

Operational Plan – Mid Essex Hospital Services NHS Trust 2016/17

Summary – August 2016

## **Approach to activity planning**

### **2016/17 Regional Context**

Mid Essex Hospital Services NHS Trust (MEHT) have been working with Mid Essex CCG (MECCG), its principal commissioner on aligning strategies during 2015/16, with agreement between the two Boards in September 2015 to adopt the 'Live Well' philosophy. The Essex Success Regime (ESR) have also adopted the philosophy, as work continues between the three acute Trusts which form part of the ESR to achieve clinically sustainable services across mid and south Essex.

It is recognised that as the three Trusts work collaboratively towards a 'Group' model in 2016/17, MEHT's operational plan has been developed as stand-alone organisation but with adopting the commissioning principles developed and agreed within the ESR system.

### **2016/17 Activity & Growth Assumptions**

#### **Activity Growth assumptions**

The activity plan agreed with the commissioners for 2016/17 has been based on the 2015/16 month 9 flex position. This was agreed as one of the underpinning assumptions within the Success Regime. The growth rates applied reflect national intelligence on expected levels of growth and all things considered should set a reasonable contract level for 2016/17.

At a local level quarter 4 has suffered from an increased level of A&E attendances above the month 9 trend and the Trust understands from the Commissioner this has been due to issues within primary care which they do not expect to continue. Whilst bed capacity has been challenged by the Trust being unable to discharge patients as swiftly as during the first 9 months of the year, this was due in part to specific issues in reablement and social care. This remains a risk to elective activity.

The impact of the cancellations has meant the Trust has seen a rise in its total waiting list although is still delivering against the 18 week incomplete standard. The commissioners have confirmed that they are not commissioning any additional activity to reduce the overall size of the waiting list during 2016/17

The Theatre capacity at MEHT provides for a total of 9,560 number of elective sessions. The number of sessions required to meet the contracted activity is 9,096 before any gains from theatre efficiencies, one of the CIP schemes for 2016/17.

## Capacity increases and efficiencies in 2015/16

During 2015/16 the following have been achieved to improve flow and increase capacity

- Increased urgent care capacity
- Improved Hospital Flow & capacity

## Demand and Capacity Approach

The Trust has developed a demand and capacity model over the last year which it has used as part of the business planning process for 2016/17. The model was developed using principles set out by the IMAS Intensive Support Team (IST) and was tested and assured by the IST demand and capacity team. Initially, this focussed on bed modelling and the output was used to inform the winter resilience plans and the need to provide additional medical beds for that period. Operational teams have since used it to look at demand for both outpatient and inpatient work. Demand levels and trends for the previous year have been used with adjustments made for any known variation from this. All outpatient and theatre templates have been validated to confirm available capacity and any gaps have been incorporated into business cases for investment for the next financial year. Consultant job plans have also been fed into the model and this will be further refined when the forthcoming job plan review has been completed.

### Elective Services

During 2015/16 there was a significant level of outsourced elective work due to the difficulty in recruiting to funded theatre lists and the need to clear backlogs and to meet cancer waiting times. The Trust is focussing on improving the recruitment of theatre staff with focussed overseas recruitment events for theatres.

The Trust is focusing on theatre efficiencies to improve throughput and reduce the need for outsourcing. For 2016/17 the Trust would expect to have significantly reduced its reliance on purchasing independent sector capacity.

Work is underway, to scope the opportunities for increased productivity of the use of Braintree Community Hospital, and this again will help reduce the reliance on outsourced capacity.

### Diagnostics

Diagnostic targets have been met in 2015/16, but this has relied on a significant volume of activity being outsourced. The Trust Board will shortly consider an updated radiology strategy paper setting out the case for significant capital investment. The resolution of a longer term solution will take a number of years and hence for 2016/17 the Trust has continued to plan on the assumption that outsourcing for radiology will remain a necessity to meet waiting time targets.

### Additional Capacity – Winter Resilience

Additional beds were planned as part of the System Resilience Group 2015/16 winter plan and will be required again in 2016/17 unless other developments can be put in place to reduce the number of hospital admissions and associated increase in length of stay. Discussions are on-going with Commissioners about the frailty pathway at the front door which should both reduce elderly admissions and length of stay.

Rapid testing of improvement (PDSA cycles) have commenced relating to 'home to assess' and other aspects of SAFER but the system is yet to see the positive outcomes promised in relation to empty beds, although the winter contingency beds were closed ahead of schedule and MAZ, which was often being used as a 6 bedded escalation area overnight, is now being used as ESAT and has been removed from the escalation areas. SRG is currently finalising its system wide Improvement Plan which embraces all the recommendations resulting from Making it Happen and previous initiatives. Each work stream will have very specific KPIs and deliverables and these will be mapped to expected impact on the 95% emergency access standard. This will underpin the submitted STP trajectory.

