The Royal Orthopaedic Hospital NHS
NHS Foundation Trust

Final One Year Operational Plan
For 18th April 2016 submission

2016-17

The Royal Orthopaedic Hospital NHS Foundation Trust

Our vision is,
"To be the FIRST CHOICE for ORTHOPAEDIC CARE"

1. Establishing Strategic Context

The 2015/16 Operational Plan set out a set of clear principles and aims for the year ahead. The challenges in this year for the organisation have been and continue to be unprecedented.

The Trust continues its commitment to the 5 Year Strategic Plan covering the period 2014/15 – 2019/2020, and remains broadly the direction the Trust believes is the correct one, as the focus is transformation and improving patient outcomes.

Underpinning this focus are the strategic objectives set by the Board, which set the guiding principles for our improvement journey:

- Delivering exceptional patient experience and world class outcomes;
- Developing services to meet changing needs, through partnership where appropriate;
- At the cutting edge of knowledge, education, research and innovation;
- With safe, efficient processes that are patient centred;
- Delivered by highly motivated, skilled and inspiring colleagues.

1.1 Forward focus and Forward View

The Trust 5 year strategy, which will be refreshed in 2016/17 has five broad themes or enablers:

1. Strategic Alliances and Partnerships:

Where the Trust is an active participant in the Sustainability and Transformation Planning footprint of Birmingham and Solihull, working in close partnership with other providers and commissioners in planning what excellence should look like in Birmingham and in the core offering of the Trust to help the wider health economy plan and deliver a first class patient experience and high quality of service that meet population needs.

This will be developed and informed by:

- Clinical Networks;
- Collaboration with Partner Trusts
- SLA's with other NHS Organisations
- Vanguard New Models of Care
- Site Development
- Market intelligence and marketing
- Shared services

2. Strategic Transformation Projects

This aspect has two facets, firstly as part of the Birmingham and Solihull STP. Secondly in achieving the goals set out within the 7 workstreams of the 2014 – 2019 – 5 Year Strategic Plan Transformation Programme.

This will be developed and informed by:

- Pathway re-engineering
- Rapid change processes
- New models of care
- IT Improvement projects
- Workforce Strategy
- Knowledge Hub

3. Patient Safety Culture

The Trust is further committed to developing and delivering an environment where patients and their families should feel safe and that staff are committed to providing that environment through their commitment to never accepting anything less than the highest quality of patient care, and being part of a Trust that is continually interested in becoming better and changing often.

This will be developed and informed by:

- Culture change
- Leadership Strategy (including clinical leadership)
- Clinical Networks
    - Getting it Right First Time
    - Vanguard
- Root Cause Analysis – Linking standards, through CQC Action Plan

4. Development of Leaders

Leadership and developing the leaders of the future is at the heart of our people strategy, empowering our junior leaders to grow and using our more seasoned leaders to show the way. The feedback from work undertaken by the King's Fund is being implemented in our medical leadership and a series of listening events with over 50% of the Trust staff is helping in the development of stronger operational managers and the development of bottom up leadership talent spotting.

This will be developed and informed by:

- Development of the Executive Team
- Leadership Strategy (including clinical leadership)
- Understanding Performance Effectiveness
- Adaptability
- Strengthening Corporate Governance
- Well Led Framework

5. Optimising Performance

Moving to a new model of daily checking and assessing the performance of the Trust in our Operational daily huddle allows the organisation to have a real time view of activity. Having developed an ethos of marginal gain through daily challenge to what happened yesterday,

how do we ensure it does not happen again today and prevent it ever happening again in future has seen real time reduction in cancellations of surgery, high utilisation of facilities such as the Discharge Lounge and an increase in overall activity, with less waste in the system. Although in its early stages, this fundamental change is an example of the new ways of working that will enable the sustainability of organisations to fully utilise its assets.

This will be developed and informed by:

- RTT and NHS Constitutional standards
- Activity Recovery
- Financial Performance
- Business Intelligence

These 5 facets are part of the Trust underpinning commitment to continual improvement and change, in an endeavour to ensure the 5 year strategy is met.

1.2 Vanguard New Models of Care

Through the Leadership of the Strategic Orthopaedic Alliance (SOA) the Trust CEO is leading the National Orthopaedic Alliance Specialty Vanguard. The Logic Model and Value Proposition have been signed off by NHSE and funding is available to the SOA in 2016/17 to develop the new model of care. The Trust is an active participant in the work to develop and standardise quality markers to improve outcomes for patients and reduce waste.

This important piece of work is shaping into three clearly definable phases and four workstreams.

These phases and workstreams are under construction and are taking clear shape, and is broadly centred on:

a. Agreeing the membership model of governance and operations;
b. System leadership of orthopaedic care;
c. Supporting the wider system – quality improvement for all.

2. Approach to Activity Planning

The Trusts 2016/17 activity plan has been built utilizing a range of intelligence and outcome information.

2.1 Overall Capacity Planning

2016/17 represents the first full year application of the GooRoo Capacity Planning tool. The GooRoo product, with a direct data link to the Trusts Patient Master Index (PAS), builds capacity planning assumptions based on 3 layers of information.

- Historical referral volumes
- Conversion Rates
- Previous consultant practice in terms of operation and length of stay

With the robust introduction of the GooRoo application the Trust anticipates moving towards a far more even spread of patient activity by sub speciality modality across the calendar year.

2.2 Outpatient Capacity Planning

The Trust will enter the 2016/17 activity year with the introduction of the InTouch computer flow system to all of its Outpatient services. Whilst the majority of system functionality is structured to smoothing on the day flow, the product also introduces a range of sub systems that will assist in activity planning and development, these being:-

- Performance management metric dashboard to remotely real time assess the productivity of Outpatient clinics down to individual practitioner
- A single centralised room booking system, allowing for increased visibility of under or over utilised assessment capacity
- The introduction of E-outcome forms for all patients attending Outpatient clinics, greatly aiding both the speed and accuracy of ongoing pathway management

2.3 Learning from 2015/16

The Trust enters the 2016/17 planning round with a range of learning from the 2015/16 activity year. During 2015/16 the Trust experienced a higher than normal range of consultant level absence, being both sickness and vacant posts to which the Trust has struggled to recruit. These factors resulted in an elongation of Milestone 1 and 3 waits. The Trust had built a range of additional capacity to support an importing of work from neighbouring health economies which, despite business agreement, failed to materialize in the volumes predicted, the Trust responding to external pass through work at a capacity utilisation rate of 37% rather than the assumed 100% for this distinct agreement. The Trust also struggled to agree a contract with NHS England for the provision of specialist spinal deformity services – a service challenge that the Trust continues to face.

