patients as a result of the recovery plan leading to a loss of income.

Capital Investment Plan

6.13 The draft capital plan for 2016/17 is illustrated below:

Scheme Title	Plan 2016/17 £m
Backlog Maintenance	0.40
Medical equipment	0.40
Catering Equipment	0.20
IT	0.30
Project Management	0.20
Sub Total Replacement	1.50
Theatre and Tumour Development	2.40
Increasing Theatre Capacity	0.50
Outpatients/Physiotherapy	0.30
Contingency	0.30
Sub Total Investments	3.50
Total 2016/17 Capital Programme	5.00
Donated Income	1.00
Depreciation	2.80
Investment by the trust	1.20
Total Funding	5.00

6.14 Funding for capital investment has been calculated based on our internally generated cash (Depreciation) plus a charitable donation agreed to support the completion of our new £15.1m Theatre and Tumour development.

6.15 The backlog maintenance allocation of £400k will allow continued upgrade the Estate whilst also specifically targeting areas highlighted in our recent CQC report and covered by an agreed action plan.

6.16 An allocation of £400k has been made to replace medical equipment and will be awarded based on a risk assessed approach to prioritisation.

6.17 An investment of £200k has been agreed for new catering equipment. A new plated meal system will be introduced that will improve both the quality and variety of food offered to our patients as well as reducing food waste.

6.18 A further £300k has been allocated to support the delivery of our I,M & T strategy replacing and upgrading business critical systems to ensure optimum performance.

6.19 The Theatre and Tumour investment of £2.4m represents the completion of an existing major development that is set to be completed in September 2016. Once opened the new facility will unlock a number of efficiencies and enable improved theatre utilisation.

6.20 An allocation of £0.5m has been made to support the delivery of increased theatre capacity that is an essential enabler for delivering the sustainability phase of our access recovery plan. The investment will be subject to the findings of a full option appraisal due to be considered by the Board in May 2016.

6.21 An investment of £300k has been planned to upgrade and improve the environment of our outpatient clinics that will enhance the patient experience. This is an area that was highlighted as requiring upgrade during the recent CQC inspection.

6.22 As in previous years we have included a £300k contingency uncommitted to deal with emergency breakdowns/repairs in year as required.

Cash Balances and FSRR

6.23 Cash balances for the year are forecast to be £4.2m which is in line with our five year plan and above the minimum levels required by our treasury management policy.

2016/17 Cash Plan	£m
Opening Balance	5.4
Charitable Donations Debtor 15/16	0.6
Adjusted Opening Balance	6.0
Capital Creditor	-1.4
16/17 Surplus net of donations	1.4
Capex investment	-1.2
Loan Repayment	-0.6
Forecast Closing Balance	4.2

6.24 Overall this plan will deliver a FSRR of 4 (lowest risk).

7. Productivity and Efficiency plans

Efficiency Programme

7.1 We have set an efficiency programme of 3.6% that will enable us to achieve our control total whilst supporting further investment in our services. Whilst this is higher than the national requirement for 2016/17 it is in line with previous levels of CIP historically delivered.

7.2 The programme will be delivered through a combination of service transformation, procurement savings and productivity improvements.

7.3 A number of invest to save schemes supported through our capital programme will deliver benefits in 2016/17 including the new Theatre development, plated meals, Combined Heat and Power (CHP) and electronic patient record.

7.4 As a Specialist Trust we are yet to receive a direct report from Lord Carter regarding specific efficiency opportunities. We will however embrace the principles outlined in the final report issued for acute providers and look to implement suggestions and best practice wherever possible.

7.5 We utilise a health economy wide procurement hub and are committed to improving standards of procurement and transparency of purchasing in line with national guidelines. Procurement savings of £0.7m are planned for 2016/17.

7.6 We endeavour to keep agency expenditure to a minimum and expenditure on agency nursing is within the 1% target prescribed by Monitor. Negotiations are ongoing with agencies in breach of the capped rates and vacancies are being proactively filled to reduce reliance on agency staff usage. Our ceiling for agency spend in 2016/17 has been set at £1.6m, this represents a 4% reduction on 2015/16 expenditure levels; this reduction this has been included within our efficiency programme.

7.7 Given the importance of the delivery of the efficiency programme to our financial plan we have identified schemes in excess of the target required to ensure built in mitigation and resilience against slippage.