### Unplanned changes in demand

Unplanned increases relating to emergency attendances together with changes in the profile of emergency attendances are a risk to MEHT. The "block" arrangement puts the Trust at risk of needing to absorb system wide pressures should the wider initiatives fail putting pressure on capacity, safety and finance and underpins the main reason why the trust has not accepted the current QIPP plans around unplanned care.

## Approach to Quality Planning

The quality standards for patient services are clearly set out in the NHS Constitution and in the fundamental standards of quality and safety published by CQC. These quality standards continue to define the expectations of providers.

The Trust's quality priorities are set out below. The quality priorities are consistent with the key elements of the NHS Constitution and NHS values and aim to improve the quality of care, striving for excellence and professionalism, keeping the patient at the heart of all we do. These quality priorities have been derived from learning from incidents, listening to patient feedback through focussed listening events of over 200 patients; national programmes such as sepsis whilst taking into account local demographics. By developing our staff values which include professional teamwork the Trust will demonstrate how it will enable and engage with staff to put patients at the heart of everything we do. This will include audits to demonstrate compliance with the Association of Medical Royal Colleges' guidance on the responsible consultant and named nurse. The Trust has signed up to the 'Sign up to Safety' programme, and the key areas of action are captured within the Quality Priorities identified for 2016/17: Specific milestones for delivery are detailed in the comprehensive Quality Improvement Plan published on the Trust's website.

Quality Domain	Proposed Priorities 2016-17	Specific Measures
<b>Patient Safety: reducing avoidable harm and engaging and enabling staff to continuously improve services</b>		
Reducing avoidable harm	Address concerns within Emergency Department and improve hospital patient flow	<ul style="list-style-type: none"> <li>• Red and Green days.</li> <li>• Numbers of stranded patients.</li> <li>• Numbers of outliers.</li> </ul>
	In patient falls: use of falls multifactorial risk assessment to ensure appropriate in-patient care continues to be a quality improvement priority for 2016/17	<ul style="list-style-type: none"> <li>• Continued implementation of activity and educational programme. Measuring compliance with use of the multifactorial falls risk assessment</li> </ul>
	Reducing Surgical Site infection and avoidable readmission in Obstetrics and Gynaecology – specifically caesarean section and major gynaecological surgery	<ul style="list-style-type: none"> <li>• To embed a consistent approach to reducing the risk of infection</li> <li>• Active surveillance to identify learning points and development of interventions and monitoring readmissions</li> </ul>
<b>Clinical Effectiveness: increasing the reliability of care</b>		
Reliable Care	Improve the early recognition and effective management of patients with Sepsis.	<ul style="list-style-type: none"> <li>• Utilising on-going data collection and analysis the Sepsis Team will implement comprehensive programmes to support improvements in the care delivered to patients admitted with sepsis and meet educational needs of the staff</li> </ul>
	Reduce human error during invasive procedures through the adoption of a Human Factors approach to local education programmes	<ul style="list-style-type: none"> <li>• Develop Trust response to National Safety Standards for Invasive Procedures</li> <li>• Embed Human Factors training programme</li> </ul>
	Improve End of Life care	<ul style="list-style-type: none"> <li>•</li> </ul>
	Improve Mortality review	<ul style="list-style-type: none"> <li>• Develop and embed process for mortality review and introduce 2 tier mortality case note review</li> </ul>
<b>Improving Patient Experience</b>		
Listen & respond to concerns raised by patients	Embed listening events for patients and staff	<ul style="list-style-type: none"> <li>• Regular listening events will be held in a number of specialities.</li> </ul>
	Improve the hospital environment and make our wards quieter and more restful, especially at night	<ul style="list-style-type: none"> <li>• Deliver a programme to address key patient concerns</li> </ul>
	Improve the management of pain for inpatients	<ul style="list-style-type: none"> <li>• Development of a programme to drive improvements in pain management that delivers continuity of care across the Trust. This to include introduction of checklist for transfer, education of healthcare teams and monitoring processes.</li> </ul>

	<p>Improve the mechanisms for learning from Incidents</p>	<ul style="list-style-type: none"> <li>• Develop learning and communication framework for serious incidents / incident trends</li> </ul>
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Key quarterly milestones have been developed and will be presented at Integrated Delivery monitoring forums.

Quality Concerns

The Trust developed a Quality Improvement Plan following on from the CQC inspection in November 2014 and subsequent visits. Governance arrangements are in place with Regulator scrutiny at regular intervals. The Quality Improvement Plan continues to be updated, with additional actions added to ensure central capture and visibility of quality aspects. The Trust was re-inspected by the CQC in July 2016. The inspection report is due at the end of August.