2.4 Planning for 2016/17

The Trust has broken down its planning assumptions for 2016/17 into a number of stage gates.

2.4.1 Outpatients

The Trust possesses sufficient Outpatient capacity to allow for a routine new patient referral to be seen by a consultant level practitioner within 6 to 8 weeks across all surgical subspecialties with the specific exception of Spinal. With the introduction of the InTouch patient flow system the Trust anticipates applying greater oversight and scrutiny to the early stage milestones of New Outpatient and First diagnostic. The Trust has already extended some new patient clinics into the early evening and weekend. These actions have been initiated to even the spread of patient work across the working week, rather than as a need

to introduce new additional capacity. The Trust has historically not suffered with delays at the First Diagnostic stage, currently performing best in region at >98%.

2.4.2 Inpatients

The Trust provides inpatient elective care services across 5 sub speciality modalities encompassing 137 nationally recognised elective procedures, these being

- Paediatrics
- Oncology
- Spinal
- Large Joint
- Small Joint

In relation to Paediatrics, the service is fully staffed with the vast majority of children being seen well within the national RTT standard. The Trust works in partnership with Birmingham Children's Hospital NHS Foundation Trust (BCH) with many of its clinicians holding dual contracts. ROH is in early stage discussions with BCH regarding the possible expansion to the Paediatric services it offers onsite at ROH, in such a way moving work from BCH, to extend an outreach offering. The development of such service changes are at an early stage and as such ROH does not anticipate any in year expansion having any detrimental effect on its own RTT performance. In return, ROH is seeking to secure increased access to theatre time at BCH to help address its long waiting Spinal Deformity.

The Trusts Oncology service holds National Centre of Excellence status, providing a range of supra-regional specialist operative procedures to patients UK wide. 2015/16 has seen the expansion of substantive consultants to this service which will result in part with the introduction of routine 6 day operating during quarter 2 of 2016/17.

Generally, the Trust has a robust track record of achieving its Cancer related targets when receiving referrals as the primary provider. The Trust has had in-year challenges responding to late staged tertiary referrals received from external providers, resulting in either shared or solely allocated breaches to the originating provider. The Trust anticipates further growth over future years for its Ortho Oncological services, both diagnostic and operative.

By far the greatest volume of referrals and subsequent surgical procedures are undertaken within our Small and Large joints services. Waits for both pooled and consultant specific referrals are generally short, such that for a number of practitioners waits are being consciously increased with additional focus on pooled order books. The Trust has a number of internationally notable consultants who currently exceed the 18 week RTT due to named referral patient choice. Work has been ongoing during 2015/16 with these clinicians to bring their waits within 18 weeks. This work will continue during 2016/17 and is not felt to provide a material risk. The Trust is anticipating a small number of retirees across these services during 2016/17. The Trust will utilise its information from the GooRoo capacity

planning system to help determine future need as there exists some evidence of consultant over supply to the Large Joints service.

Specific work continues following learning from Bournemouth and Christchurch Foundation Trust to better regularise the number of operative procedures undertaken at operative table. It is felt with an evening of productivity flow greater efficiency gains can be made during 2016/17.

The Trust continues to be concerned by significant capacity shortfalls for Spinal services, be those within Spinal Degenerative or Spinal Deformity. The majority of the spinal service is subject to NHS England specialist commissioning negotiations, with a large portion of Paediatric Spinal Deformity surgery being subject to a shared pathway of management with Birmingham Children's Hospital NHS Foundation Trust. This service as a whole struggles to meet any of the milestone markers within 18 weeks, with Paediatric Spinal Deformity operative waits now regularly waiting over 52 weeks. Further, the Trust is currently operating with reduced consultant level capacity in Spinal Degenerative services, having failed to recruit on two separate occasions. The Trust has recently secured 4 substantive appointments all of whom will join the Trust over the next 12 months. This expansion in staffing will ease operational issues within Degenerative services. The service also anticipates retirees during 2016/17.

Activity from both Degenerative and Deformity services is currently subject to commensal outsourced support. The Trust anticipates such outsourcing to continue throughout 2016/17. The Trusts focus will be on securing a more realistic settlement with NHS England commissioning agents to better secure the long term viability of this service offering. Currently, Spinal services represent over 51% of the Trusts entire 18 week RTT Incomplete Breach volume.

As of April 2016 the Trust does not have an agreed contract for the shared provision of Paediatric Spinal Deformity Services. The Trust is in negotiation with BCH and NHS England to secure additional onsite operating capacity at BCH. The Trust is also looking at a range of options to accelerate an extension to capacity, additional consultant recruitment and regularise weekend working. ROH anticipates still managing the care of long waiting patients, over 52 weeks by March 2017, but is hopeful of securing an agreed recovery plan with BCH and NHS England to allow the service to return to balance over a 24/26 month period.

Other areas of broader activity include the Trust Functional Restoration and its Bone Infection services. The Trust believes both of these areas to be opportunities for continued expansion and growth, with Bone Infection services being a national growth opportunity. During early 2016 the Trust will move to introduce improved cohorting of Bone Infection patients as it is felt this will aid a reduction in length of stay. On average the Trusts houses 12 Bone Infection patients at any time, with inpatient stays averaging 35 days. As the Trust only operates a General and Acute adult bed base of 93 beds, any improvement in such long stay patients will aid future capacity efficiency's.

3. Quality

3.1 Approach to Quality Planning

The Trust continues to be committed to delivering quality care to its patients becoming First Choice for Orthopaedic Care.

In order to deliver this the Trust set out 13 quality improvement priorities within its Annual Quality Account. These were decided by National, Local and Governor priorities. To support each priority a clear delivery plan has been developed which is monitored by the sub-Board Quality & Safety Committee.

They are detailed below and delivery RAG rated.

