SHEFFIELD TEACHING HOSPITALS NHS FOUNDATION TRUST

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EXECUTIVE SUMMARY

REPORT TO THE COUNCIL OF GOVERNORS

HELD ON 6TH MAY 2014

Subject	**Summary Operational Plan 2014/15-2015/16**
Supporting TEG Member	Kirsten Major – Director of Strategy & Operations
Authors	Paul Buckley – Deputy Director of Strategy & Planning Rob Wilson – Deputy Director of Finance Sandi Carman – Head of Patient and Healthcare Governance Karen Barnard – Deputy Director of HR & OD Ellen Ryabov – Interim Chief Operating Officer Andy Challands – Assurance Manager
Status[1]	A

PURPOSE OF THE REPORT

To provide the Council of Governors with the Operational Plan submitted to Monitor on 4 April 2014.

KEY POINTS

The Operational Plan sets out how STH intends to deliver appropriate, high quality and cost effective services over the next 2 years in light of the particular challenges facing the sector.

Monitor will review the submission and provide feedback during May. Following this Monitor will publish the STH Operational Plan on their website.

A financial return has also been submitted that includes the 2014/15 regulatory targets and indicators, which the Board has previously considered the risks of delivery.

IMPLICATIONS[2]

AIM OF THE STHFT CORPORATE STRATEGY 2012-2017		**TICK AS APPROPRIATE**
1	Deliver the Best Clinical Outcomes	✓
2	Provide Patient Centred Services	✓
3	Employ Caring and Cared for Staff	✓
4	Spend Public Money Wisely	✓
5	Deliver Excellent Research, Education & Innovation	✓

RECOMMENDATIONS

The Council of Governors is asked to **note** the 2014/15 Operational Plan submission to Monitor

APPROVAL PROCESS

Meeting	**Date**	**Approved Y/N**
Board of Directors – Private Session	19 March 2014	Y
TEG	2 April	Y
Board of Directors – Public Meeting	16 April 2014	-
Council of Governors	6 May 2014	

Sheffield Teaching Hospitals NHS
NHS Foundation Trust

Operational Plan Document for 2014-16

Sheffield Teaching Hospitals NHS Foundation Trust

1.1Operational Plan for y/e 31 March 2015 and 2016

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

Name	**Kirsten Major**
Job Title	**Director of Strategy & Operations**
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Tel. no. for contact	**0114 271 5171**
Date	**4 April 2014**

The attached Operational Plan is intended to reflect the Trust's business plan over the next two years. Information included herein should accurately reflect the strategic and Operational Plan s agreed by the Trust Board.

In signing below, the Trust is confirming that:

- **The Operational Plan is an accurate reflection of the current shared vision of the Trust Board having had regard to the views of the Council of Governors and is underpinned by the strategic plan;**
- **The Operational Plan has been subject to at least the same level of Trust Board scrutiny as any of the Trust's other internal business and strategy plans;**
- **The Operational Plan is consistent with the Trust's internal Operational Plans and provides a comprehensive overview of all key factors relevant to the delivery of these plans; and**
- **All plans discussed and any numbers quoted in the Operational Plan directly relate to the Trust's financial template submission.**

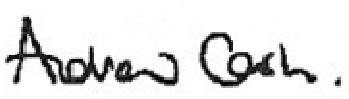
Approved on behalf of the Board of Directors by:

Name *(Chair)*	Tony Pedder

Signature 

Approved on behalf of the Board of Directors by:

Name *(Chief Executive)*	Sir Andrew Cash

Signature 

Approved on behalf of the Board of Directors by:

Name *(Finance Director)*	Neil Priestley

Signature

1.2Executive Summary

Sheffield Teaching Hospitals (STH) has a vision to be recognised as the best provider of healthcare, clinical research and education in the UK and a strong contributor to the aspiration of Sheffield to be a vibrant and healthy city region.

This Operational Plan is developed in the context of the vision and sits in the middle of the period covered by our Corporate Strategy '*Making a Difference'* (2012-17) which sets out how the Board of Directors will ensure the delivery of high quality, cost effective and sustainable services to our patients. The key aims for the organisation for the next 2-3 years are to:

- Deliver the best clinical outcomes
- Provide patient centred services
- Employ caring and cared for staff
- Spend public money wisely
- Deliver excellent research, education and innovation

In developing this plan the Trust has been a key partner in a unit of planning between NHS Sheffield CCG, Sheffield Children's Hospital NHS Foundation Trust, Sheffield Health and Social Care NHS Foundation Trust and Sheffield City Council. This group has met regularly during the planning phase in support of our respective Operational Plan submissions to discuss the specific challenges within Sheffield and will continue to do so as part of normal planning processes for the strategic plan and for future years. The Trust is also engaged at two other levels within the Local Health Economy through the Working Together and Right First Time programmes which are described in this plan.

This Operational Plan describes the short term challenges and focuses on improving quality within the organisation, assesses the operational requirements of planned levels of activity and considers the risks in delivering these plans over the next two years. The key short term challenges include:

- The continued increase in demand for healthcare services
- A growing number of older people and a greater level of long term / chronic disease
- Rising patient expectations
- Maintaining strong financial performance at an organisational and service line level in light of the affordability challenge
- The implementation of the Better Care Fund
- The ability to transform models of care whilst improving performance/productivity
- Providing high quality services to patients
- Specialised services commissioning and strategic planning

Since publishing '*Making a Difference'* there have been a number of significant national developments. One of the most significant is the Government's initial and subsequent response (Hard Truths) to the Report of the Mid-Staffordshire NHS Foundation Trust Public Inquiry (the Francis Report) and the outcome of the independent reviews which were commissioned. The Trust has reviewed in detail each of the recommendations included in the Hard Truths publication and the associated reports, both of which are referenced in a summary of our extensive quality plans.