A further key risk for the Trust is the achievement of 7 day services and the sustainability of some clinical services going forward. As part of the Essex Success Regime (ESR), the Trust is working towards providing sustainable clinical services across Essex, for the benefit of the population of Mid Essex and also the wider Essex population. Clinical collaborations with both CHUFT and PAH continue where it makes sense for patients.

**Approach to quality improvement**

The Chief Nurse is the Executive Lead for Quality Improvement. The objective of the quality improvement team is to strengthen the Trust’s capacity and capability to support continuous quality improvement and to move to a consistently high standard of care across all disciplines and clinical areas. The aim is that this will be recognised as “the way we do things here”.

Increasing capacity and capability and embedding a programme management approach to the implementation plans for the key deliverables for key organisational risks would support the organisation in a shift in behaviours and outcomes that reduce risk and increase the quality of care/services provided. The function of the proposed quality improvement and programme management approach is to provide expert support to the operational delivery arm of the business to enable:

- Development of a workforce that is equipped to accommodate ongoing change
- Improvements in the patient journey, through the use of quality improvement methodologies, that optimise processes, remove constraints, delays and duplication and focus on quality
- A step change improvement in the Trust’s ability to identify the need for change and manage it into the organisation non-disruptively
- Reliable governance of all projects within the programme
- Escalation and reporting mechanisms from programmes/projects
- Standardised approaches to managing projects on a planned basis.

Following on from the AQuA Board development sessions in February 2016, the Board agreed the quality focus for 2016/17 and approved resources to establish a Quality Improvement resource. It is the intention to set up a virtual Quality Improvement faculty, leveraging training and dissemination opportunities. As part of the Success

Regime, the Trust will capitalise on the work that Basildon University Hospital has started on QI and the Trust plans to work closely with them to gain further expertise.

The Transformation Steering group has been set up as a sub-committee of the Trust Board and is chaired by the Chief Executive Officer. Key work themes have been identified and are aligned to the Trust's Board Assurance Framework. These are: Workforce; National Performance and Outcomes (which includes Urgent Care); Strategic Change; Quality Improvement.

The governance framework for the Quality Improvement plan has been in place since April 2015, following on from the CQC's inspection in November 2014. The TDA oversees the oversight arrangements. Updates to the Quality Improvement Plan are presented by the Chief Executive on a regular basis to the Patient Safety & Quality Committee and to the Trust Board at its meetings held in public. The current identified top risks to quality delivery are:

Top three risks to quality	Risk Description	Mitigation
Inability to recruit and retain sufficient <u>staffing</u> including the constraints on agency usage	<ul style="list-style-type: none"> <li>Both medical and nursing staff and in some cases qualified professionals allied to health such as sonographers; therapists are in short supply.</li> <li>The impact of national immigration rules, regulatory requirements for nurse registrants, agency caps and agency ceilings</li> </ul>	<ul style="list-style-type: none"> <li>Overseas and home recruitment campaign on-going</li> <li>Collaboration as part of the ESR</li> <li>Chief Nurse assesses safe staffing levels every day, with red flag system embedded to raise concern about staffing</li> <li>Associate Chief Nurse's personally authorises nurse agency bookings</li> </ul>
Inability to invest in infrastructure and medical equipment and offer financial incentives to staff due to <u>Financial Position</u> of the Trust	<ul style="list-style-type: none"> <li>The Trust faces significant financial challenges has led to the removal of a bank premium to encourage substantive staff to work on the bank.</li> <li>The Trust's financial position means capital is constrained, which puts pressure on the infrastructure risk and backlog as well as medical equipment replacement programmes.</li> <li>Impact of uncapped emergency activity on elective income</li> </ul>	<ul style="list-style-type: none"> <li>Financial Recovery Board established, acting on authority of the Board</li> <li>Prioritised and risk rated infrastructure, with in-year prioritisation</li> <li>Infrastructure risk on BAF and corporate risk register.</li> <li>Increased winter capacity</li> <li>Theatre efficiency project</li> <li>Maximising orthopaedic activity through utilisation of Braintree Community Hospital planned</li> </ul>
Impaired hospital flow and impact on elective income due to <u>uncapped emergency demand &amp; barriers to discharge</u>	<ul style="list-style-type: none"> <li>Continued increase in activity, 8% higher than previous year, putting significant pressure on the teams in A&amp;E to deliver on the 4 hour access standard, impacting on ambulance handover time.</li> <li>Step change increase in stranded patients (up 20.57% in January 2016) with also a 44% increase in numbers with length of stay greater than 14 days significantly impacts hospital flow and number of unplaced DTAs remaining in A&amp;E. This largely a result of lack of social care capacity. High number of stranded patients risk deteriorating in hospital therefore further increasing Length of Stay</li> </ul>	<ul style="list-style-type: none"> <li>Urgent Care Programme Board continues to meet, with three key work streams: front door, ward processes and complex discharges</li> <li>Close working with the MECCG and SRG to increase capacity in the community; enhanced access to out of hours medical services</li> <li>Liaison at senior level with Social Services.</li> <li>SRG meets fortnightly to provide performance oversight</li> </ul>

