

Operational Plan Refresh 2018/19



NHS
University Hospitals of
Morecambe Bay
NHS Foundation Trust



The BayWay

The contents table highlights the changes and amendments to the Operational Plan for 2017/19 with a key focus on the deliverables for 2018/19. The full detailed plan should be reviewed alongside this if further information is required.			
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Introduction

This narrative provides an overview and explanation of the key changes to the 2017/19 Annual Plan, for 2018/19, in terms of:

- Activity
- Quality
- Workforce
- Finance.

1. Approach to Quality Improvement

The Trusts Corporate and Strategic risks for 2018 /19 were agreed by the Trust Board on 28th March 2018 and are outlined below:

1.1 Corporate and Strategic Risks

Strategic Risks:

1. People Risk
2. Finance Risk
3. Urgent Care Performance Risk
4. Change and Transition Risk

Corporate Risks:

1. Robust Sustainable Safe Staffing Levels
2. Patient Flow
3. Bullying and Harassment
4. Quality of the environment and fabric of our estate and its implications for patient safety and experience:

The detailed risks and mitigations are outlined in appendix 1.

1.2 Summary of the Quality Improvement Strategy 2016 / 2019

As outlined in the Trusts Operational Plan for 2017/19, the Trust endeavours to meet the quality standards set out within the NHS Constitution and within the NHS Mandate and annually publishes its Quality Goals in the Quality Account. The Governors are consulted on the content and targets within the Quality Accounts and monitor quality improvement initiatives through the Quality and Patient Experience Group and by attending meetings of the Quality Committee.

The Trusts Quality Goals for 2018/19 and are set out within Appendix 2. The Trust is working with Bay Health and Care Partners to review and agree system wide quality metrics under the Better Care Together Strategy for 2018/19.

1.3 CQC

The Trust had a CQC re-inspection in October 2016. The outcome of the CQC re-inspection was that the Trust was rated 'Good' overall and 'Outstanding' for care. The Trust has implemented a CQC Improvement Plan aimed at addressing all the must do and should do recommendations from the inspection.

1.3 Mortality Review Programme 2018/19

Over the last two years the Trust has done significant work on tightening up the mortality process. For the purpose of quality assurance, the National standards Royal College guidance and the Learning from Deaths National document has been reviewed, which led to the development of a local mortality policy. Mortalities are reviewed across the Trust weekly, which is aligned to our clinical incident system. The Trust has developed an electronic software process (started in Jan 2018) along with robust governance where all mortality review data is documented. At the mortality reviews, any harm, near miss or lack of quality of care, triggers clinical incidents/ RCA, all the data is now available electronically. The mortality reviews are aligned to the Weekly Patient Safety Summit meetings and the monthly SIRI panel meeting. To show the intersystem relation we have developed flowcharts for better understanding to demonstrate how these systems works with each other.

The Patient Safety Unit produces a quarterly mortality report for the Quality Committee to assure the board about the robustness of the trust process to ensure quality. The report captures HSMR, SHMI, mortality data capture and learning from deaths. The monthly mortality report is published and discussed at divisional meetings including lessons learned. It was identified that the number of reviews is variable especially in winter due to seasonal pressure in the Emergency Department and impact on clinical work. There is continuous improvement of mortality capture and coding. There is a robust process to capture the learning from coroner's cases and working closely with the legal team this learning has been embedded in trust practices. The monthly lessons learned bulletin clearly articulates the learning from mortality meetings, alongside the learning from deaths, the clinicians particularly benefit from the learning from the cases of avoidable harm or improvement of quality of care.

Building on the learning above, the updated mortality standard metrics have been agreed for 2018/19 and are outlined within appendix 2.

The Trust Annual Death report is expected to be published in June 2018. A detailed update on progress has been outlined within appendix 3.

1.5. Quality Improvement Support 2018-19

To support our teams to deliver sustained improvements and build capability and capacity for Bay Health and Care Partners to deliver the transformation agenda the Improvement support has been reviewed and redesigned. This also fulfils the national ask to increase improvement capability and capacity identified in 'Developing People Improving Care' document released in December 2016 and ratified by our board in May 2017.

The offer of training and support is now designed at different levels.

