Royal Berkshire

NHS Foundation Trust

Strategic Plan Document for 2014-19
Summary

Royal Berkshire NHS Foundation Trust

Summary version: 30 June 2014

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1. Signature page - Strategic Plan for y/e 31 March 2015 to 2019

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

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Date	**30 June 2014**

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

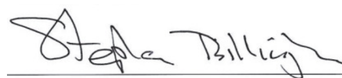
In signing below, the Trust is confirming that:

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

Approved on behalf of the Board of Directors by:

Name *(Chair)*	Stephen Billingham

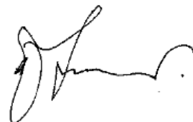
Signature



Approved on behalf of the Board of Directors by:

Name *(Chief Executive)*	Alistair Flowerdew

Signature



Approved on behalf of the Board of Directors by:

Name *(Finance Director)*	Craig Anderson

Signature

2. Declaration of sustainability

The board declares that, on the basis of the plans as set out in this document, the Trust will be financially, operationally and clinically sustainable according to current regulatory standards in one, three and five years time.	***~~Confirmed~~ / Not confirmed***

The Royal Berkshire NHS Foundation Trust's Strategic Plan 2014-19 is dominated by the pressing need to achieve affordability and sustainability of healthcare provision both in the shorter and in the longer term. The most immediate challenge for the acute setting is the need to deliver and respond to significant internal and external cost saving pressures in light of continued growth in demand. Efficacy of demand management is therefore the critical factor in achievement of both clinical and financial sustainability.

Our Strategic Plan is based on responding to the current levels of predicted activity growth and related income and the need to ensure delivery of high quality patient care. It excludes commissioner QiPPs and demand management initiatives. On that stated basis and subject to the concerns highlighted below, the Board can confirm that the Trust will be operationally and clinically sustainable over the five year period of this Strategic Plan.

The Board can confirm that the Trust will be financially sustainable in one year's time, based on an assumption that the Trust delivers on its own cost CIPs in both 2014/15 and 2015/16. In addition, the Board can confirm that it expects to be financially sustainable over a period of three years, based on the assumption that, in addition to delivering the Trust's own cost CIPs, that the CCG is not successful in delivering all of its own QiPPs within that period. However, in light of this uncertain and changing background, the Board cannot confirm that the Trust will be financially sustainable over the five years of the Strategic Plan. The key reasons for this are:

- there is a need for the CCGs to deliver their QiPPs to ensure the financial sustainability of the sector as a whole and there is concern as to the impact that this will have on the Trust; and
- there is concern that beyond the next two years, the Trust will not be able to deliver sustainable cost CIPs much higher that 2% to 2.5%. Whilst the Trust would look to mitigate this partly through reducing capital expenditure, the Trust would also expect to see an alignment of Trust and Regulator expectations as to ongoing level of efficiencies and a consequent adjustment to the tariff deflator.

Given the overall level of risk within the local health sector we are working closely with Berkshire West CCGs, Berkshire Healthcare FT, and local social services to look at areas where we need to amend the provision of local health services to significantly reduce costs. This work involves exploring models of delivery from health sectors elsewhere. This is likely to result in the need to change local contractual arrangements but may also require some funding to deliver the necessary changes in a timely manner.

3. Strategic context and the local health economy

3.1 Context

This strategy sets out a realistic assessment of the future for the Royal Berkshire NHS Foundation Trust over the next three to five years. It maps a clear assessment of the risks to achieving financial stability, taking account of the anticipated impact of both demographic change and the vision for re-balancing between hospital and community-based care. In particular this strategy sets out the Trust's assessment of and approach to a significantly constrained financial environment. Importantly, it consolidates and builds on the Trust's commitment to high quality care, secured through a focus on specific areas of service improvement, and supported by organisation-wide developments in the estate, informatics and the workforce. The future range of services described in this plan is broadly similar to today's Trust portfolio.

However, in the later years of this plan and beyond, we anticipate the possibility of significant changes in the health economy, specifically the development of better integrated community-based systems of care, capable of supporting many more people in the community. This strategy recognises the high degree of uncertainty that exists currently as

to which form of service delivery these changes will take and whether the models themselves are affordable for the health economy.

3.2 Challenges

The Royal Berkshire NHS Foundation Trust provides hospital and community based health services across Berkshire and neighbouring areas. The Trust's outlook for the next three to five years is dominated by the twin challenges of improving quality and responding to changing demands on the service, while managing this within a static or reducing budget.

The issue of affordability of healthcare into the future has compelled us to review and revise how we achieve our vision for our community in the fast changing and uncertain socio-economic environment. We are anticipating the potential for system-wide changes which will be needed to sustain affordable and effective health and care services over the coming years. There are two significant factors that are relevant to our plans:

- There is a need to re-shape local health and care services, to provide much more prevention, early intervention and care in the community, keeping people out of hospital wherever that is possible. This includes developing, with commissioners, local pricing and tariffs that reflect the costs and necessary investment for the services we deliver.
- External consultants have been commissioned by the Berkshire West CCGs to review the models of hospital care across the health economy. This work is aimed at helping secure financially and clinically sustainable services across the area and includes: a financial assessment of the health economy; analysis of core pathway pilots to assess effectiveness and efficiency across the entire system; and model of the attributes of the healthcare system that can deliver and enable change.

The above conversations are at an early stage and the Trust's strategic plan is deliberately modelled to allow flexibility and responsiveness across the whole health economy whilst the consultation and development of the above plans continues. This document sets out to describe a viable and strong future for this organisation, and how the Trust will respond these strategic challenges.

3.3 Our objectives

Our vision to provide sustainable, and improving, high quality care for our local community has not changed. What has changed is how we intend to achieve this. There is an acknowledged uncertainty as to how the local health economy will develop and the challenges faced by, not only the Trust, but also our partner providers, including primary care and our commissioner. We are therefore refreshing both our vision and our strategic objectives to reflect the ongoing changes in our local health economy. Nonetheless, there is a clarity underpinning our objectives that is based on the following overarching aims:

- A commitment to high quality care that is safe, compassionate, effective and provides a positive experience for patients through better integration.
- Meeting the needs of the local population: a) by aligning and influencing commissioner's intentions and local developments; and b) improvement of our capability, capacity and leadership.
- Ensuring financial stability, resilience and sustainability in the longer term, allowing for investment in frontline services that are fit for the future.

