



ROHTB (12/16) 006 (a) (P)

**Draft Two Year Operational Plan  
For 24<sup>th</sup> November submission**

**2017-18 & 2018-19**

**The Royal Orthopaedic Hospital NHS  
Foundation Trust**

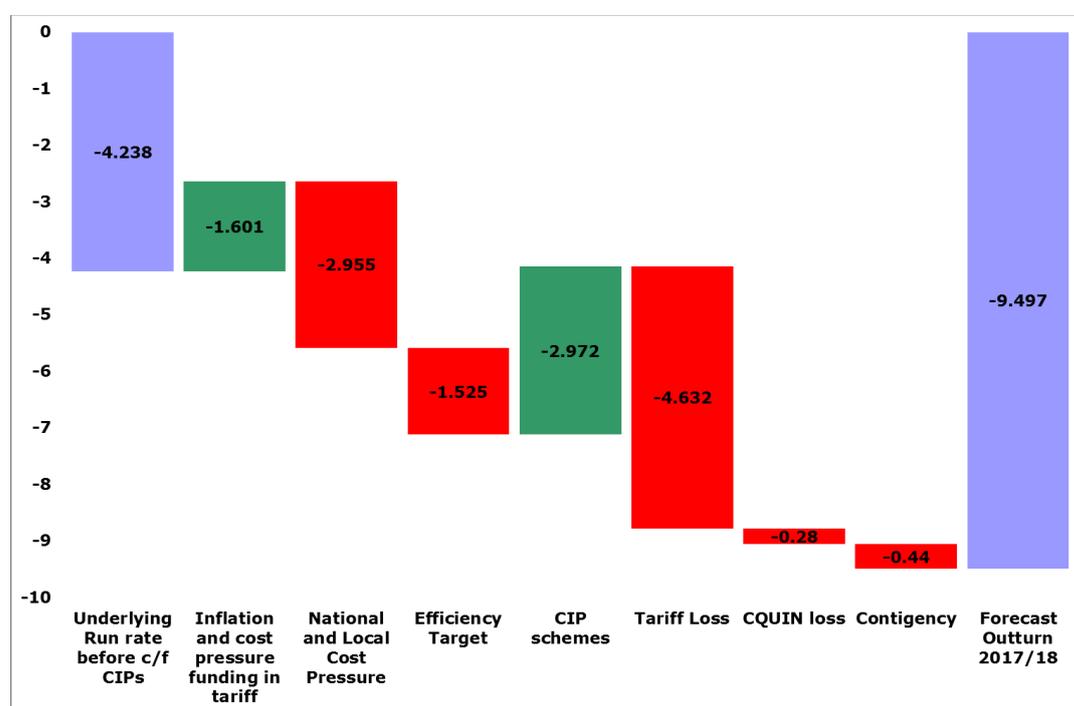
**Our vision is,  
“To be the FIRST CHOICE for  
ORTHOPAEDIC CARE”**

## 1. Executive Summary

The Trust is submitting a draft financial deficit plan of £9.497m in 2017-18 and £8.527m in 2018-19 based on the assumptions available at this point in time. This is a shortfall of £2.877m and £2.793m against our relevant control totals after adjustments for SFT monies as highlighted in the table below:

	2017-18	2018-19
Control Total (including STF)	(£6.183m)	(£5.298m)
STF	£0.436m	£0.436m
<b>Control Total (excluding STF)</b>	<b>(£6,619m)</b>	<b>(£5.734m)</b>
Draft Planned Surplus / (Deficit)	(£9.497m)	(£8.527m)
<b>Variance against Control Total (excluding STF)</b>	<b>(£2.878m)</b>	<b>(£2.793m)</b>

The bridge below shows the main movements between the underlying normalised run rate of the Trust as at the end of the 2016-17 financial year (before adjustments for the full year effect of 16-17 CIPs) and the current forecast outturn for 2017-18.