- **Awareness level for all staff** – understanding of what each and everyone's responsibility is to identify and deliver improvements;
- **Foundation through LiA and Improvement** – bringing an improvement idea to fruition and learning basic level improvement science tools together with engagement and human dimensions of change;

- **Practitioner** – through Quality Service Improvement Redesign (QSIR) Practitioner Programme –an improvement idea is brought by participants to ensure practical application of the tools. During 2018/19 150 staff will gain practitioner level status;
- **Trainer level** – QSIR practitioner level plus learning how to deliver the curriculum and develop improvement within care groups – currently 15 people undergoing training (across care groups)
- Experts within the Improvement team who can advise on bespoke improvement requirements;
- Each Care group will identify appropriate numbers of staff to attend each level so that capacity and capability can be increased exponentially over 5 years;
- Celebration events showcasing all improvements will be held annually.

1.6 Quality Impact Assessments

As we redesign and transition services within Bay Health and Care Partners, the Trust strives to evaluate any potential impacts on quality of care. No project is allowed to proceed without carrying out a quality impact assessment to ensure that negative impacts on patient safety, clinical effectiveness, staff and patient experience and performance do not occur (i.e. 'unintended consequences'). A project approach is used to manage a change/improvement/saving, it is important that this does not jeopardise safety or quality. This assessment is performed by the project's clinical lead and checked via approval from a clinical director and medical director/chief nurse as per the QIA SOP.

A Quality Impact Assessment must be carried out for all projects of change or improvement. Due diligence is undertaken to ensure that the project whatever its positive intentions considers any potential negative impact on quality, safety, experience and performance.

The Clinical Lead must make this assessment at the start of the project and this QIA sheet must be signed-off by the Clinical Director, and then by the Medical Director or Executive Chief Nurse.

The assessment may change as the project progresses; if the assessment changes, the updated QIA must be submitted to the Medical Director or Executive Chief Nurse for further review and sign-off. When a QIA is reviewed, if the scoring changes significantly then the QIA should be resent to the Medical Director or Executive Chief Nurse to be signed off again ("significantly" being when the score changes sufficiently to move the project into a different band).

2. Approach to Operational Delivery

The plan remains to reduce outpatient follow up activity based on a reduction in demand and FU activity in line with our plans with Bay Health and Care Partners to deliver the Better Care Together Strategy.

The table below details the summary assumptions best, worst and expected case. The expected case is considered the reasonable and realistic case and not a zero growth (best case), nor a continuation of higher levels of growth experienced in some areas in 17/18, but a moderated position taking into account the system working that has already been taking place and which will continue and deliver the impact in 2018/19.

Where areas of growth have been assumed we will continue to work with partners to strive to deliver the outpatient model in different ways. Also due to the complexity of some pathways which are procedure based i.e. Ophthalmology, Endoscopy – we may see these procedures increase and there may be increased long term follow up required for some complex pathways e.g. Rheumatology, which we will plan to deliver in an integrated way .

The Trust will continue to move forward on the Community Service Integration which aligns to the BCT Strategy.

2.1. Activity plans 2018/19

2.1.2. Assessment of activity in 2018/19

Activity assumptions

The table below summarises the activity assumptions. The plan is based on the “expected” option.

Table1: Updated assumptions table for 2018/19:

	Growth	RTT	Delivery Plan - iMSK, Respiratory & Frailty	Delivery plan - rest	Backlog
Best	DC/EL: No growth NEL: NoGrowth OP: No Growth A&E: No Growth	No increase to deliver RTT	Assumptions based on deliver plan	Assumptions based on deliver plan	No additional activity to deal with backlog
Worse	DC/EL: 3.6% growth NEL: 2.3% Growth OP: 4.9% Growth A&E: 1.1% Growth	Increase included to deliver RTT	Assumptions based on deliver plan	No reductions	Some requirement to meet backlog included
Expected	DC/EL: 1.5% growth NEL: 1.2% Growth OP: 1.3% Growth A&E: 1.5% Growth	Some increase included to deliver RTT	Assumptions based on deliver plan	UHMB's assessment of iimpact of delivery plan for FU's.	No additional activity to deal with backlog