Central to our strategy is our view of the range of services we will be providing over the next three to five years. The Trust is clear that it aims to:

- Remain a major provider of A&E and medical and surgical emergency access services on the RBH site.
- Being committed to development of more integrated care across both local hospital, community-based and primary health services in order to deliver, with our partners, best care for patients throughout their healthcare journeys.
- Focus on prevention, early intervention and keeping people healthy, as well as to provide excellent care for people who need treatment.
- Continue to develop as a centre of excellence for cancer, critical care, renal, heart attack management, stroke, trauma, spinal surgery, paediatric and neonatal services.

- Retain and develop a range of planned diagnostic and treatment services (which are clinically and financially viable, and support the wider provision of services in the Trust).
- The Trust will act in partnership with other organisations to provide and sustain high quality care, when this is the most appropriate solution.

3.4 Strategic direction of our services

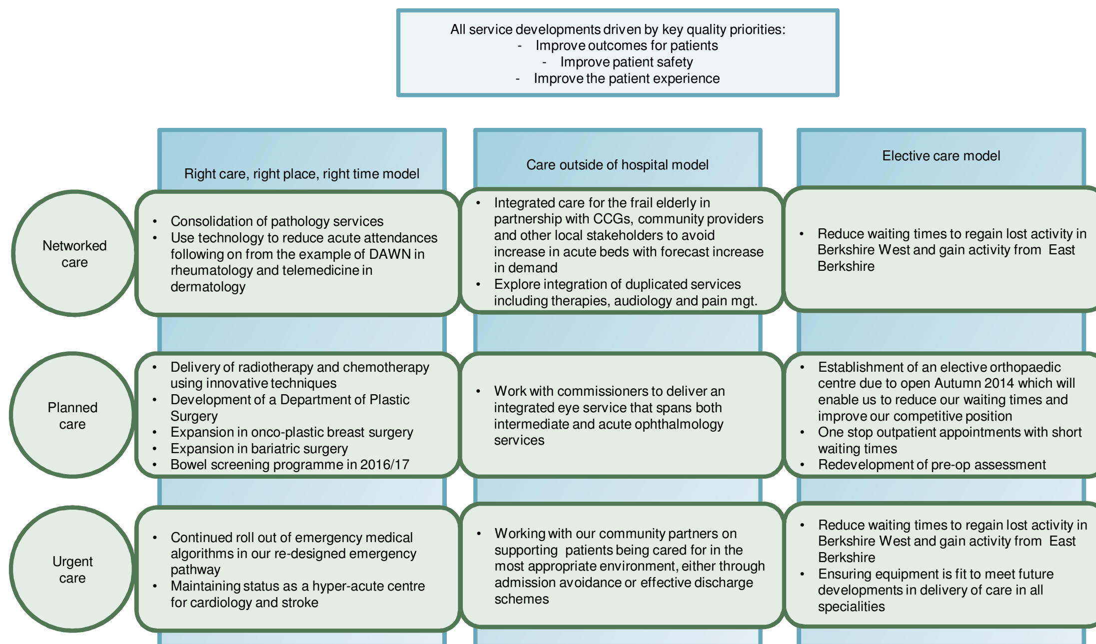
Transformative patient care

This strategy describes our intention to adopt a transformational approach. This will underpin our vision in the face of the competing demands on the shrinking resources available to us and to the local health and social care economy as a whole. We believe that this will give us the flexibility to respond to the changing needs of our patients and the local health and social care environment in order to bring maximum benefits to our patients and at the same time remain affordable to our commissioners. By 2018/19 we believe we will be working towards the implementation of a transformative approach to healthcare delivery in partnership with other providers locally. This will ensure long term sustainability but will require flexibility including a balanced review of services and consideration of:

- multiple application of options across specialities;
- not taking a 'one size fits all' approach to services; and
- review of partnership approach with other providers including the independent sector.

Our transformative model of integrated care is largely based around the six models of care identified by NHS England, Monitor and the NTDA. We envisage the development of a mixed model as depicted in Figure 1 below:

Figure 1: Transformative model of care



Achieving and maintaining financial health

The five-year financial plan that supports the delivery of the Trust's strategy demonstrates the challenges that are faced by the Trust in achieving its financial aims. We are clear that this can only be achieved through whole system solutions. Our current strategy is to aim to achieve the right balance in the services we provide and how we are paid in order to secure the following key goals:

- Return to surplus in 2015/16: the pressures of ongoing cost efficiencies and assumptions around the tariff deflator are likely to result, if nothing changes, in a return to deficits in 2016/17 and beyond.
- Achieve a continuity of service rating of two in 2014/15, maintaining this in 2016/17: the pressures referred to above are likely to see this decline thereafter.
- Achieve sufficient surplus to finance a robust Estates Strategy consistent with our objectives above.
- Achieve sufficient surplus to finance a fit for purpose IT Strategy.
- Effectively manage downside risks.

3.5 Historic performance

Finance

Over the past three years (from 2011/12 to 2013/14) our income has grown progressively from £317m to £344m, representing an 8.7% increase. Tariff deflators have reduced the price paid for our services over this period so the growth in revenue is largely attributable to increased activity rather than increase in prices. Over the same period the cost of providing care has increased at a higher rate than the rate of increase in revenue. Our pay costs in particular have increased steadily, by 10.5% over the past three years.

In spite of income increasing, our financial position has steadily deteriorated over the three years. This trend is indicative of the threat to the sustainability of the Trust's services. Ensuring our pay is controlled is a key objective as we aim to return to a surplus position by 2015/16. Delivery of a surplus is also contingent on the delivery of a challenging CIP programme.