Quality Improvement Priority	
Improve medicine safety awareness through incident reporting of harm/potential risk	Staff feeling procedures for reporting incidents are fair and effective
Improve the standard of incident investigation	Ensure actions from Serious Incidents are demonstrated within Clinical Practice
Ensure more than 95% of patients are assessed for risk of Venous Thrombolytic Event	To be compliant with National Joint Registry standards of consent and reporting
To achieve consistent compliance with the WHO checklist	To ensure a robust and regular schedule of Quality Assurance visits
Increase results for staff doing everything they can to control patients pain	To ensure patients get enough help to eat their meals
To reduce the length of time patients are starved before surgery to less than 10 hours	To reduce the length of time patients wait in outpatients clinics to less than 60 minutes
To ensure patients wait no longer than 60mins to transfer from recovery to the ward	

In addition to the Trust determining its own local quality improvement priorities the Trust received a CQC re-inspection in July 2015, publishing the report into the public domain in December 2015. The re-inspection was focussed on the High Dependency Unit and the Outpatients Department. The report recognised the Trust had responded to concerns raised within the previous inspection in 2014 but found new issues within these areas. The Trust therefore remains rated as “Requires Improvement”. The Trust did however improve the rating for the responsiveness domain within Outpatients from “Inadequate” to “Requires Improvement”.

The CQC highlighted several areas of outstanding practice at the Trust but highlighted the following areas as areas for improvement.

Within HDU they identified concerns around;

- Medical and Nursing Cover for children;

- The environment in which children are cared for;
- Privacy and dignity was unacceptable regarding the toilet and washing facilities available for patients.

Within Outpatients they identified concerns around;

- Safeguarding training compliance rate needed to be improved for both adults and children;
- Management arrangements to ensure a firmer grip on the process of clinic booking and patient flow to improve waiting times for patients.

In order to address these issues the Trust has formulated a responsive plan of actions that are monitored at a Trust Board level.

These actions include;

- A rigorous Paediatric Nurse Recruitment plan for HDU. The Trust has successfully appointed more paediatric nurses to our HDU since the CQC inspection and continues to recruit on a national basis. We continue rotation of our paediatric nurse to Birmingham Children's Hospital top allow them to maintain contemporary Critical Care Nursing competencies;
- A Royal College of Paediatricians and Child Health (RCPCH) review of the service model for children in HDU;
- A capital investment to make the environment of care fit for purpose;
- The successful implementation of the InTouch system to aid flow through our Outpatients Department and within our High Dependency implemented the ICNARC system , a tool to allow both an understanding of the dependency of our patients and allow benchmarking with other critical care units;
- Additional resource into the Safeguarding team to undertake training needs analysis to ensure trust-wide compliance. The Outpatients Department is now compliant with Safeguarding training levels.

The Trust is committed to reducing avoidable mortality and experiences a low number of deaths but does undertake a full Root Cause Analysis for any unexpected death. The findings are upwardly reported to the Quality & Safety Committee.

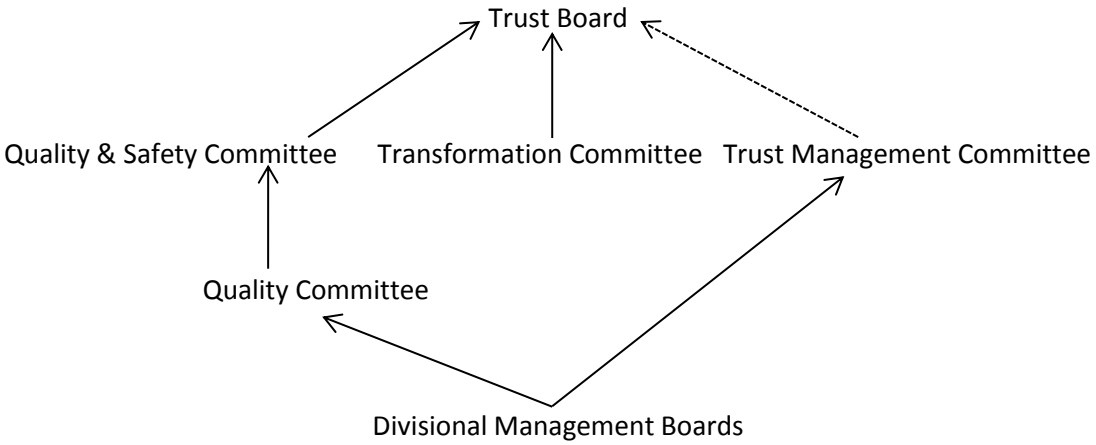
The Trust also has a robust clinical audit plan and contributes to the National Joint Registry and Patient Related Outcomes.

3.2 Approach to Quality Improvement

The Trust has clear linkage of its Quality Improvement priorities and its transformation plan which has a clear focus around exceptional patient experience through safe and efficient processes enhanced by fully engaged staff and patients

progressively being supported by e-solutions. Each of these quality improvement priorities is evidenced in clear project plans with upward reporting.

The Trusts Quality Governance systems are represented below which evidences the clear engagement of the Trust Board in oversight of quality whilst connecting to our front line operational teams as demonstrated below;



Quality improvement is led by the Executive Director of Nursing & Clinical Governance in conjunction with the Director of Strategy & Transformation.

Moving forward to 2016/17 the key focus for the Trust will be:

Timeliness of sharing lessons learnt	Reduction of waiting times in outpatients
Reducing discharge delays	Reducing avoidable VTE
Reducing avoidable pressure ulcers	Review of our acute pain service
Reducing noise at night within our wards	Reducing on the day consent

Within the Trust the top three risks to quality are:

- Learning from Incidents and complaints being embedded - this is being strengthened by new policies and processes and weekly executive oversight;
- Nursing and Consultant Medical staff vacancies and associated retention of nurses with Specialist Orthopedic skills to deliver quality care to our patients. An active recruitment strategy for both Nurses and Consultant Medical staff is in place accompanied by a new nurse preceptorship programme;
- The number of avoidable VTE experienced by our patients with collaborative working between the Trust and the local Commissioning group.