7.8 Schemes included in the programme have been assessed for any potential impact on quality having been subject to a quality impact assessment that is reviewed and signed off by both our Medical Director and Director of Nursing with subsequent review by the Quality and Safety Committee. The following criteria are used to identify from proposed schemes those that are required to taken through this process:

- If there is a change in clinical practice
- If there is procurement of a different clinical product
- If there is a change to service delivery (including staffing)

7.9 Progress with delivery of the efficiency programme is reviewed throughout the year at divisional performance meetings with further oversight by the Business Risk and Investment Committee. Any unintended impact on quality is flagged in our monthly performance report as part of a balanced scorecard.

Key Performance Indicators (KPIs)

7.10 For our productivity improvements, we have identified a series of KPIs that will track progress at Board level throughout the year. Targets for 2016/17 have been set based on the plans previously agreed under our five year strategy and updated to reflect 2015/16 performance as per the table below.

Productivity KPIs		
Metric	2015/16 forecast	2016/17 target
Admission on day of surgery	93%	95%
Overall daycase rate	50%	53%
BADS daycase rate	83%	88%
Average length of stay	4.00	3.50
Readmissions within 28 days	1%	1%
Bed Occupancy	77%	87%
Inpatient beds (24 hour)	177	155
Utilisation of theatre sessions	96%	98%
Theatres Cases per Session	2.2	2.3
Outpatient DNA	5.5%	5.0%
Outpatient New to Follow up ratio	1:2.3	1:2.5
Staff Stability Index	91%	92%
Staff sickness rate	2.8%	3.0%

7.11 Further details on the KPIs are provided below:

Admit on Day of Surgery – further improvements will be supported by new ways of working inked to the opening of the new Admissions and Daycase Unit. This will particularly focus on the admission pathway for patients undergoing revision joint surgery.

Overall Day case rate – the improvement planned will be supported by measuring again the BADS standards which are being overseen by a dedicated working group (see below).

BADS - we continue to aim to be in the top 5% of Trusts for utilising opportunities to admit patients as day cases as defined by BADS (basket of procedures suitable to be undertaken as day cases).

Average Length of Stay – excluding day cases we are planning a reduction to our overall length of stay that will be supported by further roll out of enhanced recovery principles.

Inpatient Beds – we plan to reduce our inpatient bed base by 22 during 2016/17 linked to the opening of a new Admissions and DayCase Unit as part of the new theatre development. The unit will replace 24 hour beds with 15 hour beds.

Theatre utilisation/cases per session – improvements will be supported by the opening of the new Theatre development and associated new operational model.

Outpatient DNA – improvement will be supported by the further roll out of appointment reminder technology and patient communication.

Outpatient new to follow up ratio – Expected to increase in the short term as a result of the need to address overdue follow ups but in line with commissioning intentions we will work to reduce the number of underlying follow up outpatient attendances as a proportion of our overall first outpatient referrals supported by agreed QIPP schemes.

Staff sickness – We have rebased our target for 2016/17 to reflect benchmarking across the West Midlands and will continue to strive to achieve sickness rates amongst the lowest in the Region having invested in a number of staff well being programmes and self referral system for musculo-skeletal conditions.

8. Sustainability and Transformation Plan (STP)

8.1 We are actively engaging with health and local authority partners to support the development of a local STP for the health economies of Shropshire and Telford and Wrekin.

8.2 The STP will build on the work completed to date as part of the 'Future Fit' Programme (A health economy transformation plan focussed on acute and community care provision) and will In effect become an umbrella plan for the strands of work already underway that include:

- Future Fit
- Community Future Fit
- Deficit Reduction Plan (PwC supporting)
- Primary Care Strategy
- Developing Rural Urgent Care services

8.3 Core members of the STP group are:

- Shropshire CCG
- Shrewsbury and Telford Hospitals NHS Trust
- Shropshire Community Health NHS Trust
- South Staffordshire and Shropshire Healthcare NHS Foundation Trust
- Robert Jones and Agnes Hunt Orthopaedic Hospital NHS Foundation Trust
- Shrop Doc
- Shropshire Council
- GP Federation
- Telford & Wrekin CCG
- Telford & Wrekin Council
- West Midlands Ambulance Service
- NHS England – Specialised Commissioners

Objectives

8.4 The Visions in the Health and Well-Being Strategies for the health economy focus on the core purpose of working with people to help them to live long, happy and healthy lives.