The Trust Board has an important role to play in strategy setting to provide safe and sustainable services, and being fully aware of potential risks to quality and sustainability. To this end, during Q2 the Trust Board undertook a self-assessment against the Well-led Governance Framework and identified four priorities from the assessment questions namely Q1, Q10, Q7, and Q3. The self-assessment was subjected to internal audit. A high level action plan was approved by the Trust Board at their meeting on 1 February 2016. The Board is due update on progress in April 2016.

Key themes for action are set out below which coincidentally addresses all the areas subject to the Well Led review:

Themed area for action	Question Number									
	1	2	3	4	5	6	7	8	9	10
Develop Accountability Framework				✓	✓	✓	✓			✓
Develop Performance Management Framework					✓		✓		✓	
Develop an on-going Board Development programme			✓							
Develop Integrated Performance Reporting				✓				✓	✓	
Develop Risk Management Strategy		✓				✓	✓			✓
Develop Process for performance reporting to staff				✓				✓		
Develop & Communicate Strategy	✓							✓		
Implement Data Quality Kite mark				✓	✓	✓	✓			✓

## Seven Day Services

Providing seven day services is a key priority in national policy to ensure that 'every day counts' and providers are required to work towards implementing seven day services across ten evidenced based clinical standards.

Recognising that significant investment and service reconfiguration is required to meet those ten standards, MEHT will take a number of incremental steps towards compliance [where there is only a limited or nil investment required]. Currently, access to consultant opinion is appropriate and from a diagnostic point of view the service operates on a seven day a week basis. There is opportunity within the ESR especially around radiology, pathology and cardiology to improve access to seven day services. The Trust completed and submitted to the NHSIQ the self-assessment tool against seven day services. The Trust's mortality data did not show a significant differential between week day and weekend mortality.

The Trust is committed to continue working with the MECCG on improving access to out-of-hours care, building on the work to date, including a GP in the Emergency department and an onsite out of hours GP service.

## Quality impact assessment process

The Trust established an effective quality impact assessment (QIA) process for CIPs and improvement programmes during 2015/16, which is now fully embedded. The Quality Assurance Group (QAG) consists of the Chief Nurse, Chief Medical Officer, HR Director and Chief Finance Officer. Each CIP or improvement programme under the scrutiny of the Transformation Steering group requires the completion of a suite of documents which includes a QIA. Each new scheme is considered by QAG at monthly meetings, or more frequently if required. Outcomes of CIP QIAs are monitored at the Finance and Performance Committee. Outcomes of improvement schemes under the Transformation agenda will be monitored at the Transformation Steering Group.

## Triangulation of indicators

Last year has seen a significant development of our reporting and information management processes with the Board seeking to move towards an integrated reporting and accountability approach. This was in conjunction with the completion of the Board Well Led assessment. The Patient Safety Committee and the Finance and Performance Committee now both meet on the same day to ensure greater alignment of issues across the two committees.

Further work is being taken to develop a new Performance and Accountability framework which will be in place for the beginning of the new financial year. The framework sets out the process for holding individual areas to account and the escalation process up to the Board. As part of the design of the performance management framework, the Board reports will also be updated to ensure that operational performance accurately reflects the delivery of the Board's strategic agenda and delivery of national standards.

On a monthly basis quality and workforce indicators at Ward level are reported to the Board. These include indicators of harm such as pressure ulcers and falls; numbers of incidents plus complaints. These sit alongside bank and agency use, vacancies and sickness. This allows the Chief Nurse to identify wards of concern and action plans are drawn up and monitored.

In addition to this there is a monthly report on staffing that identifies every time a ward falls below its recommended establishment and this is cross referenced against any incident reports that have been submitted. Evidence of staff shortages leading to an incident or sub optimal care is looked for and reported on.

At Directorate level, there are bi-monthly accountability meetings chaired by the CEO where operational, quality, workforce and financial indicators are reviewed. The COO, Chief Nurse; CFO and CMO are all present. This ensures there is an understanding at Executive level where the risks are and feeds into the Board reporting on high risk areas.

On a six monthly basis, the Trust undertakes the Safer Nursing Care Tool audit to review Nurse staffing levels.