As the bridge above shows, the Trust is planning to manage our cost pressures and efficiency targets through the Cost Improvement Plans that have been generated. The deterioration in our overall financial position is therefore purely driven by changes in the national tariff and the rules around the withholding of 0.5% of CQUIN monies, with the exception of the contingency reserve that has been set aside.

The Trust has been working as part of the SOA to challenge the assumptions within the national tariff, and to find solutions for the obvious errors within the orthopaedic chapter. We are anticipating that circa £2.8m of the current tariff loss could be mitigated by two specific tariff changes, which are described in more detail in section 5.1.3. This movement in tariff, assuming no further changes to the Trust's control total, would enable the Trust to submit a final plan on 23<sup>rd</sup> December that delivered against our control total deficit.

The combination of our in year deficit and planned deficits moving forwards will result in the requirement for cash support from the first quarter of 2017-18. As such, we will continue to work with our regional team to understand the process that needs to be followed to access this support

## **2. [Activity Planning](#)**

The Trust's activity plan for 2017-18 and 2019-18 has been built utilizing a range of information around demand, capacity and operational delivery challenges.

### **2.1 Overall Capacity Planning**

The Trust's activity plan is based on historic activity delivery, adjusted for normalised capacity factors, referral growth and the impact of delivering RTT compliance. In previous years, the Trust has used the GooRoo tool to develop its overall demand and capacity model, however we are currently in the process of moving this modelling to the NHSI Intensive Support Team demand and capacity model.

### **2.2 Operational delivery challenges and learning the lessons from 2016-17**

The Trust has encountered a range of challenges, both underlying and exceptional, in delivering to an activity level that is sufficient to meet financial and performance targets. Whilst the Trust would not anticipate any exceptional events, such as that which caused the Trust to close all its theatres for a week in June 2016, it is acknowledged that significant work is still required to address underlying factors which are limiting the full, efficient use of our theatre and bed capacity.

As part of our 2016-17 recovery plan, 3 key work-streams have been identified to ensure that capacity is available to deliver our activity targets moving forwards. These schemes focus on the key areas of the patient pathway, namely:

- Pre-operative assessment
- Theatre Productivity
- Discharge Planning

Detailed project plans, with key milestones and KPIs are in place for the final 5 months of 2016-17, and the delivery of these plans will ensure that the Trust hits the 1<sup>st</sup> April in a strong position to achieve against our targets for 2017-18 and beyond.

### **2.3 Contract negotiations and congruence with commissioner plans**

The Trust is still in the very early stages of contract negotiations with commissioners for 2017-18. Baseline positions have largely been agreed, however there is still work to be done to ensure that changes in commissioner responsibilities between CCGs and NHSE are accurately reflected.

Discussions are underway with CCG commissioner around normalisation adjustments and the level of growth required to match referral changes and deliver RTT targets, however there has been no agreement at this stage around this volume and cost. There is also a lack of clarity around the transfer of activity between commissioners as part of the changing PSS rules. The Trust has agreed to a tripartite meeting with our host CCG and NHSE specialist commissioner to resolve this, however it is important to flag that whilst overall income and activity numbers are robust based on the assumptions currently available, there is the

potential that there may be significant discrepancies between commissioners until this issue is resolved.

There also remains significant uncertainty around orthopaedic tariffs for 2017-18, which makes commissioner understanding of their quantum of costs to cover the RoH contract a challenge. This is particularly relevant with regards to a cohort of specialist activity that is clearly undeliverable at the consultation tariffs and about which discussions have begun about the potential for local price modifications. The impact of these modifications have not been built into the current financial plan, but could have a material effect on the overall bottom line. More information on the overall impact of tariff and the assumptions made by the Trust is included within the Financial Planning section

#### **2.4 Activity Plans & RTT requirements**

The table below shows the current activity planning assumptions for 2017-18 and 2018-19, against forecast outturn numbers for 2016-17

	<b>2016-17 Forecast</b>	<b>2017-18 Plan</b>	<b>2018-19 Plan</b>
Day Cases	7,185	7,805	7,961
Inpatients	7,314	7,423	7,571
<b>Total APC</b>	<b>14,499</b>	<b>15,228</b>	<b>15,532</b>

Day Case activity in 2016-17 is influenced by key consultant vacancies in spinal services, pain management and radiology. Recruitment to these vacancies has now been completed, and the full year effect of this workforce change is built into activity plans.