Activity

There has been a steady growth in activity over the past three years. The key growth areas are A&E attendance and non-elective admissions. During this period there has been a 13% increase in attendances at our main A&E department. Non elective admissions have increased by 6% over the same period. Despite demand management schemes we are seeing a year on year growth in referrals and growth in additions to our outpatient and surgical waiting lists. Our waiting times for both admitted and non-admitted patients are longer than we would like in some areas and this is negatively impacting our competitive position.

Quality

Our overriding focus has always been to provide high quality care; care that is safe, effective, compassionate and which gives our patients a positive experience from their contact and interaction with our services. Since 2009/10 our journey of quality improvement has been underpinned by continuing to pay particular attention to the issues that meant a lot to our service users and on those areas of care that did not meet the high standards that we sought to achieve. Although improving how we communicate with our patients has been a more challenging aim for the Trust to achieve success in, over the past five years we have been successful in reducing:

- harm from falls to our patients;
- pressure ulcers;
- harm from sepsis;
- venous thromboembolism;
- incidence of clostridium difficile infections; and
- mortality.

3.6 Key challenges facing the Trust

Our local health economy

We provide general medical and surgical services to a local core population of around 500,000 who live in Berkshire West and South East Oxfordshire. We also provide specialist services to a wider population of around 1,000,000 across East and West Berkshire and areas of Oxfordshire, North Hampshire and Buckinghamshire These services include heart attack, stroke, cancer, renal and ophthalmology.

Our services are primarily commissioned by four CCGs who between them account for over 75% of our patient care related income. These CCGs are: South Reading; North and West Reading; Wokingham; and Newbury and District. Our assessment of the demographic changes and changing health needs profile comes primarily from analysis of the Joint Strategic Needs Assessments produced by local authorities and CCGs.

In the context of the national picture, the key challenges facing our local health economy are:

- increasing demand caused by an increasingly ageing population with multiple long term co-morbidities;
- increase in lifestyle induced morbidities within the growing population;
- increasing patient expectations and affordability of health and social care as a result of the increasing gap between rising demand and reducing funds.

If demand continues to rise as predicted and services continue to be provided in the same way (e.g. a 'do nothing scenario') the health economy faces a funding gap of circa £157m by 2018/19, with approximately £78m attributable to the Royal Berkshire NHS FT. This figure does not include any capital that would be required to increase capacity to deal with the additional demand. As a Trust we are already experiencing capacity problems within our accident and emergency department and approximately 40-50 of our non-elective beds are occupied by patients who are medically fit for discharge.

Impact of population growth and the ageing population

The population in Berkshire West is forecast to grow by circa 25,000 over the next five years but the growth rates in different age bands and locations varies. Berkshire West has a lower proportion of older people than the South East average. However the population of older people is increasing at a rate that is higher than the national average. This growth is higher in the West Berkshire and Wokingham local authority areas. There is therefore likely to be an increase in age-related and chronic conditions including dementia, diabetes, stroke, respiratory and coronary heart diseases with a corresponding increase in healthcare demand.

The over 65 population is growing at a faster rate than other segments of the population and this group typically has higher health needs than other age groups. In particular the high levels of growth predicted in the over 85 population are a key indication that demand for frail elderly services will rise. As people age they are more likely to have multiple co-morbidities which mean that admission to hospital is more likely and length of stay is longer. They also tend to require more robust hospital to home packages required to allow them to stay well and avoid readmission.

Long term conditions

There has been an increase in the proportion of people living with long term conditions in Berkshire West, partly due to increased survival rates following stroke and heart attack. This trend is predicted to continue due to the ageing population and the impact of lifestyle choices on health.

The incidence of cancer nationally and in Berkshire West is rising. This is due to a number of factors including the ageing population and lifestyle factors including smoking, drinking alcohol and obesity. Our commissioners intend to enhance the screening programmes for breast, bowel and cervical cancer and we predict that this, together with awareness schemes, will lead to a further increase in patients referred with suspected cancer.

The incidence of cardiovascular disease in Berkshire West is predicted to rise over the next five years due to the increased age profile of the population. We are a specialist centre for interventional cardiology and we are expecting demand for this service to increase. We are designated as a hyperacute stroke centre, delivering thrombolytic treatment 24/7. The incidence of stroke in our area is predicted to increase over the next five years.

Impact of lifestyle on health

The majority of the population in Berkshire West is healthier than the England average. However there are significant concerns about the impact that unhealthy lifestyles and behaviours are having on the health of the population including:

- 22% of the adult population in Berkshire West engage in higher risk drinking which contributes to alcohol related mortality and increased A&E attendances and hospital admissions.

- Rates of smoking are better than the England average however 19% of the adult population across Berkshire West smoke, with 22% of the adult population of Reading smoking.
- Obesity is a predisposing factor to many health problems and is a growing problem in Berkshire West with one quarter of the adult population being obese along with 20% of reception age children.
- Teenage pregnancy rates have improved in recent years though Reading remains worse than the England average.
- Chlamydia positivity is higher than the South East average and the incidence of HIV in Reading is higher than the national average.

Growth in the black and minority ethnic (BME) population

The BME population in Berkshire West is predicted to rise over the next five years. It is estimated that 34% of the population of Reading are of BME origin and analysis of school registrations suggests that this will rise. This increase is relevant to planning future health needs as specific diseases are more prevalent within the BME community, including diabetes; prostate cancer; respiratory diseases; and coronary heart diseases.

3.7 Competitor analysis

Our local health economy has become increasingly competitive in recent years with:

- the arrival of a third major private provider in central Reading;
- the introduction of the Any Qualified Provider 'AQP' scheme; and
- increased competition in border areas with other NHS Trusts.

Competition presents a large risk to the Trust's income as independent sector providers tend to target the more profitable elective procedures. The independent sector also targets a simpler case mix leaving the Trust to provide more complex surgery on patients with greater co-morbidities and operative risk.