During this period the Trust has continued to plan and respond successfully to the material financial challenges associated with a constrained level of public expenditure. Subject to the sign off of the final accounts for 2013/14 the Trust has achieved a surplus in every year since it was created and the 10 years since it became a Foundation Trust. In 2013/14 delivering strong financial performance has presented the organisation with many challenges, which for the forthcoming Operational Plan period, will become even more significant. STH has the ability to remain a strong and successful Foundation Trust but for the financial plans for 2014/15 and 2015/16 we have assumed no better than a break-even position. This reflects the increasingly harsh financial environment and the difficulty in achieving continued delivery of efficiency savings, although even the forecast position for 2015/16 reflects a number of high risk assumptions.

1.3Operational Plan

Context

Local Health Economy Planning

In addition to the unit of planning established within Sheffield to support the development of the Operational Plan, seven hospital Trusts in South Yorkshire, Mid Yorkshire and North Derbyshire have formed a partnership called 'Working Together'. The Trusts involved are:

- Barnsley Hospital NHS Foundation Trust
- Chesterfield Royal Hospital NHS Foundation Trust
- Doncaster and Bassetlaw Hospitals NHS Foundation Trust
- The Mid Yorkshire NHS Trust
- The Rotherham NHS Foundation Trust
- Sheffield Children's NHS Foundation Trust

There are four areas of focus for the partnership which will continue to develop and subsequently deliver change across the local health economy to meet the various challenges. The areas are:

1.Sustainable service configuration

- Agreeing which clinical specialties may need to be configured differently in the future because of their size or changing commissioning and quality requirements.

2.Sustainable service quality

- To explore and introduce new service models by pooling expertise and skills to deliver sustainable and safe care 24 hours per day, seven days per week.

3.Sharing and adopting good practice

- Procurement - Seeking to standardise where possible on products that can be bought more effectively by a large and influential group of Trusts.
- Medical Locums - Understanding the causes of need to recruit locums, to minimise and seek more cost effective methods of procuring locums.

4.Informatics

- Acting together to procure software to give clinical teams access to secure, shared data about their patients' treatments.

Right First Time

The Right Care, Right Time, Right Place partnership is another local health economy planning arrangement which is focused on transforming and improving the way older people receive healthcare. The partnership is working together to define better pathways for those patients who have long term illnesses such as diabetes, heart failure and dementia. Sheffield's NHS organisations and the Sheffield City Council have come together to explore how to transform the delivery of care to provide a more seamless and efficient service which is sustainable in the

current economic climate. The key focus for action to date has been urgent care and improving patient flow.

The Short Term Challenge

For STH there are a number of specific challenges that reflect those intentions of NHS Sheffield CCG and of NHS England which affect the wider NHS. They include:

- **The continued increase in demand for healthcare services**

  There has been an 8.6% increase in population in Sheffield since 2001 with a further 5.2% expected by 2020 which is a contributing factor as to why STH has observed year on year increases in activity across all points of delivery. This has presented STH with challenges on delivering performance within our Emergency Department and with the 18 week referral to treatment targets. Whilst NHS Sheffield CCG have agreed investment in activity to deliver NHS Constitution pledges such as treatment within 18 weeks, they have set out to reduce emergency admissions in order to attempt to address this challenge. In 2014/15 and 2015/16 this equates to an anticipated 7.5% reduction in emergency admissions and a reduction in hospital based outpatient activity in a number of areas.

- **A growing number of older people and a greater level of long term / chronic disease**

  There is a changing population health profile which is seeing increased birth rates feeding into primary school populations, increasing migration resulting in a younger working age population and a growing number of older people. Within Sheffield the size of the 90+ age group has increased by 26% to 4,300. Overall, 4.4% of the population are over 75 years (currently around 25,000) which is set to increase by around 17% by the year 2020 to approximately 29,000 people. Life expectancy for both men and women in Sheffield is improving year on year. For men average life expectancy at birth is 78.4 years and 82.1 years for women (2009-2011), which both remain lower than the national average. There are currently around 6,400 people living with dementia in Sheffield and this is expected to rise to over 7,300 by 2020. Around 1,000 new cases of diabetes are diagnosed every year and prevalence is expected to continue to rise for the foreseeable future. Mental health problems are common and around 12.27% of Sheffield adults are estimated to have depression compared with 11.68% in England. Ensuring our services are able to meet these changing demands will require greater partnership working and care provision in a range of settings.

- **Rising patient expectations**

  Patients should receive good quality and timely care but their reasonable expectations extend to choice, cleanliness, information about where to go, having convenient appointments, dignity of care, being seen on time, helpfulness of staff, knowledge of the

doctor, being involved in treatment decisions, and reduction in symptoms/problems. STH performs very well and continuing to do this in light of the many competing priorities will remain a challenge.

- **Maintaining strong financial performance at an organisational and service line level in light of the affordability challenge**
  Financial sustainability across the Trust and for each service line is a key issue in light of ongoing reduction in levels of funding. The Trust has contracts with two major commissioners; NHS England and NHS Sheffield CCG and a consortium off CCGs led by NHS Sheffield CCG for a range of public health services, Local Authorities, principally Sheffield City Council. In all cases the level of funding available for public services has been reducing in order to reduce the affordability gap. As a Foundation Trust STH will need to ensure that all services provided to patients are not only high quality but are affordable and offer value for money.
- **The implementation of the Better Care Fund**
  As a result of the establishment of the Better Care Fund there are a number of possible implications for STH of a pooled budget which have been notified by NHS Sheffield CCG and Sheffield City Council. These include:
  - Changes to the contracts commissioned where notice will be served on some contracts
  - Changes to lead contractor arrangements whereby some contracts may be integrated, with one lead contracting body
  - To work differently and potentially more collaboratively with other providers and community-based organisations
  - Stronger involvement of people who use services and carers in the redesign of services, integrated pathways and changing the service delivery culture
  - Changes for frontline workers and operational delivery with greater multidisciplinary working and communication between teams

  STH will seek to engage with NHS Sheffield CCG and Sheffield City Council during 2014/15 to develop an understanding of these areas.