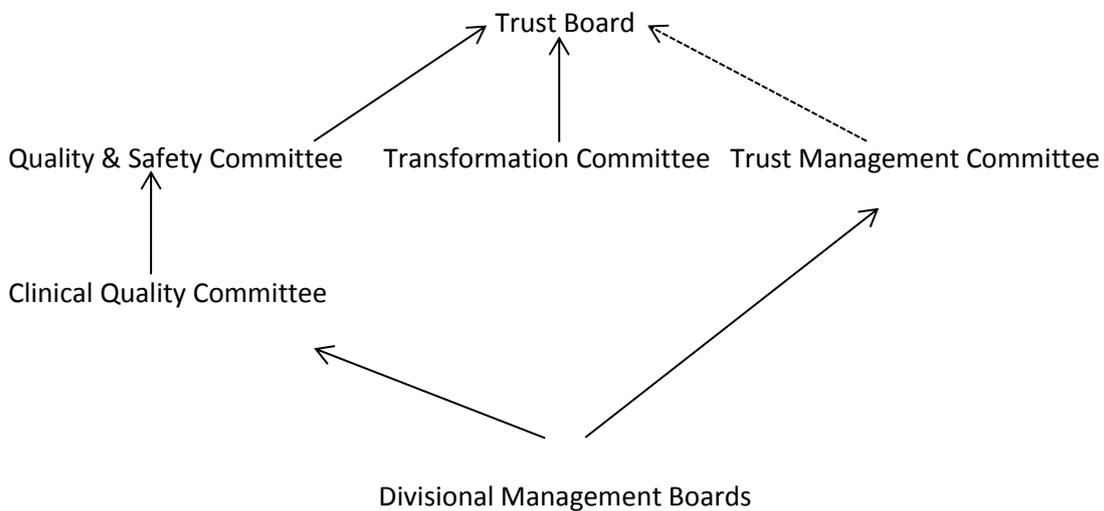
Inpatient activity growth is linked to the operational efficiency improvements outlined in section 2.2. The Trust believes that further growth is likely to be required to deliver RTT performance targets, however given the uncertainty of this within current commissioner negotiations, no further growth has been built in at this time. It is anticipated that this will be fully addressed in advance of the final operational plan submission.

### 3. Quality

#### 3.1 Approach to Quality Improvement

The Director of Operations, Nursing & Clinical Governance is the Executive Lead identified as holding responsibility for quality improvement within the organisation. He is supported in this responsibility by the Director of Finance & Performance who takes responsibility for ensuring progress with actions from internal audits are reported to the Audit Committee and by the Director of Strategy & Transformation who leads a programme of transformation improvement across the organisation. The Associate Director of Governance & Company Secretary also contributes to improving quality governance around risk management and policy governance in particular.

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;



The Trust was reinspected by the CQC in July 2015, following the initial inspection in June 2014. The report from the visit released in December 2015, provided an overall rating of 'Requires Improvement', this being consistent with the rating provided by the previous inspection. The Trust did however improve the rating for the 'Responsiveness' domain within Outpatients from 'Inadequate' to 'Requires Improvement'. In response to the report, the Trust produced an action plan which addressed the recommendations raised; further detail of the actions raised is provided in Section 2.2. Delivery of the action plan is monitored by the Trust Management Committee. Progress with the actions at a divisional level is also provided by routine divisional updates, again considered at each meeting of the Trust Management Committee. Finally progress with the delivery of key milestones within the action plan is considered by the Quality & Safety Committee and Trust Board as parts of their routine cycles of business. The Trust keeps an open dialogue with the CQC and has held several meetings throughout the year to discuss progress with addressing specific quality issues. Assurance is obtained routinely on compliance with CQC registration requirements through Directors and Senior Managers of the Trust having allocated responsibilities in respect of CQC standards and more generally in maintaining internal control systems to support those standards.