2.2. Operational Delivery for 2017/18

The Trust will use all reasonable endeavours to meet the standards set out below which were outlined within the 2018/19 planning guidance:-

4 Hour A&E target

- By September 2018 – to strive that aggregate performance is above 90%
- By March 2019 – to strive to achieve 95%

RTT

- To align our plan with Commissioners to plan that waiting lists(no of patients on an incomplete pathway) will be no greater in March 2019 than in March 2018
- Numbers of > 52 week waiters will be at least halved at national level by March 2019

Cancer

- All 8 waiting time standards for cancer are met including 62 day referral standard
- Implementation of the rapid assessment & diagnostic pathways for lung, prostate, and colorectal cancers
- To meet the introduction of the 28 day Faster Diagnosis standard in 2020
- Support the rollout of FIT in the Bowel Cancer Screening programme in 2018/19

- Participate in pilot programmes offering low dose CT scanning

2.3 Trajectories for Key Operational Standards

The Trust will use all reasonable endeavours to meet the trajectories set out below.

Table 1: 95% Urgent Care Standard Trajectory for 2018/19

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
National Standard	95%											
Trajectory %	80.01	85.01	87.01	90.00	90.01	90.00	90.00	90.01	88.00	85.00	85.00	85.00

Table 2: Cancer 62 Day Trajectory for 2018/19

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
National Standard	85%											
Trajectory %	78.53	85.12	83.13	86.14	84.66	88.24	85.56	88.37	88.00	80.98	84.91	87.06

Table 3: RTT Incomplete Trajectory 2018/19

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
National Standard	92%											
Trajectory %	84.67	84.82	86.12	86.52	85.78	85.17	85.51	85.97	84.48	85.39	85.12	86.45

Table 4: 52 Week Waiter Patient Trajectory based on (based on 2015/16- 2017/18) activity, seasonal variation plus additional capacity

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
National Standard	Numbers of > 52 week waiters will be at least halved at national level by March 2019											
Trajectory	1	1	4	6	12	12	18	20	20	28	18	16

2.4 Assumptions Underpinning the 2018/19 Trajectories

Table 2: Assumptions for trajectory setting

Standard	Assumptions
95% Urgent Care Standard	There is a direct correlation between high bed occupancy and delivery of the 95% 4 hour ED standard. The key initiatives to drive down bed occupancy are Discharge to Assess and the reopening of a number of medical beds on the FGH site. D2A is in a test cycle phase for the first couple of months in the new year with activity ramping up thereafter to its maximum in October 18. During this time occupancy will gradually reduce to a more stable optimum of 85%. This together with improvements in the management of minors in ED and rollout of SAFER care practices on the wards will contribute to the planned trajectory.
Cancer 62 Day	Based on 3 year's performance, seasonality plus pathway/flow improvements including the following schemes; All tumour groups-Capacity and demand analysis to maximise first appointments within 7 days, roll out of the Cancer Alliance pathways for Upper GI, Lower GI, Prostate and Lung; roll out of referral triage in Upper GI, ring fenced outpatient slots for Haematology, direct to CT and a mini MDT for Lung, taking patients off the pathway earlier and additional Endo Bronchial Ultra Sound scope in Quarter 4.
RTT Incomplete Standard	Delivery of the RTT improvement trajectory links to a number of factors, of the key risks being the availability of beds. As the bed occupancy improves (see urgent care standards above), daily elective activity will ramp up in accordance with revised activity plans. These reflect improved productivity measures as well as additional operating sessions to offset peaks and troughs in demand and capacity.
52 week	The winter urgent care pressures resulting in cancellations of inpatient and day case patients have continued into April and probably will impact into May. As a result, the number of patients waiting over 30 weeks has grown from 460 on 04/01/18 to 634 on 08/04/18, which is putting increased pressure on treating patients by week 52. This wave of patients means that there is a risk of patients waiting longer than 52 weeks from June 18 onwards and the trajectory reflects these assumptions. Plans (see RTT incomplete standard) to run additional operating sessions to offset peaks include minimisation of 52 week waiters where at all possible.

2.5. Seven Day Services

To enable progress on seven day service delivery, the Trust is working positively towards delivery of the 4 priority Keogh standards by 2020.