The Trust is fulfilling the Well-led framework with a clear strategy that engages with both the local and national health economy. The Trust is led by a Board of Directors with varied professional backgrounds and experience who are committed to their

own and staff development through described development strategies. The Board is cited on risks to quality through the corporate performance dashboard and the Board Assurance Framework. The Board is committed to interaction and engagement of our staff and governors with a heightened focus on patient engagement in the 2016/17 period following restructure of our patient experience teams.

The Trust has focused on the revision of its Governance structures and processes in 2015/16 following a review by the Good Governance Institute, supported by active recruitment to new posts in the governance team. The Trust has recently enrolled onto the "Sign Up to Safety "campaign. The Trust has committed resource to lead the launch of the campaign and devised its key priorities through staff engagement with its provisional priorities being identified as reducing avoidable VTE, reducing avoidable pressure ulcers and heightening patient engagement in safety. In addition the Trust will implement the role of Freedom to Speak up Guardian in 2016/17.

The Trust has embraced the principles of Responsible Consultant with all patients being aware of their Named Consultant. The Trust is currently reviewing its system of delivering the Named Nurse principle to heighten its delivery.

3.3 Seven Day Services

The Trust has actively worked on the delivery of Seven Day services despite only serving a small number of Emergency admissions but has truly grasped the benefits of these standards to our predominantly elective patient group.

The Trust already delivers twice daily Consultant Led ward rounds within its HDU and scheduled Middle Grade Ward rounds to its elective patients within its general wards with oversight by Consultant Surgeons at the weekends. Emergency patients to the spinal service are seen by a Consultant.

The Trust has the availability of appropriate diagnostics for its emergency patients of MRI and x-ray. The Trust has a small workforce within its diagnostic services so investment would be outweighed by service demand to provide weekend reporting so the Trust, in a drive to deliver weekend reporting in an affordable way, is currently in negotiation with a large provider for a network approach.

3.4 Quality Impact Assessment Process

The Trust reviewed both its process and QIA documents during 2015/16 to ensure Cost Improvement Programmes (CIPs) have no negative impact on the quality of the service provided to the patients that we serve.

CIP's are identified and approved with our Divisional Boards before scrutiny at our Clinical Quality Group. The Quality Impact Assessments are then all reviewed and signed off by the Executive Director of Nursing & Clinical Governance and the Medical Director.

QIAs then receive ongoing monitoring at both the Clinical Quality Group and the Divisional Finance and Performance Reviews.

3.5 Triangulation of Indicators

The Trust triangulates data around workforce, performance, quality and financial indicators through the Corporate Performance dashboard on a monthly basis. The Board receives a nurse staffing report each month fulfilling Safer Nurse staffing requirements which is maturing its triangulation with patient safety outcomes. In addition a variety of specialist upward reports are received to both Board and sub-Board committees. These upward reports give assurance of how both quality and productivity within the organisation will be enhanced.

In order to make connections with data members of the Trust Board regularly undertake quality visits to clinical areas within the Trust and have been accompanied by Governors.

4. Approach to Workforce Planning

The workforce plan for 2016/17 has been driven by a number of factors:

- A continuation of the activities identified in the Trust's transformation plan and workforce strategy as necessary to achieve our vision to be the first choice for orthopaedic care.
- The need to address workforce matters relating to clinical quality concerns identified from within the Trust and by the CQC during their recent inspection.
- The need to increase the number of substantively employed staff and reduce associated agency expenditure in order to support improvements in patient care and meet unprecedented financial challenges .

In producing the workforce plan the clinical and corporate services identified their high-level workforce priorities, within a corporate framework of organizational priorities and financial parameters. Divisional leaders engaged clinicians within the patient's services in this process. The Board considered the high-level workforce plan, alongside the other elements of the Operational Plan in early February and in April.

In addressing clinical quality issues a number of workforce priorities arise. The Trust is actively recruiting to increase the number of qualified nurses working on wards, following from the Boards review of ward staffing and the aims to reduce levels of both in-patient VTE and pressure sores. Furthermore there is also active recruitment

to increase the number of nurses with skills to care for critically ill children and adults on both wards and the High Dependency Unit. This will be achieved by a combination of recruitment of additional staff and up skilling of our existing paediatric nurses through collaboration with Birmingham Childrens Hospital. The combination of all of these increases is likely to be in the region of 20 WTE. The cost of this increase will largely be offset by a reduction in the current use of agency workers. In addition, the Trust is in discussion with an international recruitment partner with a view to the recruitment of qualified nurses from EU countries and supporting candidates to achieve the IELTs qualification whilst in employment at the Trust.

In 2016/17 the Trust aims to embed six-day working in Theatres, which will require additional substantive staff. In planning for this, and to fill a number of baseline vacancies the Trust recruited thirteen theatre nurses from the Philippines in August 2015 who are currently on track to join the Trust between May and August 2016. These appointments together with appointments from the UK who will start in August/September 2016, will almost remove agency usage in Theatre once their orientation period is complete in quarter three of 2016/17.

Securing sufficient numbers of competent spinal surgeons has until recently been a significant challenge. As a result of a recent recruitment exercise four spinal surgeons have been appointed, three to replace existing vacancies/in anticipation of retirement and the fourth as an additional appointment. These appointments, together with an additional oncology surgeon are planned to make a significant contribution to increasing the number of patients treated in 2016/17 compared to the previous year.

In late 2015/16 the Trust continued to utilize an excess of agency nurses, particularly in Theatres and High Dependency Unit, together with price cap breaches for interim managers and junior medical staff. The reduction in reliance on agency staff is a workforce priority during 2016/17. It is envisaged the recruitment of nurses from the Philippines and additional nurses for the ward areas will achieve this, with the majority of theatre nurses joining the Trust from May to September 2016. The reduction in medical locum staff is expected to be more challenging, however four Physicians Associates who have/will join the Trust from January to May 2016 will assist this. Through their effective contribution to the clinical review of patients on wards, clinics, pre-operative assessment and discharge, it is expected these staff will assist in improving patient flow through the hospital and contribute to a reduction in expenditure on locum doctors. It is likely some locum expenditure will still remain due to the need for minimum medical cover on-site overnight.

In determining the final annual plan, the elements of the plan that relate to agency expenditure have been modelled to take into account the impact of implementation of the price cap which came into effect on 1 April, the effect of recruitment strategies, including overseas nurse recruitment, as well as the impact of achieving the standards set by the CQC in relation to care of children within our HDU environment. Following a delay in on-boarding of nurses recruited from the

Phillipines, several have now been cleared to work in the UK and the impact of their contribution on agency costs have been included from July 2016 onwards.