- **The ability to transform models of care whilst improving performance/productivity**
  NHS Sheffield CCG has stated a number of priority areas for changing models of care over the next two years which include:
  - Extending care planning and commissioning of Integrated Community Teams where existing community services led by STH will be developed with other providers
  - Changing and simplifying access to urgent care services and piloting an urgent primary care service as part of the plans on the redesign of urgent ambulatory care
  - Specifying and procuring integrated intermediate care services to improve the flow of patients through the acute and community setting
  - Working with consultants to transform outpatient services in a number of services
  - Commissioning for outcomes and value, initially in Musculoskeletal services

- **Providing high quality services to patients**

STH has for many years demonstrated that quality is at the centre of every action and decision taken. Our patients' feedback continues to be within the top 20% and our performance against local and national measures of quality is consistently high. However, there are many areas which improvements can be made and our quality plans highlight these and existing areas of concern. NHS Sheffield CCG has described the intent to ensure the recommendations of the Confidential enquiry into the premature deaths of people in hospital (CIPOLD) are addressed.

- **Specialised services commissioning and strategic planning**
  During the business planning round for 2014/15 and 2015/16 the Trust has monitored the development of the NHS England strategic plans to ensure that we are prepared to meet the challenges, including how we can maximise the opportunities that focus on specialised providers serving larger populations. These include plans to converge local pricing based on national benchmarking and the intentions to consolidate specialised services in a smaller (potentially 15) number of centres.

Quality Plans

National and Local Commissioning Priorities

NHS England

NHS England published their commissioning intentions for prescribed specialised services in October 2013. This strategic commissioning approach has 6 strands:

- Ensuring consistent access to effective treatments for patients in line with evidence based clinical policies, underpinned by clinical practice audit
- A Clinical Sustainability Programme with all providers, focused on quality and value
- An associated Financial Sustainability programme with all providers, focussed on better value
- A systematic market review for all services to ensure the right capacity is available, consolidating services where appropriate to address clinical or financial sustainability issues
- Adopting new approaches to commissioning care where it promotes integrated care and clinical oversight for patients in particular services and care pathways
- A systematic rules-based approach to in-year management of contractual service delivery

We are working closely with NHS England to better understand what the commissioning approach will mean for the Trust in 2014/15 & 2015/16. Each service has been assessed against NHS England published service specifications and the majority of the specialised services were found to be compliant in meeting the high standards required by NHS England. For a small number of services there were agreed derogations and the emphasis for 2014/15 is to ensure that work is carried out to meet the service specifications, and to be actively involved in the redesign and development of future service specifications.

The Trust continues to be represented on, and to work actively to build relationships with the

Clinical Reference Groups enabling the Trust to maintain its position at the forefront of designing clinically led services. This is of particular importance in 2014/15 as the anticipated revision of NHS England's identification rules will be undertaken and will inform future commissioning intentions and responsibilities**.**

NHS Sheffield CCG

NHS Sheffield CCG is the coordinating commissioner for a consortium of CCGs in Yorkshire, Humberside and the East Midlands. A five year Integrated Commissioning Plan was published in 2012 with four priority aims:

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

The stated ambitions of the CCG over the next 5 years are:

- All those who are identified to have emerging risk of admission through risk stratification are offered a care plan, agreed between them and their clinicians
- To establish integrated primary care and community based health and social care services, care planning, and holistic long term conditions management to support people living independently at home and to reduce emergency admissions by up to 20%
- To minimise repeated trips to the GP and hospital for specialist diagnosis and monitoring of health problems, replacing them with community and home based services that make best use of technology, and keep people at the centre of their care
- To reduce the gap in life expectancy for people with mental health problems and learning disabilities
- To put in place support and services that will help all children to have the best possible start in life

The plan and stated ambitions describe how services to patients are expected to change over the next 5 years by proactively identifying and managing risk of admission; providing more care closer to home in a primary/community care setting; promoting greater self-care, including clinical and patient led remote monitoring; establishing integrated Care Teams for patients with long term conditions to deliver supported self- management and community based care to reduce emergency admissions.

The CCG have specific projects and QIPP schemes identified for 2014-16. There will be a continued focus on transforming out-patient services to reduce referrals and follow ups for elective care, and plans to reduce emergency activity by 7.5% over two years. The Trust continues to be an active partner in the community-wide Right First Time initiative which is focussed on reducing and improving the flow of emergency admissions. The Trust is also an active partner in the Urgent Care Board, and is working with commissioners to simplify urgent care and establish an urgent primary care centre.

In 2012/13 the CCG indicated their intention to implement transformational changes in the way that systems of healthcare are commissioned. In October 2013 the CCG confirmed the desire to commission Musculo Skeletal Services (MSK), including Orthopaedics and Rheumatology using a Prime Contractor Model. We expect this work to progress during 2014/15 and 2015/16,

a number of services currently provided by the Primary and Community Care Group are due to be tendered (For example, the Weigh Ahead service jointly with Sheffield City Council and the Community Intermediate Care Service (CICS)).

Sheffield CCG has stated that all Sheffield NHS Providers' quality plans will need to comply with national and local requirements for quality. National requirements will be driven via NHS England and Clinical Commissioning Groups (CCGs) and involve delivering improvements and policy changes required by the DH following high profile reviews – for example Mid Staffordshire NHS Foundation Trust, Winterbourne View. In addition, national standards and targets will be delivered as detailed in the planning framework 2014/15 and NICE guidance. Local improvement plans will include quality incentive schemes (CQUIN)'s agreed with CCG, local service improvement initiatives and actions as a result of patient and relative feedback and learning from serious incidents/safeguarding case reviews. The Trust has plans in place to deliver the CCG requirements detailed above.

Sheffield City Council

Sheffield City Council has not published commissioning intentions for the public health services it commissions from STHFT but has made clear its intentions to further reduce funding for these services including Dental Public Health, Primary Care Addiction Service Sheffield (PCASS) (which is currently out to tender) and Integrated Sexual Health Services. Negotiations are ongoing with Sheffield City Council.