8.5 Through this common objective and an increased understanding of the need to increasingly integrate across the wider health and care sector, there is a real commitment to work across the footprint to produce an agreed and coherent STP.

Governance arrangements

8.6 The governance arrangements underpinning the development of the STP are built on the pre-existing Future Fit Programme, Community Fit Programme and other associated programmes of work. Our Operational Plan recognises the early work undertaken and, as the first year of the 5 year STP, it will provide a strong foundation of stabilisation from which to build the wider STP.

8.7 The leadership of the STP Programme will be provided by the STP Partnership Board which comprises the Chief Officers/Chief Executives of the key stakeholder organisations across the footprint; the Partnership Board provides overall leadership for the programme and assurance to stakeholder governing bodies.

8.8 The STP Operational Group reports to the Partnership Board and is the body responsible for developing the STP through the series of dedicated work streams.

8.9 The Operational Group comprises Executive Directors from the key stakeholder organisations as well as members from the two local Healthwatch groups and Health and Well-Being Boards as well as the Local Medical Committee.

8.10 Given the importance of the STP, both the Partnership Board and the Operational Group meet fortnightly, with appropriate reporting arrangements into respective governing bodies to ensure continued updating and ownership.

Current Position

8.11 Whilst some of the work stands alone, much of it is inter-related and will require the 5 elements of the STP Programme to work in a matrix way in order to develop a coherent picture across the whole system.

8.12 The emerging themes and main issues in the gap analysis carried out to date are:

- Financial sustainability –working to develop measures that will ensure a financially viable and sustainable health system. An initial assessment has identified that £90m of savings need to be made across the health economy by 2021 through the elimination of duplication of services and through the redesign of pathways to ensure better and more appropriate services for patients.

- Hospital services configuration – the future Fit Programme is developing the Strategic Outline Case for hospital services across Shropshire and Telford and Wrekin and requires significant further work in 2016 to understand what this means for other services.

- Out of Hospital services – Work will continue on establishing the right model for out of hospital services, building on the work already completed within the Future Fit programme.

- Prevention and self-care needs to have a greater focus over the next 5 years and there is a commitment to make this a central part of the STP; whilst there is some good work already established it is patchy and needs a much broader and more systematic approach.

- This Operational Plan will focus on the key national deliverables, and in particular where we are failing to meet national targets; it will be important to build on this year to ensure a sustainable position beyond 2016 for those targets which have proved most challenging to date. These are part of the gap analysis for the wider STP and will be part of the longer term planning.

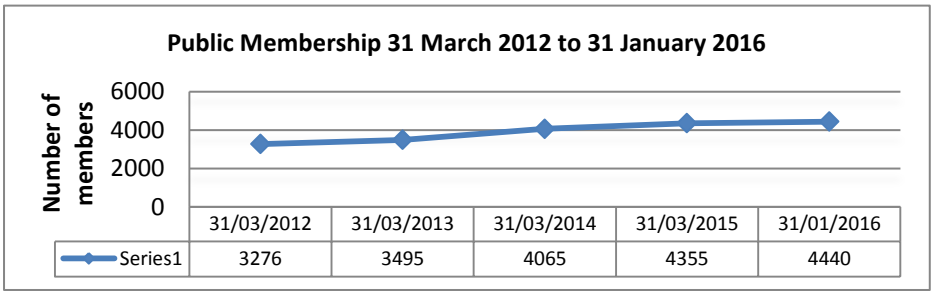
- The appropriate range and size of acute services and community services will be established through the work of the STP; building on the Future Fit models we have an opportunity to establish the location of services and clinical model that will stand the community in good stead for some time to come.

- In support of the above a range of supporting strategies (workforce, IM&T, Estates) have been identified as needing further development or improvement and we are working through how best to do this through the STP Programme.

8.13 We are aiming to get sign off from our Board to the first draft of the STP in May 2016.

9. Membership and elections

9.1 We have demonstrated strong member recruitment since becoming a Foundation Trust in August 2011 as shown in the table below:



9.2 The membership strategy was revised during 2015 and agreed by the Council of Governors which included that our public membership will grow by 5% year on year for the future.

9.3 The Council of Governors consists of a total of 15 Governor positions; nine Public Governors, three Stakeholder Governors and three Staff Governors. Governor elections took place in July 2014 where seven Governors were either elected or re-elected and one Governor position received no nominations. During 2016/17 elections will be taking place to recruit four Public and one Staff Governors.