The Trust has in place a Quality & Safety Committee, a subcommittee of the Trust Board, which meets on a monthly basis. The work plan of the Committee involves consideration of upward reports from the Trustwide clinical governance committees, with the chairs of these committees joining the Quality & Safety Committee to present their reports on a rotational basis. The Committee from time to time, also requests the attendance of key clinical managers from across the organisation to report on plans to address clinical quality risks or concerns that have been raised.

Board members carry out walkabouts in which they gain first-hand experience regarding the quality of care and the views of patients and staff and others. A programme of Quality & Safety walkabouts is in place.

There is a process of escalation of risk related to quality throughout the Trust; further work is being carried out to strengthen its operation through the relaunch of the risk management policy, which will be supported by a staff training programme that will be delivered from early 2017.

The Trust has in place a Transformation Programme, the delivery of which is monitored by the Transformation Committee, a subcommittee of the Board. The Programme consists of a number of workstreams, these being focused on a range of quality improvement priorities, from workforce & leadership to research & clinical outcomes. Each workstream is led by a member of the Executive Team, who report back on progress with the delivery of these at each meeting of the Transformation Committee.

The impact of the Transformation Programme and the delivery of the quality improvement priorities set out in the Quality Account 2015/16, on operational performance and quality improvement is triangulated through the consideration of finance & performance and quality & patient safety reports which are received monthly by the Board subcommittees and the Trust Management Committee. The Board also receives upward assurance reports from its committees setting out any key matters of concern and positive highlights noted at the meetings. The Board receives further assurance on quality governance & improvement through the Board Assurance Framework which it considers quarterly.

Moving forward the key focus in terms of quality improvement for the Trust, as set out in the Quality Account 2015/16, is:

1. Reducing the number of incidences of consent on day
2. Reducing the number of avoidable pressure ulcers
3. Reducing the number of avoidable VTE events
4. Ensuring that learning identified from serious incidents and complaints are embedded in practice
5. Reducing waiting times in clinic
6. Reducing cancellations on the day of surgery (Governors Priority)
7. Delivering the commitments outlined in the first year of the Dementia Strategy
8. Improving patient reported experience of pain

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, including the use of technological solutions 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 nurse preceptorship programme;
- Long waiting times for spinal deformity patients which could result in clinical deterioration or long-term clinical outcome – this is being mitigated by the appointment of additional spinal consultants, sourcing additional capacity from external sources and pressing for revised commissioning arrangements and penalty regime

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 committed to interaction and engagement of our staff and governors with a heightened focus on patient engagement in the 2017/18 period.

The Trust has continued to focus on the revision of its Governance structures and processes in 2015/16, supported by active recruitment to new posts in the Governance Team. The Trust has 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 has implemented 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.

## 2.2 Quality Improvement Plan

In terms of the Trust’s quality improvement plan in relation to local and national initiatives to be implemented in the next two-year period, the following is in place:

- 1) **National clinical audits** – during 2015/16, the Trust’s Knowledge Hub was launched, a structure founded on three pillars: research & innovation; education & learning; clinical audit & outcomes. It is within the third of these pillars, that the Trust’s resources to respond to local and national clinical audits sit. During the year, the Quality & Safety Committee has received a number of updates on progress with developing the clinical audit function. The Committee has received assurances that a robust and comprehensive clinical audit programme is now in place, covering both national and local requirements, and through close links with the Trust’s clinical quality committee there are processes to ensure that the audit work is aligned to the areas of highest risk and priority. The Trust also contributes to the National Joint Registry and Patient Related Outcomes.