Quality Goals

The Trust Quality Strategy underpins the Corporate Strategic aims of:

- Delivering the best clinical outcomes
- Providing patient centred services
- Spending public money wisely

For the duration of the Quality Strategy (2012-17) the following five goals were agreed:

- Maintain our top 20% position in the Patient Satisfaction National Survey
- Achieve a standardised Hospital Mortality indicators within the top 25% of the National peer group with an emphasis on preventing avoidable harm
- Reduce emergency admissions within 28 days of discharge from hospital and ensure our performance is in the top 25% of the National peer group
- Reduce hospital average length of stay and ensure our performance is in the upper 25% of the National peer group
- Achieve top 20% National staff satisfaction

The Trust Annual Quality Report priorities align to the overall Quality Strategy. They are developed in collaboration with our partners (Healthwatch, OSC, Commissioners, Trust Governors and staff) and therefore include a combination of strategic issues and more operational concerns.

Priorities for the 2014/2015 Quality Report

1. To ensure that every hospital inpatient knows the name of the consultant responsible for their care during their inpatient stay and the name of the nurse responsible for their care at that time (Francis recommendation)
2. To improve complainant satisfaction with the complaints process (Clwyd & Hart recommendation)
3. To Review Mortality rates at the weekend

(Keogh recommendation)

4. To review the impact of waiting times on the patient experience (specifically patients waiting over 18 weeks for treatment)

Each of these priorities has a detailed plan to support achievement, which is contained within the STH Quality Report 2013/14.

It should be noted however that these objectives reflect only a small proportion of the Trust's development work to improve quality. Across the organisation there are multiple work streams addressing issues such as harm free care, pressure ulcers, in-patient falls, deteriorating patients and mortality review.

Existing Quality Concerns (CQC or other parties) and plans to address them

Mental Health Act

The Mental Health Act (MHA) Inspector visited the Trust in March 2013 to monitor systems in place for detaining people under the Mental Health Act 1983 as part of a national programme. Some areas for improvement were identified and the Trust has been working closely with Sheffield Health and Social Care Trust to address these. The Healthcare Governance Committee is overseeing the implementation of the improvement plan. Evaluation of the improvement plan will inform a review of the Trust's Detention under the Mental Health Act policy and procedures which is due to be completed by July 2014.

A & E waiting times

During 2013/14, the Trust has ensured increasing numbers of patients were seen, treated, admitted or discharged from the Accident and Emergency department within 4 hours. This is despite a very challenging quarter 4 where there have been increased attendances, acuity and admissions. We also continue to observe high numbers of patients experiencing a delayed discharge. For 2014/15 these issues will continue to be addressed through weekly senior team meetings with NHS Sheffield CCG and the Sheffield City Council where decisions are made to ensure our patients are cared for in the most appropriate setting.

The 2013/14 winter plan has played a significant role in supporting the improved performance during the year. A winter plan will be developed during 2104/15 which will build on the success of in 2013/14 but also focus on where improvements can be made through better planning with our partners through the Right First Time transformation programme.

Never Events

The Trust's performance on Never Events has improved since 2012/13 with a reduction from seven (2012/13) to four (2013/14). However this still remains an area for concern. Each of the incidents have been thoroughly investigated and improvement action implemented to prevent reoccurrence. The Trust has an overarching 'Never Event' action plan in place which has oversight at executive level and is regularly reported to the Healthcare Governance Committee of the Board with the whole Board receiving updates on Never Events from the Committee.

The Trust commissioned an independent review of the never events resulting from retained foreign objects post surgery. This was co-commissioned in collaboration with NHS Sheffield CCG and a report is expected during Quarter 4 - 2013/14.

18 Week Waiting Times

STH has a long standing record of success in achieving the waiting times targets for 18 week pathways. However, performance in November 2013 for the non-admitted target was below the required levels. In February 2014 the Board were appraised of the drivers for under-delivery and a range of remedial actions being initiated to drive improved performance in individual Directorates and across the organisation.

There are three key issues which are driving current performance.

1.The number of patients being referred to STH are greater than the numbers receiving treatment
2.Activity levels planned through our contracts with commissioners are less than the number of referrals being received
3.The administrative and management processes for 18 weeks in the organisation are sub-optimal

A Task and Finish Group chaired by a Non-Executive Director was established to oversee progression against the action plan and provide Board assurance. All actions have been completed and will continue to be monitored to ensure ongoing improvement in performance.

Theatres 3 & 4 Royal Hallamshire Hospital

In November 2013 an increase in the number of deep wound infections was identified in patients who had undergone hip or knee replacement surgery in Theatres 3 and 4 at RHH. Whilst some patients would have contracted a deep wound infection regardless of the location of their operation, the issue necessitated further immediate investigation. Pending this, all joint replacement surgery was suspended in both theatres at RHH.

In an external review by the Health Protection Agency, no specific problems with working practices were identified and it was recommended theatre modifications should be made before orthopaedic surgery resumed. In November a decision was taken to follow this recommendation and improvement plans were developed.

A significant number of actions have been taken to ensure appropriate communication with And care for patients who have been affected. New pathways of care have been put in place for to ensure that patients who need hip and knee arthroplasty receive appropriate, high quality services. Plans have been developed to modify theatres at RHH and for the orthopaedics service to return to operating there later this year.

Key quality risks inherent in the plan and how these would be managed

The Trust's corporate risk register details a number of risks which, should they be realised, may impact on the delivery of high quality services and the objectives outlined within this plan. The Risk Validation Group ensures that new risks are reviewed for consistency and appropriateness; existing risks are reviewed on a planned basis. The Top Risk Report that was presented to the Board of Directors in February 2014 has been used to identify the key top risks that could impact on quality.

- Healthcare Associated Infection
- Care of patients in an inappropriate setting
- Delivery of high quality care for older people in hospital focusing upon known areas of high risk to older people e.g. stroke care
- Care of patients with mental health needs in an acute setting
- Nursing & Midwifery staffing
- Impact of failure to meet Emergency Services 4 hour waiting target
- Medicines Management
- Delivery to carry out planned preventative maintenance

An overview of how the Board derives assurance on the quality of its services and safeguards patients' safety

A wide range of internal and external data sources ensure that the Board of Directors gain an understanding of the key risks of quality and patient safety. Notably the Performance Management Framework report, the Assurance Framework and Top Risk report, internal and external Audit reports, delivered against a risk based Annual Plan; standard and ad-hoc reports from Trust Committees, National Survey results, Inspection reports from CQC and other regulators; and, external agency visits inspections and accreditations.