In central Reading there are three independent sector providers offering NHS services. There are also private providers in Hampshire and East Berkshire who treat NHS patients within our core catchment. These providers are targeting high margin elective surgery. The key drivers for the significant increase in the share of private sector provision of elective activity in general and Orthopaedic services in particular include; shorter waiting lists and quicker access, relatively smoother administrative and booking processes, greater capacity, aesthetic attraction of their estates and facilities and astute marketing of their services.. We aim to address this in 2014/15 by installing two additional laminar flow theatres and additional elective beds, creating an elective orthopaedic centre with a significant reduction in waiting times for surgery.

3.8 Market share

Market share trends and implications for RBFT

Over the past three years we have lost significant market share of elective surgery (both inpatient and daycase) to the private sector. This erosion in market share has an effect on the sustainability of the Trust both clinically and financially. We need to ensure that we perform a critical mass of elective surgical procedures in order that we:

- Ensure we continue to provide high standards of training for junior doctors
- Ensure financial viability
- Maintain sufficient operational balance between elective and emergency work

Despite the loss of market share our overall elective surgical activity has grown suggesting that thus far the private sector has primarily benefited from growth in the market, rather than simply gaining activity from RBFT.

In 2014/15 the Trust will develop its commercial strategy which will set out its approach to regaining lost market share and ensuring continued clinical and financial viability. This strategy will focus on the quality of the services we provide, in terms of patient experience, patient safety and patient outcomes, and how we ensure that patients and referrers are aware of the quality of our services. It will also address the investment required to achieve this.

Our outpatient market share has remained relatively steady despite the decrease seen in day cases and elective inpatient share. This suggests that we are a relatively more attractive choice for patients who have ambulatory care needs and are not likely to require surgery.

3.9 Strengths, Weaknesses, Opportunities and Threats (SWOT)

Our SWOT (figure 2) analysis identifies that our strengths as an organisation can be applied to exploit the opportunities on offer and also to mitigate against the threats we face.

Figure 2: SWOT analysis

Strengths	Weaknesses
• Highly motivated and trained staff: Will deliver innovative services. • Range of specialist services: Develop centres of excellence • Access to community facilities: Deliver care closer to homes • Excellent partnerships: Redesign pathways and joint initiatives • Positive reputation and public support: Facilitate patient information and choice	• Long waiting times and access problems: Reduction in outpatient and surgical waiting times. • CQC and Monitor observations: Implement improvement plans • Quality/age of estates: Develop sustainable strategy. • Inadequate capacity in A&E: Increased capacity • Administrative weaknesses: Dedicated project to manage appointments • Financial impact of historic investments: Increased utilisation of Bracknell and EPR solution plan • Adverse impact of poor pay control: focus on managing agency spend and pay QIPP • Poor management of medical records: Priority project to resolve
Opportunities	**Threats**
• Deliver and develop more services at the community sites: Utilise our strengths in community delivery • 7 day working: Service development plans to address implementation • Exploit the benefits of digital technology: Wider roll out of technology solutions • Increase private provision: Additional theatre capacity to facilitate provision • Expand specialist services: Attract patients from other areas.	• Competition, tenders, AQP: Optimise service quality and reduce waiting lists • Rising demand for healthcare: Collaborative working on integrated pathways • Centralisation of specialist work: Set up networked arrangements • Commissioner QIPP: Contingency in place • Contract penalties: Enhanced contract monitoring • Increased regulatory oversight: Enhanced executive and Board governance capability

3.10 Commissioner intentions

Our local CCG's joint strategy for 2014-19 sets out their vision for how enhanced primary, community and social care services in Berkshire West will work together to prevent ill-health and support patients with much more complex needs at home and in the community. The strategy centres around care at the right place at the right time with a key theme that patients should only attend the acute hospital when they require services that cannot be delivered elsewhere.

The CCGs key priorities over the next 5 years are:

- placing a greater emphasis on prevention;
- putting patients in control of their own care planning;
- better use of technology;

- better integration between health and social services;
- implementation of hospital at home;
- developing the role of primary care services as part of a more integrated system and ensuring that the CCG role in commissioning enhanced services is used to maximum effect;
- commissioning hospital services delivered through new modes of care – fewer centres of excellence, one stop shops, combining hospital and community services; and
- using tariff flexibilities and new models of contracting to deliver these priorities.

We fully support the strategy and we recognise that a different approach to demand management is needed across the health economy if we are to avoid increasing acute capacity over the next 5 years and we believe that integration will play a crucial role in ensuring continued financial viability of the health economy. We want to work with commissioners to further develop these schemes for the benefit of the health economy.

Our commissioners also intend for specialist services to be increasingly provided at tertiary centres. Whilst we recognise that patients deserve to be treated in centres where critical mass is sufficient to ensure the best possible outcomes we believe that decisions to transfer care to specialist centres need to be evidence based at a local level.

4. Strategic options and risks to sustainability

4.1 Internal risks to sustainability

There are a number of areas where we know we need to make significant improvements over the next two years or where we need to consolidate and embed improvement work that has been carried out in the past year. These over-riding improvements centre on the need to provide an infra-structure, management and a workforce that is fit for the future and that can support the Trust's quality and clinical services strategies aimed at improving the quality, safety and the experience of patients.

Real Estate priorities

With significant uncertainty over the future model of service delivery, a long-term transformative estate strategy is not realistic. However, a short to medium term plan focussing on good stewardship of the Trust estate still remains essential. The Trust has clear sight of the pressing and urgent priorities that must be addressed as the estate is ageing, with a number of clinical services housed in accommodation that is either unfit for purpose or requires significant work to maintain fitness for purpose:

- The Trust has significant backlog maintenance. This is heightened as a risk by the limited capital programme in place over the next 5 years.
- We need to develop better facilities for urgent and emergency care. Progress in this is beginning with a modest expansion of the emergency department in 2014/15 to support short-term viability.
- We are also considering options for delivering a greater range of activity at our community sites, particularly West Berkshire Community Hospital and Royal Berkshire Bracknell Clinic. This will provide a better service for patients living in these areas and will also reduce pressure on the main Royal Berkshire Hospital site.