To improve overall workforce utilisation in both the nursing and medical staff groups, it is planned to introduce three IT products during the year. Electronic job planning will be implemented by the end of July 2016, and will provide increased transparency in the allocation of consultant time and facilitate both effective challenge of under-utilization and reward for high-contribution. The first round of job planning utilising the tool will take effect by end of July 2016. In addition modules relating to e-rostering, bank administration and safe staffing for nurses will facilitate efficient advance planning and real-time utilization of nursing resource to meet patient needs. Furthermore an integration module will facilitate a more effective matching of nursing resources to patient acuity and demand.

With the implementation of the second phase of digital dictation it is envisaged that further workforce efficiencies will be achieved in patient administration however it is not certain at this point whether these can be managed through natural turnover or active workforce reductions.

It is intended that either through the Vanguard project or collaboration with neighbouring Trusts, some services that support delivery of clinical care will be subject to either market testing or creation of shared services delivery approaches. It is likely that during 2016/17 these are progressed with actual impact on workforce numbers taking effect in quarter four at the earliest. All workforce cost reduction are assessed for quality impact both within their services and then reviewed by the Medical Director and the Director of Nursing and Clinical Governance.

The Trust is also working with colleagues at NHSI to develop a business case focussing on the 9 attributes that are highlighted in Monitor's publication in 2015/16 on New Ways of working in Elective Care. It was identified that of the 9 attributes, there are 5 key priorities, which no single site has attempted to implement. ROH is working with NHSI, to be the first site to introduce this in a project called 'Perfect Day' in which a patient who meets a stratification criteria will participate in an accelerated pathway, which will optimise the patient journey initially through hip arthroplasty. This model will be implemented in a phased manner during 2016/17, however the intention of the project will be for Perfect Day to become the standardised model of care for the majority of patients in the future.

The benefits are:

- *Improved patient outcomes;*
- *Reduction in length of stay;*
- *Removal of any waste periods in the pathway;*
- *Better efficiency of bed and theatre utilisation;*
- *Reduction in face to face follow up.*

Regional workforce planning is still indicating a likely shortfall in qualified nurses of the region of 2,000 in 2018/19. During 2016/17 it will therefore be imperative to actively consider alternative workforce models for both theatre and ward based nursing care, potentially through implementation of Assistant Practitioners.

The challenge of delivering high quality care in the context of unprecedented financial challenges and increased cross-organisational working within the framework of sustainability and transformation plan and Vanguard Alliance, the imperative for culture change within the Trust is ever more important.

Our four organizational development priorities for 2016/17 will be:

- **Leadership and inclusion**; building leadership capacity and capability to deliver the organizational strategy and specifically to engage staff and realise their potential to improve patient safety and experience, deliver resource efficiencies and develop the future approaches to orthopaedic care. We intend to continue to enhance the contribution of first line managers through our Management Skills Programme and deliver a bespoke development programme for medical leaders, both Service Leads and our newly appointed Associate Medical Director. Early results from the 2015 staff survey indicate deterioration in perceptions of equality within the Trust and therefore activities to understand this will be the focus for early 2016/17.

- **Medical engagement** continues to be a focus to build partnership working. An increasing number of consultant staff are actively involved in projects within our transformation programme and paired learning between consultant medical staff and our new general managers has commenced and will continue in to 2016/17. These pairs have two fundamental aims, to build working relationships between medical and general management staff and achieve improvements in patient care through delivery of improvement projects.

- **Staff confidence in raising concerns**. During 2015/16 there has been a focus on improving the visibility and responses to incident reporting within the Trust. However despite this, results from the 2015 staff survey indicate a significant deterioration in staff feeling confident the organization would address their concern or that staff involved in errors or incidents will be treated fairly. We intend to implement a Freedom to Speak up Guardian early in 2016/17 who will be embedded within our Governance team, with a focus of building awareness and confidence of staff to raise concerns as well as providing an independent source of advice and support for those staff that need support and guidance to raise their concerns.

- **Awareness of the wider NHS**. In order to play an active role in sustainability and transformation of the wider health economy and orthopaedic alliance, a greater appreciation of the Trust's role within the NHS system is needed, in particular the provision of six and seven day services. The ability of staff to

understand the value of networks in both patient care and education will be vital to trust sustainability. Staff are increasingly being encouraged to participate in cross-organisational learning, secondments and other insights in order to develop a broader understanding of the wider health and social care system.

5. Approach to Financial Planning

5.1 Financial Forecasts and Modelling

2015/16 has been a challenging year for the ROH, with a range of factors influencing the deterioration of our financial position to a forecast deficit of £5.8m. Central to this has been a reduction in the level of activity undertaken by the Trust; however this has been compounded by factors such as the levying of fines for 52 week breaches in spinal deformity, and staffing pressures in clinical areas linked to vacancies, sickness and safe staffing levels.

5.1.1 Underlying financial position

The table below demonstrates the range of non-recurrent items that are inherent within our 2015/16 forecast outturn position:

15/16 Forecast Outturn Deficit		**(£3.54m)**	
Adjustments for non-recurrent income / expenditure	(2.30m)		Capital to Revenue Transfer
	(0.18m)		Insurance income
	(0.12m)		14/15 income recognised in 15/16
	(0.20m)		Marginal rate adjustment for specialist commissioning
	£1.12m		52 week fines
	£0.45m		Non recurrent use of Corporate interims
	£0.05m		Consultant back-pay re: job planning
		(£1.18m)	
Adjustments for full year effect of part year costs	(£0.16m)		Increased spend on nursing based on current occupancy / acuity / activity profile
	(£0.19m)		Increased spend on theatres based on current spend profile for planned activity
		(£0.35m)	
Underlying Financial Position as at the end of 2015/16		**(£5.07m)**	

As such, the Trust is starting from a position of a £5.07m deficit, before any planned changes for 2016/17.

5.1.2 National & Local Cost Pressures

The Trust has planned our funding for 2016/17 based upon the 3.1% tariff inflation included with draft price documentation, plus the targeted funding for CNST within individual HRG sub-chapters. This results in £2.1m of additional funding to cover national cost pressures. The table below shows how this funding compares to the true cost of these pressures at a local level.