The Board of Directors is supported by a number of formal Committees including the Audit Committee, Finance, Performance and Workforce Committee and the Healthcare Governance Committee. The Committees are each chaired by a Non-Executive Director.

The Healthcare Governance Committee has lead responsibility for quality and patient safety. It works to a Board approved Annual Plan to ensure there is systematic monitoring and review of complaints, patient and staff incidents, inquests, mortality and infection control statistics, local and national clinical audits, patient experience feedback and ongoing compliance with the CQC Essential Standards. More recently the Committee agenda has included the Trust's response to the Mid-Staffordshire Foundation Trust Public Inquiry and associated reports. Quality and patient safety priorities are reviewed and agreed by the Trust Quality Report process which ensures the input from clinical staff and key partner stakeholders including patient representatives. These priorities are approved by the Board of Directors.

Serious Untoward Incidents are reported, and investigation of action plans overseen by, the SUI group which meets weekly. Membership includes the Medical Director, Chief Nurse and Assistant Chief Executive. All SUIs are reported to the Healthcare Governance Committee and the Public Board of Directors. During 2013/2014 this reporting mechanism was reviewed and has now developed from a verbal report to a formal monthly report to the Healthcare Governance Committee. This report also includes actions implemented and lessons learnt from SUI investigations and these reports are distributed to the Trust Safety and Risk Management Board and CQC to enable shared learning and transparency.

In order to provide assurance and to highlight areas for improvement in relation to patient views on the quality of services, a number of methods of collecting feedback from patients and families are used. These include comment cards, real time patient surveys, website feedback, complaints and the new Friends and Family Test. Patient feedback is regularly reported through monthly complaints reports, quarterly Trust, group, directorate and ward level Patient Experience reports and detailed ad-hoc reports. Actions to improve services as a result of

feedback are identified through the Patient Experience Action Planning process and, from April 2014, will be reported in the quarterly Patient Experience Reports.

Following a number of national reviews published last year including the Francis Inquiry, the Clwyd Hart Review, and Keogh a comprehensive review of the complaints management process is planned for 2014. The review will identify a process which is responsive to the needs of patients and families using the complaints service. The review will ensure a responsive and timely process is implemented, which meets with recommendations made in the national reviews.

A programme of training for senior nursing and medical staff is to be introduced in 2014 to support the complaints process and ensure a consistent approach when investigating and responding to complaints. Staff leading complaints investigations will receive training to ensure the investigations are carried out thoroughly with findings communicated to patients and families in a clear, comprehensive way.

A new approach to auditing the quality of the complaints service against the standards we have set and patients' expectations of the complaints management process will be developed and introduced in 2014. The Trust will interview patients and families to understand their experience of the complaints process, and will carry out a review of the complaint file in order to ensure it complies with the standards we have set. We will use the findings of this audit to continually improve and develop our complaints service.

In addition, from April 2014, we will be working with the Patients' Association to survey all complainants to provide them with an opportunity to provide feedback in relation to their experience of the process.

The Finance, Performance and Workforce Committee will consider the quarterly Staff Friends and Family test as it is introduced in 2014/15. Reports will be considered by this committee with more detailed discussions taking place at the Staff Engagement Executive Group. The FFT question included within the annual staff survey has seen an improvement for the Trust – however as we continue to be average in comparison with other acute Trusts and will continue to focus on this area of work during the coming years.

What the quality plans mean for the STH workforce

The Trust continues to integrate its values into its engagement with the workforce. We are implementing a values based appraisal system whereby staff are appraised against their performance and their behaviours. During 2014/15 focus will continue on ensuring that appraisals are effective and add value to staff experience. During 2014/15 we will also be introducing an approach to values based recruitment whereby we will ensure that staff are recruited in line with our values through on line situational testing and values and behaviours based interviews. We have also introduced strengths based recruitment in respect of ward sister/charge nurse posts. The Trust is collaborating with other leading academic healthcare organisations to extend the scope of strengths based recruitment.

The Trust continues to review staffing levels in line with acuity models and will be investing in additional nursing staff during 2014/15. Productivity and efficiency plans and the introduction of new technology will result in reduced levels of staffing being required; we will aim to manage this through vacancies being held and vacant posts being removed.

The Trust has experienced a reduction in the number of trainee doctor posts and anticipates a further reduction. Work is underway to develop Advanced Nurse Practitioners who will work alongside junior doctors to ensure that safe rotas continue. This piece of work will dovetail with the implementation of 7 day working.

The STH response to Francis, Berwick and Keogh

Since the publication of the Robert Frances QC Inquiry report into Mid-Staffordshire NHS Foundation Trust the Trust has actively considered the implications of this report and the subsequent publications. Hard Truths: The Journey to Putting Patients First publication builds on the government's initial response: Patients First and Foremost, which was published in March 2013. This explains the national changes that have been put in place since the initial response, and sets out how the whole health and care system will prioritise and build on this.

The Trust reviewed in detail each of the recommendations included in the Hard Truths publication and the associated reports included within the Appendix, key statements and recommendations have been scrutinised and subsequently allocated to the following categories:

- **New action**: The Trust is required to establish a new work stream to address
- **Due regard**: Existing work stream in place – project leads will be requested to take due regard of the contents and recommendations within the Mid-Staffordshire and associated Reports and ensure these aspects are included within the improvement work.
- **Watching brief**: Executive leads to monitor national developments through professional networks and NHS England communications and incorporate actions into the overall plan as required.

There are a number of areas that will require new action. These matters will be incorporated into the Trust's Final Response Plan, which will be monitored by the Healthcare Governance Committee. The initial category analysis and supporting documents provide a framework for wider communications and discussions with Trust staff and external partners, such as Healthwatch and Overview and Scrutiny Committee.