Informatics priorities

There is a critical need to improve the quality, timeliness and usage of data within the organisation. We have experienced problems with data quality since we migrated to our electronic patient record in 2011/12 with a proportion of our data requiring validation before it is useable. We aim to improve our approach to information quality by:

- Creating an information governance forum to give business leadership
- Redeveloping the data warehouse
- Empowering the Informatics and Data warehouse leads
- Improve basic management reporting
- Evaluate and provide a 'fit for purpose' Business Intelligence website
- Improve training, including how to exploit information

We will continue to exploit available technology to deliver efficiencies and improvements to the patient experience such as DAWN and telemedicine, to support the patient activation agenda.

Workforce and Leadership priorities

The Trust has been clear about the challenges it faces and the need to revise its vision and strategic objectives in light of uncertainty. Nonetheless, the Trust has not deviated from its belief that good quality and adequately supported front-line staff are essential for quality improvement. The most powerful tool that we have in achieving our goals and objectives are our staff.

We are in the process of enabling detailed Organisational Development and Workforce Strategies designed to ensure the development of a responsive and flexible workforce that will reflect the integration agenda and the need to utilise health economy resources more cleverly. This will be supported by a programme covering:

- improving management and clinical leadership;
- improving governance and leadership of the Trust
- developing the qualifications and career prospects of the workforce;
- installing a strong performance assessment framework;
- staffing levels commensurate with needs of patients;
- controlling payroll costs including agency costs; and
- developing roles and contracts of employment to meet service need.

Quality priorities

The Trust was awarded an overall rating of "Requires Improvement" by the CQC following their inspection in March. Although we were disappointed that we did not achieve a rating of "good" in all aspects of our service the report does recognise our compassionate approach and the respect and dignity shown to patients. Two categories received a rating of outstanding: the critical care team was recognised for its caring interventions to support patients, families, friends and staff, while end of life care received an outstanding rating for their responsiveness to patient needs. Services for children and young people also achieved a 'good' rating against all five measures.

In addition, as part of our quality strategy we have identified urgent quality priorities that we will focus on in the short-term:

- minimise the number of patients acquiring CDI;
- promoting a harm free environment through e.g. reducing falls and pressure ulcers;
- maintaining and improving mortality;
- improving the quality and availability of medical records;
- reducing patient complaints relating to staff attitudes and behaviour; and
- Reduce the number of rescheduled outpatient appointments and cancelled operations.

4.2 External risks to sustainability

Demand growth and management

As discussed in the market assessment section above, the growth in the frail elderly population and growth in long term conditions will increase demand for healthcare services. We have noticed that the acuity of patients who are being admitted is higher than previously and we are also admitting increasing numbers of patients who have dementia as a co-morbidity. We have modelled the impact of an additional 1.25% activity growth on top of our base-case to illustrate the impact of continued growth across the health economy.

Commissioner QIPP

The health economy faces a significant challenge in dealing with rising need and demand against a backdrop of flat funding for the NHS. In a 'do nothing' scenario a £157m affordability gap is predicted for the health economy by 2018/19. We are working closely with our colleagues across the health economy, particularly our CCG colleagues to understand how we can meet these challenges together and continue to provide the services that our patients require in a sustainable way.

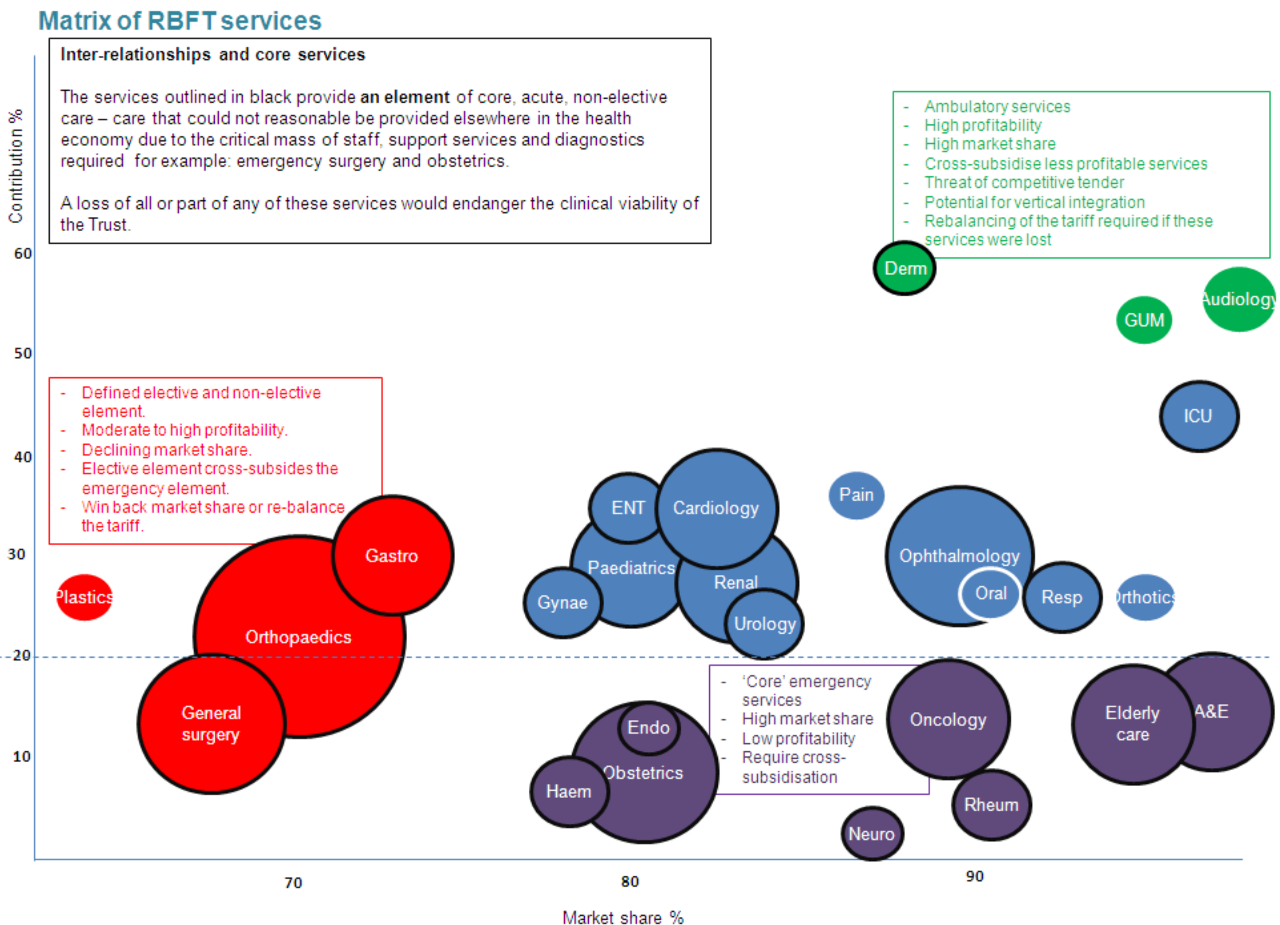
Berkshire West CCG has commissioned external consultants to work with all partners in the local health economy to carry out a detailed review of three high volume healthcare pathways that cut across different parts of the healthcare economy. The aim of the review was to find improvements in efficiency, patient experience and outcomes and identify a sustainable model of healthcare for the local economy.