- 2) ***The four priority standards for seven-day hospital services*** – It is understood from NHS Improvement that the 7 day services workstream applies only to patients on an emergency pathway, and does not apply across elective services. Therefore, for the Trust, the standard only applies to the spinal emergency service.

On this basis, the tailored four priorities set are:

- Daily wards round by spinal surgeon.
- Availability of diagnostic services for emergency patients on a 24/7 basis - either in house or via SLA, including radiologist reporting to inform patient management.
- Availability of emergency theatre 24/7.
- Availability of the wider MDT across the 7 day week where this is required to progress patient care and decision making

- 3) ***Safe staffing*** – The Trust measures its staffing levels using a national tool which reports average fill rates per ward, for registered nurses and care staff during the day and at night. An upload to the UNIFY data collection system is made on a monthly basis. A routine report on nurse staffing is considered by the Trust Management Committee and Trust Board, which details fill rates, nurse staff vacancies and nurse staffing incidents, together with any areas of risk and actions being taken to address any potential shortfalls against national guidance. Much effort is being directed into recruitment of nurses into key posts and a nursing workforce group meets monthly, with responsibility for the development of targeted recruitment campaigns and the introduction of accurate vacancy monitoring across the Trust. Good progress has been made against the establishment of a Trust wide recruitment plan with Outpatient Department/Pre-Operative Assessment and Admission & Day Case Unit joining the generic assessment centres and conforming to the recruitment calendar for Health Care Assistants. Further work will be undertaken with the theatre team in future to ensure that good practice is shared and where possible Trustwide recruitment events are planned. A Paediatric Matron joined the organisation from November 2016 and attention is being given to recruiting further Paediatric nurses.
- 4) ***Care hours per patient day*** – following the publication of the Carter Review (2016), NHS Improvement issued new guidance which required all trusts to report Care Hours per Patient Day (CHPPD). From May 2016 this became the principle measure of nursing and care support deployment. The Safe Nurse staffing report considered monthly by the Trust Management Committee and Trust Board presents CHPPD for each ward. Benchmarking data is not currently available but the reports have highlighted that there is variation in the number of CHPPD recorded between months. The Carter review (February 2016) notes significant variation in CHPPD in the sample of 1000 wards used to gather the original data source with a range from 6.3 CHPPD to 16.8 CHPPD. On this basis the Trust is at the lower end of the spectrum but Carter (2016) notes that we should be mindful of comparing different types of wards and departments and that CHPPD should be used against measures of harm and experience in order to establish ward baselines. More work is therefore required to understand the optimum number of CHPPD required in a specialist

orthopaedic hospital. CHPPD has already been included as a measure on the monthly Ward Healthcheck, a dashboard of performance by ward against key quality indicators. CHPPD will be used as one of the measures in staffing establishment reviews and as the data matures it will be possible to compare wards of similar type and activity in order to enable greater understanding of the requirements of patients treated by the Trust.

5) ***Improving the quality of mortality review and Serious Incident investigation and subsequent learning and action*** – The Trust has introduced additional focus on mortality during 2015/16 and plans to continue this into the next year. As a specialist hospital, the Trust is one of 19 providers who are exempt from reporting on Summary hospital-level mortality indicator (SHMI) because there are important differences in the case-mix of patients and the SHMI has not been designed for these types of trusts. However the Trust records and reports all deaths, both expected and unexpected, of patients admitted to hospital and up to 30 days post discharge through the corporate performance report and to the local Clinical Commissioning Group (CCG). In February 2016 the Trust committed to a number of key actions to support analysis and review of mortality within the Trust which was supported by the Quality and Safety Committee, these actions being:

- Produce a monthly report that details deaths within the Trust for the current financial year with trend lines for previous years
- Provide an analysis of each in-hospital deaths that has occurred and key learning that is realised following the RCA.
- Ensure that mortality is included within the Divisional Management Board's monthly Governance reports.
- That all deaths are presented at clinical audit, preferably by the lead clinician.
- A monthly interpretation of the deaths within 30 days report is included within Divisional Management reports.
- Monitor all actions plans to ensure closure of all actions.
- Establish a forum within the Trust where mortality is discussed.