Risk to the key delivery of plans

The future risks included in the Annual Governance Statement are:

- **Failure to maintain financial balance in future years (2014/15 onwards)**
  This will be managed and mitigated by detailed annual planning; an efficiency programme; ongoing performance management and reporting; effective negotiation and engagement with commissioners; and, robust oversight by relevant board committees.

- **Care of patients in an inappropriate setting**
  The Trust will continue to work with its partners through the Right First Time project and increase the pace at which issues are resolved.

- **Future configuration of acute services at sub-regional level ensuring clinical and financial services going forward**
  The Trust has made significant investment in Working Together initiative as a means of addressing the issues.

Contingency that is built into the plan

The overall plan will continue to be reviewed and updated in response to any national or local issues. For example, in response to a CQC concern or an issue raised through the Trust's incident reporting process. Resource allocation will be decided on a risk basis and as necessary reprioritisation of work streams will ensure that the focus is directed to the highest priorities. Where required, external resources and expert support will be commissioned as demonstrated by the 2013/14 Never Event external review.

Operational requirements and capacity

Activity Analysis

In 2013/14 referrals were at or above target levels in all clinical areas and overall at a higher level than the previous year resulting in continued growth in activity carried out across all points of delivery. The activity plan for 2014/15 agreed with NHS Sheffield CCG assumes an overall referral growth of 0.73% (ranging from -2% to +2% depending on specialty) and the expectations for the planned level of outpatient and inpatient activity required to meet the 18 week RTT standard, cancer waiting times and other access targets. The plan shows an increase in non-elective activity with a 4.3% increase in spells and 2.4% A&E attendances. There has been a marked increase in outpatient activity with 8% increase in new and 4% increase in follow up attendances. Total elective spells have increased by 7.6%.

The plan incorporates agreements with commissioners to change the way some services are delivered or categorised, namely Colorectal and Neurophysiology outpatient procedures, General Surgery non-face to face activity and Ophthalmology outpatient activity.

The Trust has also agreed with NHS Sheffield CCG a Quality, Innovation, Productivity and Prevention (QIPP) programme for 2014/15. Reductions to the Trusts activity plan have been made to follow up activity targets in Urology, Rheumatology, Orthopaedics, Endocrinology and Colorectal surgery.

For 2015/16 the plan includes a forecast level of growth of 4% in the outpatient and elective activity compared to the 2014/15 plan, which reflects historical patterns of activity, assumptions made by our commissioners for reductions in demand, changes to the provision of services within the local health economy and to ensure that our patients continue to be treated at the earliest opportunity.

Productivity and Efficiency

The Trust has run a formal efficiency programme for several years and it is estimated that £225m of savings have been achieved over the eight years to 2013/14. The Trust has therefore demonstrated very effective processes for delivering efficiency savings. The explicit aim has always been to drive efficiency savings in such a way that deliver improvement, or at least no deterioration, in quality. There is a clear ethos that quality, finance and performance targets all have to be achieved and, all are everyone's business.

However, it is clear that the position is becoming ever more challenging given the cumulative impact of national efficiency targets over several years and the continued focus on quality of services. It is, therefore, necessary to be realistic in financial planning about the extent of sustainable efficiency savings that are deliverable each year. For this reason the planning assumption is now that a 2% cost improvement programme is achievable along with a 50%

margin on all activity growth. This is a material change to previous plans but reflects the need to maintain a sustainable balance between delivering high quality, timely and cost effective services.

Efficiency Governance

Governance arrangements for 2014/15 are built on those currently in place which sees the Trust drive the efficiency plan in a matrix with:

- A Corporate Efficiency Programme which identifies opportunities and drives specific workstreams under the four headings of Clinical, Workforce, Corporate and Commercial.
- Each area is led by an Executive Director and is supported by and reports to a Chief Executive led PMO function. The Trust has a Service Improvement Director who leads the PMO and Service Improvement functions. External consultants, project management and other resources are provided as necessary.
- Directorate Efficiency Plans, which are a key element of Directorate Financial Plans. Efficiency Targets are set each year and the relevant budget is withdrawn to drive delivery. Directorates are required to start planning several months before the start of the financial year. Directorates draw on and are driven by the relevant central Efficiency Programme workstreams. Directorates are supported with external consultants and other resources where necessary to help drive the identification of opportunities and their delivery.

Governance arrangements can be summarised as follows:

- The Board of Directors establish clear KPIs and targets which are balanced across clinical, operational, financial and staff dimensions
- The Chief Executive is accountable to the Board for overall delivery and achievement of financial and efficiency targets
- An Executive Director led Performance Management Framework (PMF) process which drives Clinical Directorate clinical, operational and financial performance
- An escalation process for Directorates that are facing in year challenges which requires special measures to be introduced to improve performance
- An Efficiency Programme PMO responsible for supporting workstreams, monitoring progress against plans and KPIs
- Directorates who are accountable for developing robust efficiency plans to meet the targets set and to ensure a balanced financial position

The final Trust-wide 2014/15 efficiency plan is due to be approved by the Board of Directors at its April 2014 meeting and Directorate plans are approved as part of the PMF. Monthly reports are produced on Directorate performance against plans and by the PMO on the Trust-wide Programme workstreams. This information is considered monthly by the Trust Executive Group and the Finance, Performance and Workforce Committee. Quarterly Reports are considered by the Board of Directors.

Monitoring information at Directorate level is largely financial and evidenced by Directorate budget positions. PMO reports will also reflect KPIs and progress against project plans. The Director of Finance has the role of ensuring that Efficiency Plan workstreams and Directorate plans are adequate and consistent, and that interfaces are effective.

The Medical Director and Chief Nurse provide a central quality oversight function and the

Clinical Director/Nurse Director provide a similar function at Clinical Directorate level. The clear and stated aim of the Efficiency Programme remains to drive efficiency savings in the right way with quality of services maintained or improved.