As an organisation the Trust has a substantial CIP target to achieve and we face the challenge of delivering this whilst absorbing the potential reduction in income as a result of CCG QIPP. If CCG QIPPs are delivered we would need to reduce acute capacity (and would face significant transition costs). We do not believe it is in the best interests of patients or the health economy if we were to plan to reduce capacity before these schemes have been evaluated and proven to be effective.

Competition

We have seen a substantial decrease in our market share for elective surgery, particularly in orthopaedics over the past three years. Competitive tender and AQP also pose a challenge. Our experience locally and the trend nationally is for commissioners to run tender processes for the services that deliver the biggest financial margin for the acute Trust. Generally these are ambulatory care services that do not have the cost of inpatient beds apportioned to them. These services act to cross-subsidise services that make much lower margins and therefore when such services are lost, or the income available reduced through the tender process, it affects the overall viability of the Trust (illustrated in Figure 3 below). Therefore there is a pressing need to revisit the payment methods underpinning services to reduce perverse incentives or disincentives.

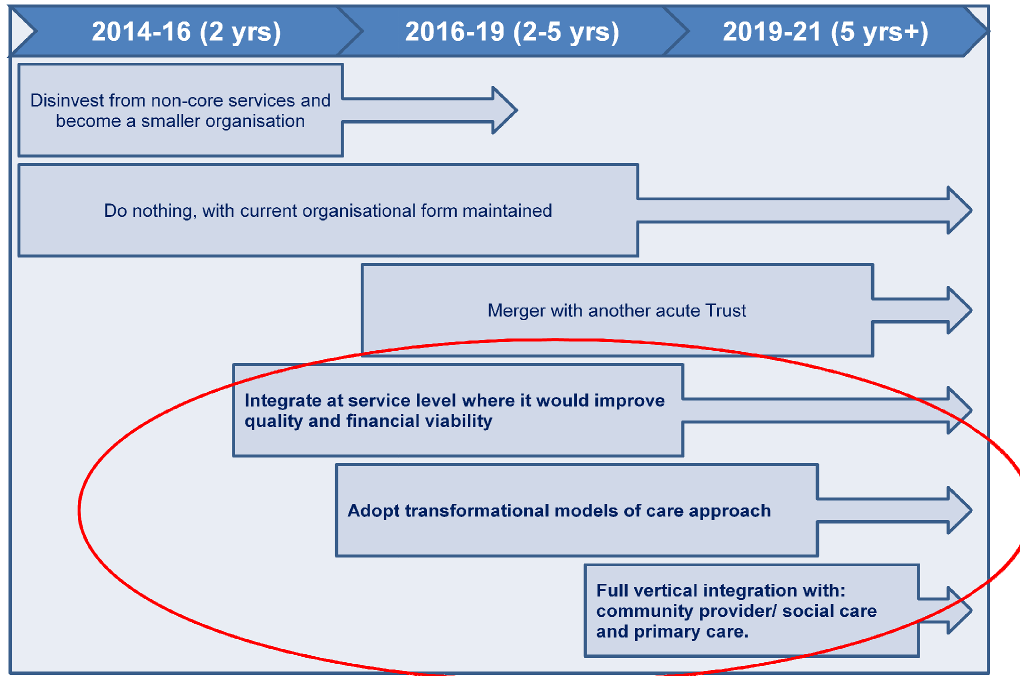
Figure 3: Comparison Matrix of Service Contribution v Market Share



4.3 Strategic options for 2014/15 – 2018/19

The strategic options available to RBFT can be categorised into three groups – options for growth, integration and organisational form. They can be considered as a chronological set of options with growth options being immediately pertinent, integration options crystallising at around year three of the plan and options around organisational form requiring a health economy wide transformation and therefore being considered at year five onwards.

Figure 4: Strategic 'Likely' Option Appraisal



The strategic options the Trust believes will be most likely over the next 5 years are:

1) moderate growth to ensure sustainability; limited growth in other areas; and
2) integration at a service level where it would improve quality or financial viability.

However, as we anticipate that by 2018/19 the Trust will be moving towards models of care aligned with elements of NHS England and Monitor's "Transformative Ideas for the Future NHS" additional integration becomes more likely. This is at present an emerging vision for us with the implication for organisational forms within the healthcare economy unclear. Therefore for our activity and financial projections we have assumed organisational form remains the same until 2018/19.

Moderate growth to achieve sustainability

We have chosen to actively plan for moderate growth in elective surgery to achieve sustainability. In recent years we have lost significant share of the elective orthopaedic market as we have not had sufficient theatre capacity to offer patients an acceptable waiting time. We therefore plan to add an additional two laminar flow theatres increasing our theatre capacity for both orthopaedics and other specialities.