National Cost Pressures funded through tariff inflation	£2.12m		Income from tariff uplift, applied against national and local prices
	(£0.45m)		National Pay Award / Incremental Drift
	(£0.74m)		Changes in NI rates for contracted out pensions
	(£0.54m)		Non Pay inflation
	(£0.62m)		CNST increase
	(£0.33m)		PAS licences (previously funded centrally)
	(£0.13m)		ORMIS licences (previously funded centrally)
	(£0.05m)		External Board Governance Review - Well led framework (non-recurrent cost)
	(£0.08m)		Reduction in national CQUIN for specialised services
	(£0.08m)		Reduction in educational tariffs
		(£0.9m)	

Based on this modelling, there are £0.90 m of unavoidable national cost pressures that are not fully funded within tariff inflation. Based on the limited clarity on the break-down of the 3.1% uplift, the areas that seem to be underfunded are:

- CNST premiums – The Trusts premium has gone up £0.6m, but only £0.3m seems to be funded through the targeted uplifts in HRG sub-chapters
- IT licences – The cessation of national funding for IT systems from 1st July does not seem to have been accounted for in any national uplifts
- Board Governance Review – Whilst we would not expect this to be explicitly funded, given it is only a once every three years requirement, it still represents an additional non-recurrent pressure in 2016/17.

In addition to national cost pressures, the Trust is also planning some required investment in quality in line with some of the challenges outlined in Section 3:

Local Cost Pressures	(£0.23m)		ePMA implementation - revenue costs
	(£0.05m)		Other IT licences to support implementation of IT strategy
	(£0.10m)		Leadership development, targeted at clinical leadership within new management structure
	(£0.30m)		Various local quality initiatives
	(£0.06m)		Net, non-recurrent cost of e-rostering implementation
		(£0.74m)	

Whilst we recognise the additional pressure this will place upon the delivery of the 2016/17 revenue control total, the Trust believes that these costs are vital to deliver on national quality requirements, and to ensure a sustainable future for the Trust.

5.1.3 Income modelling

As previously stated, 2015/16 has been an outlier year for activity, with challenges around staffing resources and flow blockages resulting in an unusually low level of surgical activity being undertaken. In December 2015, the Trust introduced the Transformation into Action programme to ensure that daily focus was being placed on ensuring a smooth operational flow for patients in their journey through the hospital.

The table below shows long-term trends in activity and highlights that the level of inpatient activity undertaken at the Trust has been relatively stable, whilst day case activity has been more variable.

	2016/17 (plan)	2015/16 (forecast outturn)	2014/15 (actual)	2013/14 (actual)	2012/13 (actual)
Day Cases	7,702	7,854	8,186	7,301	6,161
Inpatients	7,751	7,100	7,114	7,078	7,244
TOTAL	**15,453**	**14,954**	**15,300**	**14,379**	**13,405**

Recent trends in both waiting lists and operative activity have shown that the proportion of patients referred to the hospital for more complex inpatient surgical treatment as opposed to simple day case work has been increasing. This trend has been modelled into activity plans for 2016/17, with 50% of admitted patient care activity anticipated to be inpatient work, compared to 46% in 2014/15 and 47.5% in 2015/16.

In terms of the Trust modelling, we have assumed the following factors:

- Admitted patient care activity in line with levels delivered since the introduction of the Transformation into Action programme in December

- Additional activity linked to new appointments within the spinal and oncology directorates. The net impact of these new appointments, after taking account of anticipated retirements in year, has been included within activity plans, with some scaling back of targets in the first 3 months of employment to allow an appropriate orientation period.
- Additional waiting list work to manage spinal waiting times from April to September in advance of the substantive spinal appointments
- Further increases in efficiencies linked to Transformation into Action and the Perfect Day project

As described in Section 2.4.2, the Trust continues to work with NHS England and local provider colleagues to identify a sustainable solution for the provision of spinal deformity services. NHS England have offered, in principle, to fund a number of additional spinal deformity cases in 2016/17 to support the ongoing waiting list challenges, however there currently remains no clear operational plan as to how the health economy will free up the required capacity to treat this growth safely. As such, we have excluded any spinal deformity growth from our existing financial plan.

The Trust anticipates that it will retain a significant number of over 52 week breaches during 2016/17, regardless of any additional capacity that can be identified. As a result of signing up to our control total, the Trust has assumed that contract penalties for 52 week breaches are suspended for 2016/17 as part of the year of stability assurances, thereby creating the headroom for the health economy to develop a joint solution for spinal deformity services.

5.1.4 Planned revenue position, including link to control total and sustainability fund

As outlined in the changes between the draft and final submissions, the Trust is now planning for a deficit of £3.20m, in line with our control total. As such, the Trust is anticipating receipt of its £0.20m sustainability funding in 2016/17. This assumes a satisfactory settlement from 2016/17 commissioning contracts, where negotiation is still ongoing. Further details of the associated risks are provided in section 5.7.

5.1.5 FSRR & Liquidity

Based upon the position outlined above, the Trust is currently planning for a Financial Sustainability Risk Rating of 2 for the 2016/17 financial year. The scale of our 2015/16 deficit, and the planned deficit in 2016/17 will clearly have an effect of the liquidity position of the Trust, however given the position of strength that the Trust is starting from with regards to cash, we are still planning for a liquidity rating of 3 for the 2016/17 financial year. This liquidity provides the Trust with the time needed to address our current financial challenges and move towards financial balance in future years.

5.2 Efficiency Savings

Whilst the Trust acknowledges the reduction in the national efficiency factor to 2%, the scale of challenge in terms of pulling back of current deficit position and meeting the impact of the unfunded cost pressures described in section 5.1.2 means that we need to plan for a significantly higher level of savings in 2016/17. As such, the Trust is currently planning for a cost improvement target of 4.39%, of which 3.76% relates to cost reduction and 0.63% to income generation.