Whilst a great deal of progress has already been made towards this, the key and significant challenge to achieve this ambition is around the workforce and the need to recruit additional

staff – medical and nursing primarily – to enable a different way of working to deliver services across 7 days instead of 5.

In respect of standards 2 and 8 (Time to First Consultant review and On-going Review respectively) plans have previously included expansion of the specialist teams to deliver daily ward and board rounds across the 7 days for all patients. A particular focus has been on this as it directly impacts on patient flow and delivery of the 4-hour ED standard and indirectly on delivery of the RTT standard. Recruitment has unfortunately not been successful across all specialties so the focus is now on building the front door Assessment Unit Consultant teams instead which would release the specialist teams to cover the weekends.

In respect of standards 5 and 6 (Access to Diagnostic tests and Access to Consultant-directed Interventions) there are plans to expand the provision of endoscopy services – currently 7 day on one site and 6 day on the other site – and ensure 7 day interventional endoscopy on each site. Interventional Radiology is provided by formal arrangement within the STP footprint, led by Lancashire Teaching Hospital. Current discussions continue, to explore the possibility of outreach services to both FGH and RLI sites.

The implementation and delivery of these 7-day plans across the Trust pose significant challenges both operationally and financially. The Keogh Standards Project Steering Group will drive this work forward through 2018/19 to ensure effective delivery within the timeframes.

2.6. Resilience planning in 2017/18

The strategy for patient flow and winter planning in 2017/18 was to achieve an 85% average occupancy within the current bed base by a combination of working with system partners to limit what comes in the front door, reducing length of stay through improving processes in the acute phase and a reconfiguration of medical and surgical beds and by reducing delays in discharge, again working with system, partners through a number of whole system initiatives.

In 2017/18 focus was on a second phase of reducing MFFD numbers with focus on the development and implementation of a Discharge to Assess model across the system, building better clinical pathways for 24 hour care home patients, supporting the Integrated Care Communities (ICCs) across Morecambe Bay in admission avoidance and reducing lengths of hospital stay, together with development of intermediate care facilities in the Lancaster area.

2.6.1 Discharge to Assess model

The Discharge to Assess (D2A) model will enable patients who are ‘clinically optimised’^[1] to be discharged earlier from acute inpatient wards by co-ordinating on-going care in community rather than acute settings.

In Morecambe Bay, system partners have agreed to develop a model of three pathways under D2A – pathway 1 Home First, pathway 2 – interim residential care and pathway 3 24/7 supported nursing care.

The model follows the Home First principle i.e. if the patient can be supported at home whilst longer term assessments are undertaken then this will be the pathway. For some patients this is not possible and they need a period of supported rehabilitation in an interim care facility and for others they have greater care needs and require support in a 24/7 nursing home whilst the assessment is completed.

The aim is to minimise the time a patient stays in hospital by facilitating an earlier discharge through one of these pathways 1, 2 and 3 under D2A once the patient is medically fit. Patients will then be discharged either directly home, or to a residential or nursing placement for a further period of re-aliment and then assessment for long-term care needs.

The local system shared vision for the service is that no decision about long-term care needs will be made in an acute setting. Audit of the data demonstrates that approximately 75% of patients with on-going complex care needs would follow the Home First principle.

2.6.2 Looking forward – resilience planning in 2017/18 into 2018/19

Plans to deliver the strategy of delivering and embedding 85% bed occupancy to support effective patient flow will be continued through 2018/19.

Implementation of the D2A model remains key to delivering this and is planned to commence in late 2017/18.

In order to support this new model a range of services and support will need to be in place and some short term funding has been secured to support implementation of the model whilst strategic analysis of benefits and longer term funding arrangements is undertaken.

Capacity planned is as follows:

- For pathway 1 - Home First, this is an expanded UHMB Hospital Home Care service.
- For pathway 2 - Intermediate Care, blocks of interim residential beds in each locality will be made available.
- For pathway 3 - a block of care home beds in each acute locality will be commissioned.
- Additional social care, complex discharge and therapy resource is also required to enable the new way of working across the pathways.