Based on our assessment of patient need and demand we are predicting a low but steady rate of growth over the next five years (Table 1). Our commissioners are broadly in agreement with our assessment of activity growth across outpatient, A&E and non-elective service lines.

Table 1: Activity growth predictions 2014/15 – 2018/19

	2014/15	2015/16	2016/17	2017/18	2018/19
A&E	114,839	119,433	120,627	121,833	123,051
NEL	35,473	36,910	38,404	39,960	41,578
OPN	155,550	157,743	159,936	161,903	164,056
OPF	211,041	214,016	216,990	216,648	219,529
OPP	47,251	47,917	48,583	49,181	49,835
DC	36,672	38,036	38,481	38,905	39,332
EL	9,502	10,369	10,472	10,577	10,683

Integration

We have considered a number of options for integration over the next five years. Our immediate plan is to maintain the status quo and 'stand alone' for the next 2 years, working via collaborative arrangements with other organisations, without formal integration at service or organisational level. The first step towards integration could involve the merger or cross-working of suitable acute and community services and pathways to improve quality or to create efficiencies

There is the potential, in the future for integration at an organisational level within our health and social care economy. This could involve RBFT merging with Berkshire Healthcare NHS FT or could go further and involve a merger with primary or social care. We have not included this option in our strategic plan at present as we are yet to have the health economy wide debate as to what this merged entity would involve and what organisational form it would take.

Merger with another NHS acute trust is unlikely as our geographical position and proximity to other Trusts does not lend itself to an obvious option for merger.

Alternatives options for growth

Alternatives to our plans for moderate growth include planning for very limited growth or actually going a step further by disinvesting in services and shrinking. A further alternative would be to disinvest in some services and become a smaller organisation, focusing on core acute services which cannot reasonably be provided by another provider in the locality. It is difficult to draw a clear demarcation between core and non-core services not least because our terms of authorisation as a Foundation Trust

5. Strategic plans

5.1 Strategic Plan: Moderate activity growth to maintain sustainability

Emergency and non-elective care

We predict a 4% year on year growth in demand for non-elective admissions which is in line with commissioner predictions of underlying growth before application of their QIPP.

Whilst we believe that integration provides optimum care and is the way in which the health economy can best tackle the rising demand we are concerned about the impact should the current QIPP schemes not deliver the expected reduction in acute activity and hence the level of savings that commissioners anticipate over the next 2 years. We have therefore not included the achievement of commissioner QIPP in our plans although we continue to actively engage with the commissioners and work collaboratively to support the achievement of the QiPPs.

Elective care

Our projections for elective surgery – both day case and inpatient surgery - are broadly in line with CCG projections for growth in demand. We are however forecasting a higher rate of growth for activity carried out by the Trust which reflects our intentions to increase our market share both in Berkshire West and beyond. We are not forecasting a higher elective spend for the CCG overall, rather we are forecasting that a higher proportion of that spend will come to us.

Outpatient attendances

Our projections for outpatient first attendances are broadly in line with CCG projections for growth in demand. We aim to reduce our outpatient waiting times to improve our competitive position. We also intend to improve the range and volume of activity carried out at our community sites. We particularly intend to grow activity from the Berkshire East market from our facility in Bracknell.

Our projections for outpatient follow-up are aligned to CCG projections. We have made progress in reducing follow-ups in a number of specialities including rheumatology and we aim to carry this work on over the next 5 years.

Capacity analysis – Beds and theatres

Apart from an increase of 8 surgical beds in 2014/15 as part of the elective orthopaedic centre development we are not currently in a position to plan any increases or decreases in our bed base over the next five years due to the need to determine how CCG plans to reduce non-elective admissions will crystallise.

When carrying out our detailed operational planning for 2016/17 we will have more evidence on the likely impact of integrated care schemes on admissions and can take a decision as a healthcare economy as to whether additional capacity is required and, if so, where it should be located.

Table 2: Bed requirement based on activity plan

		Bed requirement based on activity plan				
	Current bed base	**2014/15**	**2015/16**	**2016/17**	**2017/18**	**2018/19**
Medical Non elective	397	384	397	410	424	438
Surgical	197	209	217	220	223	226
Total beds	**594**	**593**	**613**	**630**	**647**	**664**

We carried out a detailed review of theatre capacity as part of the planning stage for our elective orthopaedic centre development. We currently have 22 theatres and our elective orthopaedic centre will add another two laminar flow

theatres to this total and will ensure that we have sufficient capacity to perform surgery in an acceptable waiting time for patients.

Workforce

Our goal is for every member of staff to understand their role in delivering high quality care and be capable to continually strive to improve quality. A trust wide training programme in quality improvement methodologies, tools and techniques is being implemented to ensure that all staff have the necessary skills, support and time to participate in quality improvement projects and ongoing professional development training.

In light of the recommendations of the Francis Report, the Berwick report and the Keogh review, the Trust has undertaken a skill mix review of nursing staff requirement based on safer staffing models. This has the impact of increasing the projected staffing levels for 2014/15 by 193 WTE. However, we anticipate that the combined benefits of reducing agency spend, service remodelling, pathway redesigns and other improvement and efficiency arrangements would lead to reductions in headcount in the following years beginning with a moderate reduction of circa 36 WTE from 2015/16.

Estates

Uncertainty over the future approach to and modelling of service delivery constrain the Trust's ability to set out a truly strategic view of the development of our estate. However our long-term plan is to ensure delivery of an Estate Strategy designed to achieve three objectives:

- To have an estate which is fit for the future, supporting the Trust's service strategy
- To have an estate which enhances the quality and safety of care and the experience of patients and staff
- To have an estate which enables best value for money.