Cost Improvement Plan Profile

The Trust has 4 elements to its efficiency programme as shown, with the key workstreams, below:

- **Clinical**
  Length of stay reductions, improvement to surgical pathways/theatre efficiency, improved outpatient department efficiency, medical manpower utilisation, medicines management savings, improvements to clinical support services and functions and IT enabling schemes.

- **Workforce**
  Workforce cost reductions and initiatives, improved staff management/HR processes, reduced sickness absence, E-rostering and various cross cutting schemes to facilitate improved administrative processes, e.g. contact centre technology.

- **Corporate**
  Procurement savings, improved usage of medical and surgical consumables, estate rationalisation, energy usage, reduced CNST premiums, “back office function” efficiencies and financing and VAT savings.

- **Commercial**
  Other clinical service expansions, commercial income opportunities, coding improvements, exploiting opportunities around hospital and community service pathways and improved efficiency of MDTs.

Length of stay reductions and enhancing patient flow through the hospitals is crucial to most aspects of Trust performance including efficiency. The IT enabling projects are also vital. The length of stay/patient flow project also interfaces with the health and social care community’s Right First Time Programme.

Each workstream contains elements of traditional ‘incremental’ and transformational efficiency programmes, but the focus of the Clinical workstream is primarily on new ways of working.

Key transformational schemes include:

- Reductions on Length of stay/optimising the use of beds
- Improving surgical pathways/enhancing theatre productivity
- Improving outpatient productivity
- Major IT transformational programme

Key incremental schemes include:

- Procurement savings, including review of usage of medical & surgical equipment
- Energy usage
- Estates rationalisation

It is clear that a crucial element of the Trust’s delivery of significant efficiency savings in recent

years has been the income from growth in activity. Whilst this still requires enhanced efficiency in clinical processes to deliver a margin, the alternative of 4% cost reductions no longer appears achievable. Future activity levels will, therefore, be crucial to the Trust's future efficiency plans and financial standing.

CIP Enablers

Developing capability and capacity has always been a critical element of the Trust's efficiency programme. There are a number of aspects to this as follows:

- Corporate leadership, prioritisation and governance around the Efficiency Programme
- Clinical engagement corporately within the Board/Executive Group, within the Clinical Programme (led by the Medical Director) and within the Service Improvement Team (including a Clinical Lead for Quality Improvement)
- Clinical engagement within Directorates through the Clinical Director, Nurse Director and Clinical Leads for key services
- Significant investment in the Service Improvement Team (incorporating the PMO), project management, external consultancy, additional management capacity and investments to facilitate change
- A Microsystems Coaching Academy which is developing the principles of Microsystems and a cadre of coaches to help drive "bottom-up" continuous improvement
- On-going communication with staff of all disciplines to ensure that they understand the need for efficiency savings, the principle opportunities and their ability to contribute
- Working with the Sheffield health and social care system on the Right First Time Programme to improve patient flow through the hospitals
- Implementing a major IT Plan which will have many positive aspects for efficiency

Quality Impact of Productivity and Efficiency Plans

Delivering efficiency savings is not seen in isolation from the rest of the Trust's business. We have a major and on-going focus on the quality of services supported by a considerable infrastructure and robust governance arrangements which NHS Sheffield CCG is aware of.

The Trust explicitly assesses the quality impact of its efficiency plans through its governance arrangements. In particular, it ensures that clinical staff are involved with the efficiency programme throughout the Trust. This is underpinned by a clear and unambiguous statement from the Chief Executive that the views of the Medical Director and Chief Nurse have primacy such that any concerns over quality implications have to be addressed before an efficiency scheme progresses. In 2013/14 we shared with our commissioners the details of our approach and the key schemes being pursued. They were assured by the process and the safeguards in place to ensure quality for patients is maintained. A similar exercise will take place for 2014/15.

Current Financial Position

The Trust is forecasting achievement of its £6.7m planned surplus from continuing operations in 2013/14 which equates to around 0.7% of turnover. On this basis, the Trust has now achieved a surplus in every one of the 13 years since it was created and the 10 years since it became a Foundation Trust.

The Trust's 2014/15 and 2015/16 financial plans assume a break-even position. This reflects the increasingly harsh financial environment and the difficulty in achieving continued delivery of efficiency savings. However, it is still dependent on a number of critical assumptions, particularly the level of future income growth, national policy developments, contracting

outcomes and local service planning.

Financial Priorities and Investments

The Trust's financial strategy can be summarised as follows:

- To plan to achieve at least break-even each year
- To drive and invest in the Trust's efficiency programme in order to deliver sufficient efficiency savings each year to meet the national efficiency target and cover education and training income losses; and to enable investment to improve services, whilst delivering savings in the right way to maintain and improve the quality of services
- To continue to refine Service Line Reporting (SLR) and Patient Level Information and Costing (PLIC) and to use the information to drive improved financial and operational performance at specialty level
- To factor in reasonable and prudent growth in patient service activity acknowledging the current financial climate but to work hard to maintain overall income levels, including maximising CQUIN funding, whilst managing the consequences of changes to some income lines
- To maintain and develop high standards of financial governance, financial/business planning and decision making
- To ensure adequate levels of capital investment each year from internally generated resources in order to maintain the asset base and provide some level of development, with use of loans and other external finance only considered for key strategic developments with a strong business case
- To continue to develop the financial management skills of clinicians and managers to ensure full engagement in the management of the financial challenges ahead
- To consider all financial risks, both short-term and more long-term, and ensure that they are carefully monitored and managed
- To seek new income streams where they will deliver a significant margin and are complimentary to the Trust's strategy
- To continue to press, with other similar organisations, for improvements to NHS tariffs to properly reflect the complex work undertaken at teaching/tertiary centres and for NHS business rules/contract terms to be fair to providers

Income and the extent of its alignment with commissioner intentions

The 2014/15 Trust activity plan assumes continued growth in contracted activity for all main points of delivery. In particular the planned growth over projected 2013/14 levels is:

Outpatient attendances £6.3m (6.4%)

Total elective spells by £10.4m (7.6%)

Non elective spells £4.4m (2.8%)

A&E attendances of £ 0.3m (2.4%)

Part of this growth occurred during 2013/14 due to contract over performance. In addition it

reflects expected variations referral levels and the need to reduce queues for planned care to deliver improved performance against 18 week referral to treatment pathway targets. Commissioners are still seeking QIPP reductions, largely around non-elective activity. Whilst the Trust supports these initiatives, given the delivery risk it will continue to plan for a higher level but react quickly if activity levels reduce.