Delivery of a successful winter 2018/19 plan is highly dependent upon the funding and implementation of the D2A model across both the Furness and Lancaster localities. (See section 4).

In addition to the D2A plans the Morecambe Bay Winter Plan includes additional community social care resource, additional reablement and mental health support helping to keep people well and out of hospital.

In hospital the plans also include:

- Provision of a Rapid Assessment Unit at the RLI, aligning to the front door AMU/ED and enabling more capacity for short stay assessments out of ED.
- Provision of appropriate discharge lounge facilities on each acute site, enabling discharge from the inpatient wards earlier in the day supporting flow.
- Control and Escalation room based at the RLI supporting 5 daily patient flow meetings and escalation as required across the system.

In addition to implementation of this model focus will also be on supporting the development of the out of hospital respiratory and Frailty models together with the Integrated Care Community development

2.7 Planning for Winter

Resilience plans and consequently plans to deliver both ED and RTT trajectories are highly dependent upon receipt of both winter and local authority iBCF funding. £1.995m is planned from Cumbria County Council directly for UHMB – mostly supporting the Trust’s Hospital Home Care team for the Home First pathway, therapy for pathway 2 and the new workforce infrastructure to manage assessment out of hospital. £210k is expected from Lancashire County Council, again to support Hospital Home Care. Winter Monies similar to 17/18 i.e. £1.1m additional funding is also required to support pathway 3 of D2A and the social worker resource required. Without this funding the D2A programme is at risk. Delivery plans are dependent on receipt of the funding to enable this transformational programme of work to improve patient care across the system.

2.8 Better CareTogether Clinical Strategy & Bay Health and Care Partners

UHMBFT will continue to work with system partners to deliver the BCT strategy with the focus in 2018/19 being on key accelerator pathways including:-

- Integrated MSK including Pain services
- Respiratory
- Frailty
- Focus on reduction in Outpatient referrals by GP and other referrals methods
- To review the potential impact of the Garstang practice relocation from Morecambe Bay CCG to Fylde and Wyre CCG

The Trusts activity plans outline the way in which the activity will change as a result of the joint working undertaken through the Integrated Care Programme of Bay Health and Care Partners.

2.9 Community Services Integration

South Cumbria Adult Community Services transition from Cumbria Partnership Foundation Trust to University Hospitals Morecambe Bay FT on April 1st 2018.

The next phase of integration of community services within Morecambe Bay, as part of Bay Health and Care Partners, is to work towards the transition of North Lancashire Community Services within the Bay; and Blackpool Teaching Hospitals NHS Foundation Trust has agreed to support the integration of community services into the BHCP footprint in line with CCG Commissioning Intentions.

The Integrated Community Services Care Group has been set up within the new UHMB to operationally manage community services across the bay. A new BHCP Integrated Care Management Board has been established, linking UHMB, CCG and Primary Care across the whole Morecambe Bay footprint to focus on the transformation of community services. The BHCP Integrated Care Management Board links directly to the Integrated Care Partnership Board.

Working with Bay Health and Care Partners and Morecambe Bay CCG, the aim of the transfer was to contribute to realising the following benefits:-

- Improve clinical and operational performance so that the populations we serve consistently receive the most effective and efficient care and treatment.
- Manage and respond to increasing demand within the funding we receive.
- Respond imaginatively to the challenges of workforce recruitment and retention.

- Work in partnership with commissioners, partners and the public to reshape health provision in the coming years.
- Ensure long term financial sustainability

The Integrated Community Services Care Group has been set up within Bay Health and Care Partners to operationally manage community services across the bay. A new BHCP Integrated Care Management Board has been established, linking UHMB, CCG and Primary Care across the whole Morecambe Bay footprint to focus on the transformation of community services. The BHCP Integrated Care Management Board links directly to the Integrated Care Partnership Board.

3. Approach to Workforce Planning

3.1. People & OD Strategy

3.1.1 Recruitment and Retention

Recruitment continues to be one of the key corporate and clinical risks. Delivery of the recruitment strategy in 2017/18 saw a modest increase in consultants in post and the position for registered nurses remained largely static despite the highest ever recruitment of pre-registration nurses, highlighting the extremely challenging domestic and international labour markets for professionally qualified staff and significant supply shortages.