## Approach to workforce planning

The Trust takes an inclusive approach to Workforce Planning, underpinned by a clear, transparent process, which includes input from all areas and disciplines. The Business Planning cycle incorporates our local Workforce Plans and reflects National and Regional priorities, as articulated through the Essex Workforce Partnership/Stakeholders. The two work streams, although distinct, are interdependent, due to the need to both appropriately develop the Workforce and Work within the financial constraints. The process is further informed by the Essex Success Regime and takes account of future developments, such as collaboration and sharing of specific services, in order to improve the patient experience.

The Workforce Plans are supported by Education and Training commissions which reflect our Organisational priorities, as well as Health Education East of England Strategic imperatives, such as the Development of the Physicians Associate and supporting Urgent and Emergency work streams, through the development of the Advanced Practitioner role. Plans are informed by a series of metrics; FSRs, Establishment and Skill Mix reviews (Dependency studies, Birth Rate Plus, etc.).

The final Organisational Workforce plan is agreed at an Executive Team meeting and is presented to a Full Board meeting. Prior to this, the plan has been discussed in detail at both the Workforce Advisory Group and the Workforce Governance Group. Both report to Patient Quality and Safety Committee, which is a sub-committee of the Trust Board. This process supports the opportunity for discussion and amendment. Clinical engagement is built into the workforce planning process for nurses and midwives commencing with the data analysis process which identifies the current and future gaps.

The business planning process, budget setting and commissioning intentions are integrally linked to the clinical strategy by a number of routes. For the financial year 2016/17, each department submits its changes in recording, and new service implementations or proposed developments to the Contracts & Commissioning teams for inclusion in the Commissioning Intentions. Then the departments complete a Business Planning Template for the forthcoming year and any known future changes. This is then reviewed by the Investment Group, which is attended by a number of Executive Directors, and investments & plans are compared to the Trust strategy before a funding decision is made. The results of the Investment Group decisions are incorporated into the Contract Finance & Activity plan discussions with the commissioners.

The national lack of supply for most staff groups means that all organisations are competing for staff in the same pool. Therefore, to make any significant difference to staff shortages, organisations need to concentrate on increasing productivity. The Trust's Workforce Strategic Plan prioritises reducing temporary staffing costs, sickness costs, optimising skill mix and promoting new & flexible ways of working. Staff will therefore need to be developed to enable them to work beyond the traditional professional demarcations. Such initiatives will include non-medical staff undertaking work currently performed by doctors, as in the case of physician associates and surgical care practitioners.

The Trust is taking a 'grow your own' approach to increase routes into nursing and are currently supporting foundation degrees in Health, and the work based learning initiative, which supports Health Care Assistants to achieve a Nursing qualification over

18 months. As these staff are usually settled within the area, retention of these people as the professional workforce is extremely high.

The Trust has worked with Health Education East of England on one of their workforce planning priorities which is the national shortage of GPs. MEHT has increased its GP rotational training posts by four, as of August 2015, facilitated by partnership working with the GP School and Essex GPTPDs.

Technology and innovation will also play an important role to maximise productivity through better use of the electronic Staff rostering system. Allocate (Healthroster provider) are working with the Trust on a benefits and realisation programme and are working with a number of areas within the Trust to ensure that they are effectively using all the tools now available in HealthRoster V10. The HealthRoster team are also working with finance and the areas live on the system to ensure they are working within their FRS/templates. The team have produced a report to show where areas are working above their templates and are promoting training and drop in sessions available to staff. This will enable staff to be fully trained in the functionality of the system and management of the rosters and are effectively using staff hours/redeployment of staff and approving robust rosters on time which will reduce the reliance on bank and agency.

The Trust now has 'employee on line' which enhances accessibility to staff giving more flexibility book their bank availability, book annual leave, request shifts and soon they will be able to book bank shifts. E-job planning is being rolled out across the Trust in March. Medical Resource Staff have been trained to use the system. A new job planning policy is in first draft and is with an external consultant who has been asked to support the process. The new web based system will ensure there is transparency of all job plans and will ensure governance arrangements are in place to ensure there is equity around job planning.

Compliance with the Agency Ceiling that has been set for 2016-17 will be achieved by the recruitment initiatives, the improved use of HealthRoster, increased forward booking by the Staff Bank and increased pressure on non-compliant Agencies to become cap compliant. The new bank contract which came into place on 11 April is a key construct of improving the bank fill rate and reducing agency use.

The Trust, through its Accountability and Performance Framework and other Governance arrangements, identifies a number of related Key Performance Indicators, with further development of the framework to identify how changes in workforce correlate with these key performance Indicators.