The 2015/16 plan assumes a similar level of activity growth to that in 2014/15. Whilst it is a significant sum and there are clearly scenarios where this may not happen, the overall value reflects the average increase (actual and planned) over the previous 3 years.
The main risks to delivery of the planned activity levels are as follows:

- Insufficient capacity for on-site delivery, necessitating sub-contracting of planned workload offsite
- Insufficient intermediate, community and social care capacity in the wider health and social care community
- Emergencies continues to rise, displacing planned care

Inability to deliver CQUIN and performance targets, with the consequent erosion of baseline income, also remains a risk to the Trust as do changes to PbR rules, tariffs, business rules and contract agreements. The uncertainty in these areas makes planning for the future challenging.

Given the extremely tight financial position, positive developments on tariffs, or alternative reimbursement mechanisms, to properly fund the complex activity undertaken in Tertiary Centres are crucial. Continuation of central funding for Winter pressures will also be a crucial factor in the future, particularly where current tariff rules inadequately reimburse emergency activity.

The Trust is currently scheduled to lose £2m per annum for 6 years on MPET income following the introduction of tariffs for Medical SIFT and PGME. This is reflected in the plans, although there is a national costing exercise being undertaken in 2014 which will inform future tariffs.

Costs

A key assumption in the Trust's plans is that the cost impact of inflation and cost pressures each year is fully funded by the Inflation/Pressures uplift within the tariff deflator. This has been the case in recent years but there will inevitably be some pay, pension and quality pressures in the coming years. Investments in quality improvements, whether generated internally or externally, will need to be carefully prioritised.

As referred to earlier, given the efficiency challenge, there will continue to be a major focus on controlling costs at all levels of the Trust. In addition to normal work around control of the pay bill, prescribing costs and procurement the Trust has important initiatives to rationalise the estate and to improve controls around medical and surgical consumables usage.

National developments around pay negotiations will clearly be a significant factor. The reductions in Junior Doctors are also causing staffing difficulties, particularly out of hours, which are resulting in significant cost pressures.

Capital

The Trust's 2014/15 capital expenditure plans are affordable from internally generated resources without reliance on the 2013/14 planned surplus which, if achieved, will be applied to the 2015/16 capital programme.

Key priorities and investments for 2014/15 and beyond are aimed at on-going improvement to the property, plant and equipment infrastructure whilst enabling service developments where appropriate. Specific major schemes include:

- A major IT Programme over the next five years including an Electronic Document Management System, Clinical Portal and Electronic Patient Record
- Refurbishment of the Royal Hallamshire Hospital theatre suite and further theatre expansions
- A 5th MRI Scanner to be sited at the Northern General Hospital
- A new charitably funded Helipad at the Northern General Hospital
- An on-going programme of ward refurbishments
- An on-going replacement programme for major medical equipment.

Liquidity

The Trust will have a robust working capital position with a healthy level of cash balances at 31st March 2014. Whilst capital slippage and commitments plus other "hosted" funds are a significant element of this, the underlying position is still strong. The working capital position has been gradually improved since the Trust became a Foundation Trust in order to ensure that the Trust has the resilience to provide some protection to services facing any financial turbulence. However, work will continue to improve the Trust's working capital position, e.g. by reducing stock levels and recovering debts quicker.

The Trust has outstanding borrowings, including those relating to PFI and a finance lease, of £51.6m at 31st March 2014 which are significant but manageable for such a large organisation.

The main risks to the liquidity position of the Trust are an inability to deliver a break-even revenue position and an inability to otherwise finance the necessary level of capital investment.

Risk Ratings

The Trust is planning to achieve a Continuity of Service Risk Ratings of 4 in both years; although the position will deteriorate significantly in 2015/16 should the downside scenario prevail. The principal financial risks which the Trust faces in 2014/15 and 2015/16 are as follows:

- Delivering the necessary efficiency savings each year. The mitigation of this risk comes via the Trust's efficiency programme arrangements and good operational management.

- National contract terms and National Tariff Guidance Business Rules which result in further lost income which cannot be offset by further efficiency savings. Mitigation of this risk comes from strong contract management and from being part of strong national frameworks which it is hoped can influence national policy.

- Commissioning policies, which result in lost income and/or the transfer of a greater proportion of the demand risk. Mitigation of this risk is proactive contract management and constructive working relationships with commissioners.

- Growth in emergency admissions where funding is inadequate to cover costs due to the

Marginal Emergency Tariff and non-payment for Emergency Readmissions. There is little mitigation to this risk other than to work with commissioners to understand and address the pressures.

- New service, quality and regulatory requirements which create additional un-funded costs. Mitigation of this risk is through strong business planning and operational management.

- Inability to deliver CQUIN targets such that baseline income is lost. This risk is mitigated by strong leadership, engagement of clinicians and managers, identification of additional resource requirements, careful agreement of targets and close performance management.

- Inability to generate affordable capital and revenue funding to facilitate the necessary capital investment. This risk is mitigated by good planning, prioritisation and management of capital schemes.

As part of the Operational Plan we have modelled a downside risk scenario. This translates to:

- A balanced position still in 2014/15

- A deficit of £17.4m in 2015/16

The £17.4m deficit is a result of the combined impact of:

- Reduced delivery cost improvement plans

- Lower margin resulting from reduced activity growth

- The Better Care Fund implementation

- Losses associated with MRET and emergency readmissions

- Loss of services through competitive tendering

The 2015/16 deficit in the downside scenario could be managed by use of cash balances but this would remove the current working capital resilience and would leave the Trust exposed in subsequent years. Capital expenditure could be reduced but again there would be consequences for future years.