The key elements of our long-term plan are the refurbishment and modernisation of existing blocks, expansion of care parking facilities, ensuring that all buildings are fire compliant and the development of the Orthopaedic centre and Preoperative assessment building:

Quality

In the latter part of 2013/14 we refreshed our Quality Strategy for the next five years. This underpins our aim to deliver the highest quality healthcare services to our patients and sets out our action plan for making measurable improvements to the quality of our services. Our improvement strategy addresses both our immediate requirement for change, whilst prioritising that improvement to ensure consistency with resource limitations and ensuring that we embed a wider cultural and organisational transformation. Our short term improvement priorities are highlighted in the 2014/15-15/16 Operational Plan. Our longer-term goals for quality improvement are included within our five year quality strategy and include:

- Culture: We will develop our Organisational Development Strategy to align all the components of our organisation that define us, our culture and how we approach quality of
- Patient Safety: We are committed to striving to achieve harm free care. In 2014/15 we will focus on reducing harm as measured by the Patient Safety Thermometer
- Clinical Effectiveness: The immediate focus of our attention will be improving understanding of mortality indicators and how these are used with the hospital.
- Patient Experience: How we communicate with patients and waiting times will form the central themes of our patient experience improvement. We will particularly focus on how we address complaints.

5.2 Key service line initiatives

Elective orthopaedic centre development

A priority in 2014/15 is the creation of a dedicated elective orthopaedic centre with ring-fenced beds to improve safety, efficiency and productivity of the orthopaedic pathway ensuring an excellent patient experience.

The key project risks relate to technical building issues, increased project costs, maintaining 'business' as usual throughout construction and recruitment of staff. Building issues will be managed via our contractor and we are working to resolve any issues with build and design before works start. We are mitigating against increased costs for ground works by going back out to tender and we also have some contingency built into the business case. Failure to recruit sufficient theatre and ward staff is one of our highest risks. We are planning to undertake an overseas recruitment programme to recruit specialist theatre staff and based on previous experience we believe this will be successful.

Urgent care floor

Our ambition over the next five years is to secure funding to redevelop our urgent care floor. The 'urgent care floor' refers to three departments with current capacity constraints which work in interdependent way and provide better quality and safety of care when co-located. These departments are: the emergency department (ED), the ambulatory medical unit and emergency care unit (AMU/ECU) and the intensive care unit (ICU).

The aims of the urgent care floor development would be to:

- Continue to embed and improve quality and safety of services for our patients
- Provide highly reliable care to give our patients the best experience
- Enhance the clinical outcomes for patients e.g. mortality rates
- Enable on-going achievement of the A&E 4-hr target and quality indicators

5.3 Financial model

The financial model for our planned activity growth is consistent with CCG planning assumptions (with non-delivery of CCG QIPPs). We plan to return to a surplus position in 2015/16. This requires a significant cost savings programme (CIP) of circa £33.5m in two years, representing in excess of 10% of our current cost base. This is supported by a combination of internal plans and external benchmarking that we have undertaken.

Beyond 2015/6 it is unlikely that the Trust will be able to continue to make savings at this level. We have assumed at best that we will be able to drive cost efficiencies of around 2.5% per annum, essentially covering annual inflation increases. We have modelled this in our baseline scenario and the impact is that cash remains flat at circa £22m until the end of 2015/16. Our cash position then has the potential to fall, unless mitigating actions are taken, until we enter a negative cash scenario in 2018/19. Despite the moderate growth in our revenue over the next five years, our earning before interest, depreciation and amortisation (EBITDA) increases in 2015/16 but begins to fall afterwards and we enter into a deficit position.

Trust CIPs

The Trust faces a significant CIP challenge of £18.5m in 2014/15 and £16.9m in 2015/16. This level of CIP is required to reverse our underlying deficit of circa £11.5m in 2013/14.

Whilst we have identified key programmes for 2015/16 our plans are less well developed. We have identified £14m of potential efficiencies which are summarised below. These are in addition to the normal base level of efficiencies we would expect to deliver.

- <u>Consolidation of Trust pathology service:</u> The Trust is working in partnership with four other Trusts to consolidate their pathology services into one large service offering. *Target savings 2015/16 - £1m.*
- <u>Corporate Services (including IT):</u> A key programme of work is to reduce corporate spend by 25% over the next two years. *Target savings 2015/16 - £3m*
- <u>Administration:</u> A full review of how the administration function is provided across the organisation is underway.. *Target savings 2015/16 - £1m*
- <u>Consultant Productivity:</u> aimed at achieving improved efficiency and value from our consultant body, whether that be productivity from theatre and clinic sessions, or outputs from non clinical duties *Target savings 2015/16 - £2m.*
- <u>Inventory and Logistics Management:</u> we will be reviewing our whole logistics function to ensure we are operating as effectively as possible. We are currently working with external partners to identify innovative new ways of working in this area. *Target savings 2015/16 - £1m*

- Procurement : Ongoing drive to achieve best pricing but supported by a move to greater partnerships with key suppliers such as NHS Supplies and other local NHS procurers of services. *Target savings 2015/16 - £3m*
- Service Line Reporting / Patient Level Costing : Ongoing in depth review of specialties and HRG's using service line reporting and patient level costing to identify areas for improved operational and financial performance using reference costing and benchmarking at a specialty/HRG level. *Target savings 2015/16 - £3m.*

We have modelled the impact of achieving 50% and 75% of our CIP programme. Not achieving our CIP in full is the biggest risk to our financial position and to the delivery of our strategic plan.

5.4 Local Health Economy mitigation of financial risk.

Our own plan assumes cost CIPs of circa £64m by the end of 2018/19, whilst Berkshire Healthcare FT face a similar cost challenge, and the CCGs are looking for a reduction in spend in excess of £100m. Collectively this adds up to a significant financial challenge to the local health economy. Recognising this we have begun to work as a sector with Berkshire West CCGs, Berkshire Healthcare FT and local social services to pursue a sector solution. We are collectively supported by Ernst & Young.

All parties across Berkshire West are committed to work together to arrive at a sector solution which delivers effective and modern patient care whilst mitigating our collective financial risk and ensure long term sustainability. The output of this work will have an inevitable, and possibly fundamental impact on this strategic plan and Monitor and other stakeholders will be kept updated as this work progresses.