Currently, 10 staff are being supported through work based learning towards nursing registration. There will be five placements for physicians assistants who are completing year two of their training programme.

The ESR is providing an opportunity to explore the clinical strategy across Essex. The Trust is working with partners in Basildon and Southend as these interagency relationships have been

identified as the best partners to support patient care for ESR. Early indications are that Mid Essex will be the centre for Burns and Plastics. Discussions are currently in progress with the Chairs and CEOs for the alignment of clinical services within the ESR.

A robust risk management framework supports the identification, assessment and management of risk. The Datix system is used to record individual risks and to develop

local Risk Assurance Frameworks (RAFs) and the Principal Risks that constitute the Board Assurance Framework (BAF)

The Workforce Risk Assurance Framework and the Workforce Shortages Principal Risk and underpinning risks are reviewed at each Workforce Advisory Group, which is multi-professionally represented. Each risk on the Workforce Risk Assurance Framework is reviewed and updated by this group and the revised RAF and the Workforce Shortages Principal Risk are monitored by the Workforce Governance Group and contributes to the BAF monitored at Trust Board level.

The Associate Chief Nurses are involved in agreeing the education commissions for their workforce to ensure that appropriate courses and professional development is commissioned to ensure that the workforce is fit for purpose. The overall Trust workforce plan is signed off by the Chief Nurse once the Associate Chief Nurses have confirmed that the plan is an articulated reflection of the workforce requirements in the next 3 to 5 years. The plan is signed off through the education and executive committees.

The Trust has a comprehensive overseas recruitment plan. This has been used as the tool for reducing reliance on temporary staff. This is being programmed in to ensure that the agency ceiling is proactively achieved in 16/17. The Trust has also been successful in its Come Back campaign encouraging nurses no longer active on the register to undertake the back to nursing programme. The Trust has also had 10 staff competing the work based learning degree and 10 staff will complete and join the NMC register at the end of 2016. This initiative will continue in 16/17 to support the transition of staff from the reliance on temporary staff. The new temporary staffing contract which comes into fruition in April 2016 was based on the premise of reducing reliance on agency staff.

The Trust receives a triangulation of quality data through the patient safety and quality group. Reports are received regularly regarding ward metrics, frequency and levels of harm compared to the national rate, this includes pressure ulcers and falls information. The Trust board receives staffing reports which articulate the Datix reports and any areas which have impacted on patient care.

Due to the difficulty of recruiting into radiographer and sonographer roles the manager has used non-compliant agency staff to enable the service provision to continue. These clinical shifts are agreed by the Chief Nurse.

## Approach to financial planning

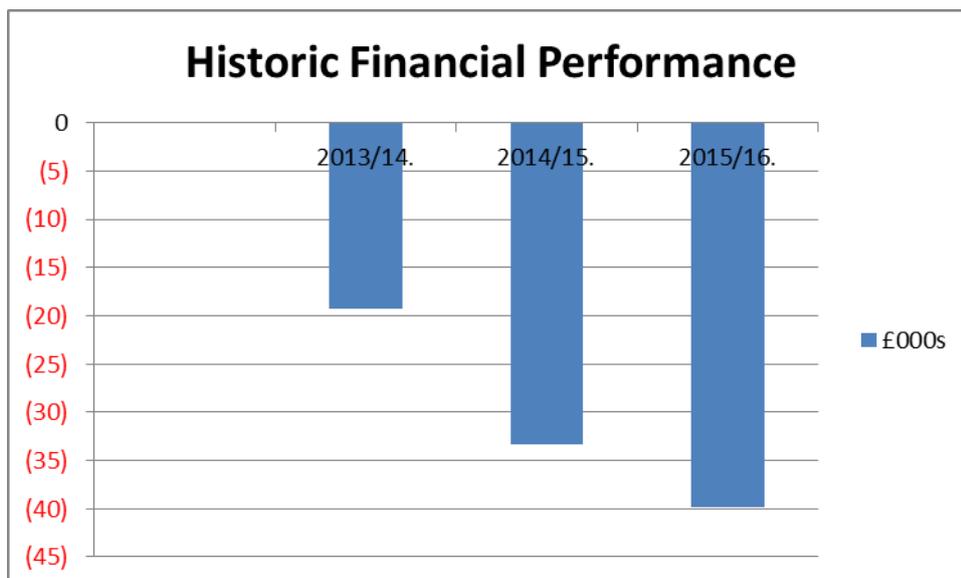
The financial strategy of the Trust is to create a long term financially sustainable and viable organisation which delivers the ability to:

- Invest in safe patient care and facilities
- Survive structural changes in financial flows in the health economy
- Deliver efficiency savings on a medium to long term basis
- Capacity to cope with short term financial impacts

However, the Trust has an underlying deficit of c£15m linked to the above average revenue impact generated by the value and inefficiency of its asset base/estate. Significant additional investment in staff and services over the last two years and a above average reliance on high cost agency staffing has left the Trust facing a substantial deficit.