2018/19 will see a continued focus on recruitment in local, national and international labour markets, with the Trust working closely with external recruitment partners and the Health Education England's Global Health Exchange on their pilot programmes for registered nurses and Clinical radiologists.

Targeted recruitment campaigns will continue across all shortage staff groups, with national and international recruitment campaigns used to support the Trust in its targeted recruitment activity.

UHMB will continue to develop its "grow our own" approach through the expansion of its ground-breaking Nurse Degree Apprenticeship to a total of 100 nurse apprentices each year.

Additional supply routes will continue to be explored, including maximisation of Return to Practice, promotion of Retire & Return opportunities and encouraging migration from the Nurse Bank to substantive positions.

Nurse turnover levels remain significantly below national averages and the Trust will continue to offer flexible opportunities to keep this static, making the most of opportunities presented by the Community Services transfer to offer rotational posts.

3.1.2 Integration of Community Services

2018/19 will see almost 800 community services staff transferring into UHMB from existing providers. A key task this year will be to effectively support this transition and ensure that the new teams are onboarded appropriately and supported through the development of the Integrated Community Services Care Group.

3.1.3 Inclusion & Diversity

The Trust will continue the journey to effortless inclusion as set out in the Towards Inclusion strategy, establishing UHMB as an exemplar organisation for inclusion and

diversity and ensuring that we work even more collaboratively with our regional health and public sector partners to ensure the population we serve experiences the same inclusive approach in both work and service provision.

3.1.4 Behavioural Standards Framework

A key element of the improvement journey at UHMB has been the on-going development of the Behavioural Standards Framework as the touchstone for employee experience and culture at UHMB. For 2018/19 our focus is on making sure that every employee has a positive employee experience, with continued improvement identified through the national staff survey.

Our focus on positive organisational culture will help deliver our aspiration for UHMB to be an organisation free from bullying, harassment and discrimination. A coalition of internal and external partners has been developed to take forward this ambition.

3.1.5 Attendance

The Trust has focused on creating healthy, happy and safe working conditions for all employees through our Flourish at Work campaign. This has helped to ensure that we are supporting front-line staff in the most challenging work environments. Our aspiration is to improve attendance levels but recognise that this may be difficult with the current vacancy levels and pressures on staff.

3.1.6 Leadership Development

The Organisation Development (OD) plan aims to ensure that every leader is equipped with the tools, competencies and values to effectively lead their teams and get the very best out of individuals. Our OD Plan, 'Shaping the Future', will provide leadership teams with appropriate leadership development and quality improvement training.

4. Approach to Financial Planning

4.1 Financial Forecasts and Modelling and Assumptions

4.2 Context

Morecambe Bay System position

In recognising that the attached financial plan forecasts a deficit for UHMB of £69.4m in 2018/19, (when incorporating Morecambe Bay CCG this equates to a **system** deficit of £73.4m). This needs to be set in the context of the 2017/18 **system** out turn and importantly the previously circulated **system** wide 5 year recovery plan. In the final quarter of 2017/18 the Morecambe Bay **system** was forecasting a deficit for 2017/18 of £74m yet actually delivered a better position of £69m deficit. This is despite a number of national policies specifically adversely affecting the Trust later in the year, which were compounded further by the national directive to cancel elective activity. Ending the year effectively £4m ahead of projections is thus a strong position to enter 2018/19. In relation to the 2018/19 plan therefore, this strong performance has allowed the system to stay on track with its commitment, outlined in our 5 year recovery plan published in 2017/18, to forecast a deficit of £73.4m.

With the reported UHMB component of this being £69.4m, the important point that cannot be lost is the mature system commitment to collaboration and risk share that we have taken within this planning around within the national frameworks that exist for both Providers and commissioners.

This plan for the Trust thus has the underlying message of delivery and consistency with medium term planning expectations. This does mean however that we are unable to commit to the delivery of our control total in 2018/19 due to the potential impact on quality, performance and safety.