9.4 In June 2015 'Govern Well' undertook training to the Governors of the Trust on "Effective Questioning and Challenge" and the following feedback was received:

"By attending this course it has given me an eye opener to what I need to say and do"
"I feel that I have learned a lot today. I would like to attend the accountability course"
"It was good to hear things from a NEDs point of view"

In 2016/17 'Govern Well' will be invited back to undertake more training to the Governors of the Trust on "Accountability".

9.5 During 2015/16 a quarterly Governors surgery was established where members are invited to drop in to meet a Governor to discuss any issues they may have – two session have taken place with four more planned in the future. 'Connect' Governors newsletter is produced in hard copy once a year with three additional issues e-mailed to our members which include a message from our Chairman and a profile in each issue of one of the Governors.

9.6 During 2015/16 Governors have been involved in the recruitment process for two Executive Directors, a Non Executive Director and involved in a focus group for the recruitment of the Chief Executive. Some Governors are part of the Sit and See team within the Trust. CQC visited the Trust during 2015 and the Governors met with them as part of this process.

10. Conclusion and caveats to control total sign up

10.1 This Operation Plan for 2016/17 has been prepared using realistic planning assumptions based on the parameters of our five year strategy and seeks to address both the issues raised by recent regulatory reports specific to RJAH and the national priorities as highlighted in the Forward View into Action.

10.2 The work to date on the development of an STP for the local health system, although in its early stages, has been reflected in our plan.

10.3 In submitting this plan, the Board of Directors have considered the deliverability of the control total that has become significantly more stretching since the exclusion of donated assets criteria has been introduced. This 'stretch' target has however been acknowledged as falling in line with the national requirement for an improved financial position for NHS providers. The benefits of signing up to the control total have also been considered.

Caveats to delivery of the Control Total

10.4 The Board have confirmed acceptance of a £2m financial control total for 2016/17 but in doing so have highlighted a number of caveats deemed to be outside of the Trusts control at the point of this acceptance. The caveats are as outlined below:

- Changes to the trajectories of our recovery plan currently set to deliver compliance with national access targets by March 2017. It should be specifically noted that the time scales for the recovery plan have been set ahead of the completion of the detailed sub specialty demand and capacity work and once completed this may subsequently undermine deliverability of the plan in its current form. Given the delays in support from the IST, the Trust has commissioned this essential piece of work independently and expect the findings to be concluded by the end of Quarter 1.

- Changes to the agency cap definition and how this may impact our ability to deliver substantial activity through an established LLP arrangement. We have previously shared with Monitor a number of activity and financial scenarios as to how this would significantly impact our performance should access to this capacity be prohibited in 2016/17 under the agency rules.

- Given the increased activity planned and the importance of achieving the access recovery trajectory there may be a need to increase agency spend in key areas e.g. theatres staff depending upon recruitment and retention and a continued willingness of existing staff to work overtime.

- Access to independent sector capacity to deliver 450 surgical operations is assumed but is subject to patients agreeing to transfer and suitable and safe capacity being accessible.

- Changes to Welsh Commissioning intentions and waiting time requirements post agreement of plan – there is a heightened risk of volatility here given no formal contracts in place at time of plan submission and 2016/17 is an election year in Wales.

- It is assumed that actual demand and QIPP delivery for English Commissioners remains aligned to contracted values. Whilst at the time of submitting this plan we believe the contracted sums to be realistic, should there be an in year stepped increase in referrals this may undermine our ability to deliver the recovery plan as well as providing an unplanned financial burden on our Commissioners which may lead to income recovery risks.

- There is no allowance for the potential impact of any in year changes to contract terms driven by the financial recovery plans imposed by or upon our main CCG who remain in financial recovery and are under direction by NHS England.

- There are no further cuts through central funding mechanisms or material increases to costs for central functions e.g. CQC over and above those assumed in this plan.

- There are no further in year national quality initiatives that would place material financial burden on the Trust outside the scope of this plan.

- The plan does not allow for the impact of any industrial action that may temporarily reduce clinical capacity.

10.5 In the event of any of the above impacting the delivery of our plan it is understood that regulatory consequence and potential sanctions applied would be sufficiently measured and supportive and it is on this basis that the Control Total has been agreed.