The Trust is currently in formal Financial Recovery and has established a Financial Recovery Board to provide oversight and scrutiny to the identification, implementation and delivery of the Financial Recovery Plan. As part of the Success Regime significant savings are expected as the Trust works with other members to streamline pathways and drive clinical efficiencies as well as look for opportunities to combine back office functions where feasible and releasing costs.

The table below sets out the historic financial performance.



In 2015/16 the Trust is reporting an outturn of £39.9m; although this includes £3.8m non-recurrent support from transferring capital to revenue and a number of initiatives all of which are non-recurrent.

The underlying forecast outturn after excluding any non-recurrent interventions and the fully year impact of agency caps implemented in 2015/16 is £37.5m deficit and this has been used as the basis for planning for 2016/17.

## Financial forecasts and modelling

In establishing the financial plan for 2016/17, the Trust has normalised the 2015/16 outturn and included both the national and local planning assumptions.

The assumptions are also consistent with those agreed within the Essex Success Regime. This includes the agreement that there will be no fines imposed during 2016/17 and CQUIN will be paid in full. Both of these have been included within the normalised position. The normalised position also takes account of the full year impact of reduced agency rates up to and including the February 2016 reduction.

Based on the current assumptions detailed above, the Trust has a planned deficit of £39.2m for 2016/17, which represents an increased deficit on the 2015/16 normalised position of £1.7m. The CIP programme at 3.0% has allowed the full absorption of local cost pressure but is not sufficient to cover the additional fixed costs associated with the decommissioned services £1.2m and the additional financing costs associated with the cash support required. £0.5m. The £39.2m also excludes any impact of the QIPP schemes which are currently being discussed via the mediation route.

The Trust has worked closely with its Commissioners to establish consistent, aligned and agreed plans. The current financial plan includes all agreed QIPP savings.

The plan has been triangulated with activity and workforce using the TDA triangulation model. It also includes the financial impact of meeting the activity growth in terms of opening up additional bed capacity, although improved length of stay is also required if all activity was to be undertaken without any outsourcing. The CIP programme does not assume these savings to avoid a double count.

## Efficiency savings for 2016/17

As part of the Trust's Business Planning Process a robust process for identification of Cost Improvement Plans (CIPs) has been undertaken. An initial workshop was held in November where a number of savings schemes were identified, followed by a further workshop in January led by the Trust's Finance Improvement Director. In addition to central CIP schemes such as procurement, individual weekly meetings are also held with Directorates to support identification and delivery of 'local' cost improvement plans.

The Trust has identified a number of areas that it could improve clinical income recovery, but the Success Regime "block" contract approach and the need for 18 months contract notice period make the income gain for 2016/17 unrealistic. Therefore for 2016/17 the Trust must focus on cost reduction and increasing efficiency and productivity when identifying cost improvements. The Trust has also reviewed the outputs from the Lord Carter review to inform the identification of opportunities for cost improvement.

For 2016/17 the Trust has set a target to deliver a £10.7m of cost improvement plans, this equates to 3.0%, 1.0% above the national requirement. The long list currently totals £11.7m but still contains £1.8m that is owned locally by Directorates and is not fully identified at this stage.

### Lord Carter Review

The Trust has benefited from being one of the original cohort of 22 Trusts involved in the Lord Carter review. The outputs from this work are currently under on-going review internally and any opportunities identified to reduce cost are being pursued.

The key areas identified where the Trust benchmarked high are:

- Medical Staff costs
- HCA Staff costs
- General Supplies and Services
- CNST costs

Further benchmarking work is underway, as well as cost reviews to improve the costs of services shown in the Estates & Facilities Dashboard as worse than 'median'(included within General Supplies & Services). Additional submissions have been made about cleaning and food costs.

The Trust has completed a productivity project for specialising patients thought to be the key driver of high HCA costs. This initially has been focused on a medical and care of the elderly ward. The results have been:

- Establishing baseline data
- The adaptation of a tool to risk assess patients requirement for the level of enhanced care
- The development of a trust policy for enhanced care and recruitment to an enhanced assistant role, these staff are trained in level 3 dementia care, and meaningful activity
- The review of savings from the baseline once the productivity programme was implemented on the ward.
- The Trust had submitted nursing workforce data for the 2 month periods of February and October and this shows that costs are higher per weighted activity unit particularly for substantive and agency staff costs.
- The Trust are addressing the nursing cost issue as part of its CIP for 16/17

The Trust has a programme of work in place which is supported by a project plan, Allocate and the Health Roster team. Baseline has been completed through 15/16. This included the roll out of auto roster. The implementation of auto roster will continue to be addressed following the initial roll out. The second phase of work is supporting timely production of rosters.