Since we produced the 2 year 2017/19 plan a number of things have changed. The key areas of change are:-

1. Forecast outturn 2017/18 – now £4.2m overspent due to impact of various issues including :-
 - a. underperformance on elective activity
 - b. impact of Cumbria dispute from 16/17 £1m,
 - c. punitive interest rates,
 - d. Reduction in sparsity funding of £1.2m,
 - e. Requirement to deliver a £17.4m CIP
 - f. Late approval of capital loan and management of urgent capital expenditure
 - g. other expenditure pressures and
 - h. Delays in some CEP schemes.
2. Significant use of non-recurrent measures in 2017/18
3. Slippage on the 2017/18 capital programme due to late approval of our 2017/18 loan application
4. Higher interest rates applicable on some loans due to the Trust not being able to agree its control total in 2018/19
5. Receipt of winter funding of £1m

6. Directive to cancel electives in Q4 due to winter pressures
7. Draft BHACP's deliver plan produced in December 2017
8. Updated guidance for the plan refresh for 2018/9

As required the Trust Financial Plan has been refreshed.

4.3 Current assumptions

1. The outturn is £64.9m before impairments.
2. The underlying position is £74m due to the level of non-recurrent measures in year.
3. The Trust is still unable to agree its control total due to the level of CIP's that would be required to achieve it.
4. Uplifts have been assessed based on the current information.
5. Activity plans have been updated and reflect forecast growth, RTT requirements and reductions associated with the BHACP's delivery plan.
6. The investment costs agreed for BHACP's have been assessed and it is assumed that these will be a first call on any savings achieved. This is a potential risk if the savings are insufficient to cover the commitments
7. Interest rates new loans were assumed at 3.5% and all loans as at 31st March were at the rate for the individual loan. This gives a pressure of £2.3m in 2018/9 and the overall charge is around £1.5m higher than if the normal rate of 1.5% was applied
8. The plan assumes a CIP of £14m. The value of schemes identified is £12.1m with unidentified schemes of £1.9m.
9. It has been assumed that iBCF funding will be received in line with our plan.
10. Winter funding of £1.1m along with matching expenditure has been assumed. The final figure will be signed off by the A&E Delivery Board based on the agreed system wide Winter plan.
11. The table below shows a forecast deficit of £69.4m excluding impairments.
12. It is assumed that revenue loans will be available to fund the forecast deficit.
13. A Capital Plan of £19.6m is planned based on internal resources/donated assets; £7.4m approved loan and £0.6m which is the balance of the Salix loan received in 2017/18 to be spent in 2018/19.

4.4 I&E Bridge

The table below shows the I&E bridge. This shows a forecast deficit of £69.4m excluding impairments.

Table 3: I & E Bridge

Bridge	Plan 2018/19
	£m
Forecast deficit previous year excl impairments	(62.8)
Nonrec & BFYE CIP's	(7.1)
Other Nonrec or BFYE	(4.1)
Underlying position from previous year	(74.0)
Inflation/uplifts	(6.1)
Net activity impact	0.0
Increase in Interest	(2.3)
Spec comm	(0.2)

Transfer of Community Services from CPFT	(1.0)
Other changes	0.2
CIP	14.0
Planned deficit for year excluding impairments	(69.4)

4.5 Cashflow

The table below shows the Forecast cashflow. This includes revenue loans to cover the planned deficit.

Table 4: Cashflow Summary

Summary Cashflow	2018/19
	£m
Net surplus/(deficit) before impairments	(69.4)
Depreciation	12.4
Capital Expenditure	(19.6)
Capital Loans -drawdown	7.4
Capital Loans - repayment	(0.8)
Revenue Loan	69.4
Other changes	(0.2)
Net Cashflow	(0.6)

4.6 Risks

Key risks are:-

1. Within the month 12, 2017/8 final position there are some limited additional pressures since the production of the plan. These are being investigated and will need to be mitigated.
2. The level of CIP at £14m. The value of schemes identified is £12.1m leaving unidentified schemes of £1.9m. At this stage last year we had a gap of £4.2m in a plan of £16.4m.
3. Recruitment of substantive staff in line with the expenditure plans and CIP plans.
4. Activity being delivered in line with the plan which including the reductions associated with the BHACP's delivery plan. We have a PbR contract which gives opportunities as well as risks.
5. Receipt of winter funding £1.1m this will be tracked through A&E delivery Board.
6. Receipt of Better Care Funds (iBCF) at the level included in the plan. This is £0.9m for Lancashire County Council (LCC) and £1.9m for Cumbria County Council (CCC).
7. Containment of pressures and delivery of base budgets.
8. Impact of the investment costs for BHACP's should there be insufficient savings to cover these costs in year.