Progress against these actions is reported to the Quality & Safety Committee on a quarterly basis and at the October meeting, assurances were provided that these actions were complete or were on track for delivery as planned.

The mortality report also provides details of all Trust deaths up to 30 days post discharge and when last presented, a downward trend was highlighted. Further work is planned over the next few months to better understand the Trust's position in terms of mortality in comparison to benchmarking information.

In terms of Serious Incident investigation, good progress has occurred during 2015/16 to strengthen the Trust's investigation and handling of Serious Incidents. A contract performance notice levied by our principal Clinical Commissioning Group for the handling of Serious Incidents was lifted on the back of improvements made to our processes and quality of investigations. The review of the Trust's position on Serious Incidents forms a key part of weekly Executive Team meeting and is also reported within the Quality & Patient Safety report considered monthly by the Trust Management Committee, Quality & Safety Committee and Trust Board. Further work is planned to strengthen the Trust's ability to learn lessons from Serious Incidents, Complaints and Litigation, however good progress is being made by the Trust's Governance Team, particularly in the use of innovative means of using interactive technology for sharing lessons learned. This is a major area of focus for the current and forthcoming year and as such, forms an important Quality Priority set out in the Trust's Quality Account 2015/16.

- 6) **Anti-microbial resistance** - the Trust has in place a specialist Bone Infection Unit (BIU) which is run via a multidisciplinary team approach. This includes an antimicrobial pharmacist and a Consultant Clinical Microbiologist. This approach ensures that expert advice underpins all prescribing decisions in relation to the use of antimicrobials. The vast majority of patients with infection at the Trusts are under the care of the BIU, and the team also offers advice and support for patients with other infections on the ward rounds. The use of different groups of antimicrobials is monitored regularly through audit and the results discussed at the Trust's Infection Control Committee. The Quality & Safety Committee receives a quarterly update from the Infection Control Committee, which includes the work of the BIU.
- 7) **Infection prevention and control (IPC)** - the Trust continues to take IPC very seriously and will continue to strive to meet the national targets set for reduction of MRSA bacteraemia and Clostridium difficile. In addition to this, the Trust will concentrate on minimising infection following surgery undertaken here, and will maintain one of the most comprehensive surgical site infection surveillance systems in England. Cleanliness and compliance with Trust policies is an essential part of any IPC team's work and this will continue according to the annual plan agreed by the Trust's Infection Control Committee each year. Benchmarking with other specialist orthopaedic providers will form an integral part of the annual analysis of data. The Quality & Safety Committee receives a quarterly update from the Infection Control Committee, which includes Infection Prevention and Control practice.
- 8) **Falls** - The Head of Nursing is responsible for reviewing falls within the Trust. Each fall is reviewed to understand the reasons and actions that may be taken to prevent a reoccurrence. The position is reported in the Quality & Patient Safety report which is reviewed by the Trust Management Committee, Quality & Safety Committee and Trust Board on a monthly basis.

- 9) **Sepsis** - The Trust has implemented a deteriorating/septic patient policy in 2016. This includes a revised sepsis tool to be instigated for any patient triggering on the sepsis six criteria from the MEWS/PEWS charts.

There have been new NICE guidelines released this year for the management of sepsis. A local network sepsis committee has been established to review this guidance and develop a collaborative network approach. The Matron for HDU and the lead nurse for Infection Prevention Control at the Trust are members of this group. We are awaiting the finalisation of both the adult and paediatric inpatient guidelines. Once finalised, these guidelines will be implemented.