The Executive Team have a process in place for progress to be reviewed against the recommendations on a monthly basis. Assumptions on savings as part of the Lord Carter programme have been factored into the assumptions on the CIP plan.

Opportunities within medical staff still require more detailed work. Early indications suggest that there is an over reliance on additional sessional rates being used to undertake "business as usual" activity coupled with a higher than average need for agency staff supplied at high cost. A further factor is the lower than average FCE to spell ratio within the Trust which is driven by non-integrated systems and the requirement for double entry into two different systems. The Trust has already commenced and external review of how it can improve the job planning process sitting alongside the work to drive forward the demand and capacity modelling.

### Agency rules

The Trust welcomes the national initiatives introduced by NHS Improvement to reduce the cost of agency staff. The Trust is complying with the regulatory approval for Consultancy support >£50k and has not engaged any consultancy support outside this process.

In response to the nursing agency ceiling (10% in 16/17, 12% in Q3/4,15/16) the Trust has a worked programme in place to reduce its reliance on agency staff and has introduced increased controls on authorisation of agency spend across its medical and nursing workforce including Director level authorisation for agency use and additional duty hours. This work has allowed the Trust to report a nurse agency ceiling achievement of 11.8% for 2015/16 against the 12% target.

The Trust has planning to be fully compliant with the agency price caps for all staff groups and will not engage any agency staff outside these prices unless there is a clear and documented risk to patient safety. The improvement seen in the agency spend in the last quarter of 2015/16 has already reduced the agency costs from £24.4m to £20.9m on a full year effect basis. Further reductions of £1.3m have been included within the CIP plans for 2016/17. The Trust has been set a cap of £17.5m for all staff groups for 2016/17 and plans are in progress to ensure this cap can be delivered.

### Procurement

As part of the Trusts Financial Recovery programme, increased procurement controls have been implemented, these include:

- All requisitions for discretionary spend are to be signed by the Director of Finance to increase the level of scrutiny of expenditure before Purchase Orders are Raised.
- No PO – No Pay; No invoices will be paid without a valid Purchase Order number quoted. This has been communicated to all suppliers and internal stakeholders.
- Enhanced reporting of waivers to the F&P Committee. Increased scrutiny of the justification for waiving the Trust SFIs is being applied and more detailed reasons for waivers are now reported to the F&P Committee.

As an original member of the Lord Carter review the Trust has shared its Accounts Payable and Procurement data on a number of occasions and has committed to continue to provide this as part of the benchmarking that is planned on the top 100 most common non-pay items. Where this benchmarking highlights areas of potential savings these will be thoroughly investigated and acted upon as appropriate. The Trust is already using benchmarking information from the initial Lord Carter review to inform areas for cost improvement and will continue to review all areas of expenditure to optimise value for money.

As a result of the Essex Success Regime there is more open sharing of information between providers. For 2016/17 the three acute Trusts have set up a number of schemes to progress to reduce costs within the back office functions and Procurement is one of the first that will be progressed.

### **Capital planning**

The Trust's focus in 2016/17 is to apply capital resources in ways that secure significant, recurrent revenue savings whilst maintaining the safety and quality of the services

delivered locally. As per the national situation, the constrained level of capital resource available from 2016/17 onwards, creates a number of operational challenges as well as strategic choices that the Trust will need to make to ensure that our limited capital is deployed in the most effective and efficient way to maximise the benefit of our service delivery.

The priorities for deploying this capital resource will be prioritised and evaluated through the Investment Group process which is robust and has now been in place for a number of years.

The Trust also reviews its asset base on a continually basis and monitors assets to ensure that maximum value and effectiveness for assets, including additions to the asset base, disposals and extending asset lives where appropriate.

## **[Link to the emerging 'Sustainability and Transformation Plan' \(STP\)](#)**

The MEHT Operational Plan is a one year operational plan to deliver the activity commissioned by MECCG and associate CCGs as well as the specialist commissioners for 2016/17. MEHT's Board recognise that the Essex Success Regime is a strategic project being delivered at significant pace with the first steps towards the 'Group' model being implemented. The sustainability and transformation plan that will emerge from the ESR for mid and south Essex may supersede the Operational Plan, but assumptions on risk, operational delivery and quality have been made on the basis that MEHT is a stand-alone organisation. There is pressure to accept a block contract through the MECCG route from NHSE and ESR, and the Regulator support is required to ensure that MEHT is not disadvantaged by the block contract arrangements.