Sections 5.3 to 5.5 below provide detail on some of the main categories of savings identified, however the bullet points below outline some of the other material cost reduction schemes that are planned for 16/17:

- Reduced spend on Additional Duty Payments to medical staff – The Trust currently spends approximately £1.5m per annum of payments to medical staff for work outside of contracted job plans. Whilst much of this expenditure is valid, either because it covers short-term or unavoidable vacancies, or because it provides flexibility that would not be available within existing job plans, the Trust is confident that this can be significantly reduced. Targeted recruitment and tightened job plan controls are anticipated to deliver £125,000 of net savings in surgical areas and £100,000 in Anaesthetics, while approximately £400,000 of costs are anticipated to be released through increased efficiency schemes which will reduce the number of additional sessions that are required to deliver contracted activity.
- Reduced spend on administrative staffing – the Trust rolled digital dictation out across administration areas in 2015/16, with £150,000 of savings realised through reduced outsourcing and use of agency staff. A further £100,000 is being targeted in 2016/17 as a result of phase 2 of the project, which will involve the movement of some areas to speech recognition
- Stock rationalisation – the Trust currently has very manual processes in most areas with regards to stock management. A new stock management system is planned for theatres, which should provide significant visibility and improved management capabilities. It is anticipated that £350,000 of savings can be identified, partly non-recurrently as a result of the abilities to reduce standard stock levels and partly recurrently as a result of reduced wastage.
- Pharmacy standardisation – the Pharmacy team are targeting £131,000 of savings linked to drug rationalisation and the move to a greater use of generics.
- Utilities - £117,000 of savings are anticipated through improved procurement and through the installation of innovative technology which reduces the use of gas across the hospital.
- Review of SpR rotas – We are reviewing the potential to make changes to our SpR rotas that have the potential to costs, although part year effect and pay protection will reduce the savings that can be realised in 2016/17.
- The Trust has undertaken an alternative site valuation in 2015/16, which is anticipated to reduce its 16/17 depreciation charge by circa £400,000.

In addition to the cost avoidance schemes identified above, there are other efficiency schemes that are being worked up for 16/17, the main one being as follows:

- Reduction in outpatient DNAs – The Trust is in the process of implementing the InTouch outpatient administration system. This will provide, for the first time, real-time and detailed management information to support the flow of patients through the outpatient department. The Trust is confident that this improved information will enable targeted actions to reduce the proportion of patients that are currently not attending planned appointments. £203,000 has been targeted as part of this scheme.

5.3 Lord Carters Provider Productivity Programme

As a specialist provider, the Trust has not currently been an active member of Lord Carter's Provider productivity programme. That said, a number of the principles that are raised in Lord Carter's report form part of the Trust's financial planning for 2016/17.

The Trust is keen to ensure that our finite staffing resources are used as effectively as possible. The Trust has approved a business case to implement an e-rostering system in 2016 to give greater visibility and control of front-line clinical resources. We are also in the process of implementing an electronic job planning tool that will ensure that medical resources are matched appropriately to the needs of the hospital, and that the impact of this expensive resource in maximised in delivering high quality and highly efficient clinical services.

Specific opportunities around procurement, medicines optimisation (although the impact of this is limited given the narrow range of drugs used as a largely surgical hospital) and estates management are described in more detail in section 5.2 and 5.5.

As referenced in Section 4, the Trust also worked closely with Monitor in 2015/16 to develop the "Helping NHS providers improve productivity in elective care" document, and we are now in discussion with NHS Improvement around a pilot project for 2016/17 aimed at putting together all the stages of the recommended pathway into one optimised, efficient pathway for orthopaedic care.

5.4 Agency Rules

Section 4 provides detail around some of the actions being taken by the Trust to implement the new agency caps, both at an individual shift level and at an overall Trust level. The following paragraph provides further detail of how these actions will impact upon the overall financial position:

Junior Doctor locums – The trust is in discussion with our existing locums with regards to the new rate caps, and the potential to implement the new rates through either revised agency agreements or the move to local contracts. These discussions are proving challenging, however some savings have already been banked in 2015/16 through the introduction of direct engagement and a renegotiation of a preferred supplier contract. A further saving of £50,000 has been included within savings targets for 2016-17. This saving is limited by the fact that the Trust already has plans in place to reduce the overall usage of junior doctor locums through the introduction of Physicians Associates (PAs). 4 new PAs are starting in Quarter 4 of 2015/16 and Quarter 1 of 2016/17, and although there are some double-running costs within the early months whilst the move to new rotas is managed in a safe and sustainable way, the Trust is anticipating substantial savings across the second half of the financial year. Additional savings should also be realised in 2017/18 as part of the full year effect of this new model.

Nurse staffing – Section 4 provides detail of some of the actions being taken to implement agency controls and support nurse recruitment in theatres and on the wards. Whilst agency savings are planned for ward areas, the Trust Board have agreed that these savings should be reinvested in enhanced staffing levels at night to ensure a high quality nursing service twenty-four hours a day, seven days a week. Whilst agency costs should reduce significantly, the overall financial impact of the Trust will therefore be cost neutral.

Theatre staffing – As again outlined in Section 4, the Trust has been working on overseas recruitment to support the reduction of agency use in theatres, alongside other local actions such as reviewing the hourly rate paid to bank staff to encourage greater take up of additional shifts from within our substantive team.

5.5 Procurement

As part of our "turnaround" project set up to improve our financial performance, procurement has been identified as an area that has been traditionally under resourced, and plans are currently being developed to support a greater focus on procurement practices in 2016/17.

That said, in key areas the Trust is already starting from a reasonably efficient start-point. We have demonstrated that with regards to implants, which make up over 10% of our cost base, the Trust has already negotiated prices that are at the very low end of the ranges identified by the Getting it Right First Time project that is supporting Lord Carter's overall procurement efficiency work. That is not to say that further benefit cannot be realised through greater standardisation of products and processes, and £350,000 of savings are currently being targeted by the surgical division with regards to this. The Trust is also signing up through national contracts to support the principle of national procurement around high cost devices where the cost is "passed-through" to commissioners.

The Trust is keen to release further savings around general clinical consumables, and will be supporting the national work around standardisation towards the top 100 most common non-pay items.

5.6 Capital Plan

The Trust has scaled back planned capital expenditure in 2016/17 in line with the overall liquidity challenges generated by its deficit plan. A capital budget of £3.1m has been set, with a prioritisation and risk assessment process undertaken to determine the appropriate schemes to take forward over the next 12 months.