4.7 Sustainability programme

The 2018/19 programme has been developed using the following key drivers:

- Model Hospital, Get It Right First Time (GIRFT), benchmarking
- Business development opportunities
- Productivity efficiencies – Theatres, OP, LoS etc
- Procurement strategy
- EPR opportunities
- Recruitment strategy – reducing premium costs / agency
- Repatriation of activity

A target CIP of £14m was allocated across the divisions. Each Division developed their own approach but key common elements were getting greater involvement to develop the plans, understanding their business, and gaining ownership.

At this stage £12.1m has been identified with further opportunities being reviewed to meet the shortfall. Workbooks including QIA's are prepared for all schemes. All CIP/Sustainability schemes are supported by workbooks, these include: a summary in a 'plan on a page'; Quality Improvement Assessments (QIA), Equality Impact Assessments (EIA), Risk Assessments and Milestones with Action Plans for achievement. Progress will be monitored in year with monthly reports to Finance Committee and Sustainability Board on development and delivery of sustainability projects and take action as appropriate.

4.8 Effective use of the Agency Rules

The Trust has been set a total expenditure ceiling of £16m for financial year 2018/19 by NHS Improvement - a reduction of the previous reductions set in the financial years 2016/17 and 2017/18 – essentially the Trust has reduced its agency spend by over 30% over the last 2 years through a variety of tactical and transactional measures.

The reductions set for 2018/19 will see a further challenging reduction of agency use which will continue to be managed via the current Cost Control Board, Agency Use Programme Board Structures. The plans for 2018/19 are to deliver higher level strategic and tactical interventions to improve workforce utilisation, deployment and productivity through strategic transformation programmes.

Agency cost reduction is a key driver in the CIP plans. Divisional ceilings will be set and progress monitored via the Agency use Board.

4.9 Capital Planning

The following major capital projects were completed in 2017/18

- The Maternity Unit at FGH
- The Trust signed an operational lease with an energy-saving company in 2017

The Capital Plan for 2018/19 was based on the *Estates Strategy 2016-26*. The Plan required access to additional loans in 2017/18 and 2018/19. In 2017/18 the approval of the loan came late in the year and only provided £2.7m in 2017/18 with the balance of £7.4m in 2018/19.

Based on this position the plan for 2018/19 has been amended to reflect internal resources plus the £7.4m loan already secured. The first call on the available funding is the in-year repayment of the principal on the capital loans currently in place. The use of the loan monies of £7.4m is restricted to the use identified in the loan agreement. In addition priorities for the coming year have been reviewed through the capital planning group and used to develop the plans for the use of the internal funds. The Trust also received a Salix loan in 2017/18 of which £800k will be spent in 2018/19.

The proposed capital spend for 2018/19 is £19.6m

In terms of further years the delay in getting approval for a loan in 2017/18 has delayed some of the plans going forward as compared to the 2017/19 plan submitted, and these have been updated.

Table 5: Major capital schemes for 2018-20

Major schemes by Care Group during the Plan period 2018-20	
Core Clinical	Radiology reporting rooms at RLI Rationalisation of medical records from RLI
Medicine	Medical Assessment Unit at FGH Ambulatory Care Unit at FGH Resuscitation unit at FGH Accident & Emergency at RLI
Surgery & Critical Care	Day surgery unit at RLI Intensive Care Unit at RLI
Women's & Children's	Neonatal improvement at RLI Relocation of community clinics to QVH

Table 6: Capital budgets for 2018-19

Capital schemes	2018-19 £m
Backlog building schemes	6.0
Medical equipment purchases	4.0
Information Technology schemes	2.0
Clinical schemes	7.0
Energy saving schemes(Salix loan)	0.6
TOTAL SPEND	19.6



5. Alignment to the Sustainability and Transformation Plan

Morecambe Bay is one of four Integrated Care Partnerships within the Integrated Care System.