Prioritisation was given to those schemes with current contractual commitments, those required to meet statutory requirements and those where formal business cases have already been reviewed and approved. These schemes account for circa £2.7m of the planned expenditure in year, and include the following major schemes:

- Electronic Prescribing & Medicines administration
- HDU improvement works
- Theatre improvement works
- Theatre management system replacement
- E-Rostering system implementation

£1.8m of further schemes have been currently held in on a reserve list, and will continue to be risk assessed during the year with the remaining capital funding released in line with these ongoing reviews. An assumption of the likely schemes to be funded have been included within our 2016/17 capital plan outlined in the Forward Plan Financial Return. The Trust is also investigating alternative sources of funding for these schemes, including the potential to bid for funding to support IT investment as part of the move towards digital

maturity and a review of existing charitable funds. Schemes that cannot be supported in 2016/17 have been planned into the capital programme in 2017/18 and 2018/19.

6. Link to the Emerging 'Sustainability and Transformation Programme'

The Trust is a committed partner in the Birmingham and Solihull Sustainability and Transformation Programme (STP) footprint, and is further committed to working across the local health economy to develop and deliver a strong and achievable STP.

The partners within the STP footprint are focused on being an exemplar site and developing new ways of working in partnership to develop high quality clinical services that are sustainable and offer both choice and accessibility for our patients and service user, and have set up new governance and leadership groups recognising the need for system leadership development to support strategic service ambitions.

The STP is in its development stages, however, there have been high-level meetings of Chief Executives and the directors of Finance and Strategy to ensure that executive level commitment is gained from the offset. There is now a clear governance structure in place and an independent chair has been appointed to ensure that there is appropriate confirm and challenge of the decision making processes. The Chief Executive of the Birmingham City Council is providing the System Leadership, through mutual agreement of all parties.

There are, of course, challenges, not least of which is the complexity of the landscape within the West Midlands, and in particular the Birmingham conurbation, where the west of the city is committed and engaged with the Black Country STP footprint, this offers a significant challenge in looking at whole systems working. However, a pragmatic system of engaging with West Birmingham through an associate member agreement into the Birmingham and Solihull STP appears to be an acceptable solution so far.

Whilst we are committed to this planning, there are significant challenges for the Royal Orthopaedic Hospital in this new arrangement, mainly in ensuring that the vast numbers of commissioners that currently purchase services from the hospital ensure that those commissioning intentions remain as part of their STP template for commissioning. The Royal Orthopaedic Hospital commissions from over 130 different commissioners across the UK and this level of tertiary referral patterns offers potential for growth, however is also a significant risk in the new model of planning and commissioning for 2016/17 and beyond. It is however; also clear that this will be the same for other Trusts in the footprint with similar referral patterning, such as the Birmingham Childrens Hospital, The Birmingham Womens Hospital and the Queen Elizabeth Hospital Birmingham, therefore there is a level of confidence that this will be addressed quite early in the process.

This new methodology is currently being developed by our lead commissioner, the Birmingham Cross City Clinical Commissioning group (BCCCCG) and will be developed in the coming months to ensure the June 2016 deadline is met for the submission of a systems wide STP plan that is agreed and workable for all partners.

7. Membership and Elections

7.1 Elections

There was one set of elections called during 2015/16 to fill five seats, across both public and staff constituencies.

7.1.1 Elections during 2016/2017

There will be a planned election undertaken in Quarter 1 of 2016/2017 as terms of office are ending during this time; 1 seat in Birmingham and Solihull and 2 seats in Rest of England and Wales Constituencies.

7.2 Governor Training

During the year, the Trust has undertaken a review of the delivery of Governor training in an attempt to make this meaningful for the Council.

All members of the Council have been offered the opportunity to attend the Governwell Core Skills module, with particular focus on the Council Members without an NHS background. Governors have reported that this has been of significant help to aid their understanding of their roles and responsibilities within the FT structure.

In addition, Trust-specific training has been developed in-house and delivered to address identified needs, both individually and collectively within the Council. Training sessions delivered during this year include the Risk Assessment Process and how to interpret the level of risk, Accountability with an emphasis on how this differs from Being Accountable and Effective Questioning skills.

Governors have provided feedback to the Trust on the sessions and this training has been exceptionally well received. The training on Accountability has also been delivered to another Trust with similar positive feedback.

7.3 Membership and Governor Engagement

The Trust has reviewed the management arrangements of the Membership during the year and has transferred responsibility to the Communications Team. This is to ensure more effective communication channels between Governors and Members and to improve the range of Membership Activity on site, in line with our Strategic Objectives.

Members and Governors have been invited to become involved in the work of the Trust in a number of new ways during the year. These include:

- Attending workshops on the development of the new Trust Website to provide different perspectives.

- Attending training to become Lay Assessors for the implementation of the Equality Delivery across the Trust

- Beginning the Process of Governors becoming involved in recruitment panels for key staff

within the Trust

- Information about Governors and the work that they are involved in being included in key communication publications, such as the Trust newsletter and on the website

- The reinstatement of membership newsletters to inform members explicitly of the work of their Governors.

A new Membership Engagement Strategy will be created in 2016/2017 to continue to build on these new initiatives.

7.4 Engaging Our Membership and Strategy

The focus of membership activity has continued to be creating regular and one-off opportunities for members to engage directly with the Trust, rather than on growth of numbers.

The Trust has continued to look at offering more opportunities for engagement from home that members can become involved with, as well as maintaining existing opportunities on site. Examples include:

- Asking for specific feedback on single issues such as the look and feel of the website

- Offering opportunities to become involved in the Transformation work to support the delivery of the 5 year Strategy.

Members continue to:

- Be involved in the Simulated patient Programme
- Help conduct Patient Surveys and Friends and Family survey
- Become Mystery shoppers
- Assisting with outcomes data collection
- Support new projects for improving service quality
- Be involved with the Research and Development Department in delivering trials and collecting information.
- Assist with the production of Patient Information that is written in plain English
- Engage in volunteer opportunities specifically designed to support diversity within membership such as the Young Volunteer Programme for members under the age of 25 and the Access to Nursing Volunteer Scheme for members from diverse social backgrounds.