An Acutely Ill Patient Committee is to be established. This committee will focus on the review of deteriorating patients, the implementation of new guidance and audits of the sepsis pathway.

- 10) **Pressure ulcers** - The Trust has focussed carefully on the prevention of pressure ulcers and has a record of reducing the number year on year, however due to the complexity of some of the surgery undertaken at the Trust, the targets set have become more and more challenging. Work will continue to ensure that the Trust learns lessons from all avoidable pressure ulcers and continues to work at minimising those associated with plaster casts and other devices. Benchmarking with other specialist orthopaedic providers will form an integral part of the annual analysis of data. The Quality & safety Committee has taken a particular interest during the year on actions being taken to prevent pressure ulcers and has received a specific presentation on this which provided assurance that issues such as documentation, training and accountability had improved.

- 11) **End of life care** - as a specialist orthopaedic organisation, the Trust does not handle significant numbers of patients on an end of life pathway. A Service Level Agreement is in place with a local hospice however and the Trust benefits from the service of a Macmillan nurse. The End of Life Care policy was reviewed during 2015/16.

- 12) **Patient experience** - in 2016/17 the Trust has become fully compliant in applying the Friends and Family Test (FFT) questions to all patients. A positive and constructive relationship has been built with ward managers and department heads who now engage with their patient feedback data on a monthly basis. Moving into 2017 and beyond, we want to build on this progress by creating a realtime approach to patient feedback, and allowing more staff access to the information to help inform care and service developments. This will be achieved through working in partnership with an external provider who will support the rollout of a comprehensive patient engagement system. Patients will be able to provide their FFT feedback, along with more general feedback about all aspects of the hospital. This will be facilitated through paper surveys, online feedback and telephone feedback dependent on the preference of the individual. All clinical staff will be able to set up profiles in order to access the appropriate patient feedback for themselves and their services, and all feedback will be on the system within 48 hours of it being received, or potentially sooner. This will move the Trust to a position where individual clinicians feel more ownership of their feedback, and use this

engagement method to inform their activities. In addition, it will give immediate access to patient experience for senior colleagues, who will be able to use it to spot any patterns in satisfaction or the lack thereof, and spot concerns before they turn into potential incidents.

In early 2017/18 the Trust will establish a children and young people's engagement group to help inform the work we do in paediatric care across the Trust. This will offer a valuable resource for all staff who work with our younger patients, and an opportunity to ensure our paediatric services are provided in the best way for our patients.

13) **National CQUINs** - The Trust is committed to delivering the Commissioning for Quality and Innovation (CQUIN) scheme for 2017 – 2019. The Trust is working with CCG and Specialised Commissioners to agree the local indicators linked to the Acute provider national CCG and Specialised Commissioner Commissioned CQUINs relevant to the Trust's specialised services. Although contract negotiations are continuing and the Commissioners are seeking clarification from NHSI regarding whether one of the CQUINs is relevant to the Trust, the Trust expects to deliver a total of seven CQUIN indicators in the following areas:

- NHS staff health and wellbeing
- Proactive and safe discharge
- Reducing the impact of serious infections
- Advice and guidance services
- e-referrals (2017/18 only)
- Preventing ill health from risky behaviours (2018/19 only)
- Spinal Networks Data and MDT Oversight

In addition, the Trust is working with the host commissioner to determine the indicators and thresholds for the 1.0% local CQUIN funding that will be linked to the Trusts engagement in the STP and delivery of the 2017-18 control total.

The Trust recognises the financial risk attached to delivery of CQUINs and intends to continue the exemplary record of achieving over 99% of the CQUIN milestone funding. The Trust delivery will continue to be through a nominated an Executive sponsor for each CQUIN and an identified lead officer tasked with delivering the indicator milestones. CQUIN performance will continue to be reported monthly to the Trust management Committee where confirm and challenge will take place. In addition CQUIN milestone evidence is reviewed at the Commissioner and Trust Contract Review meeting and Joint Clinical Contracting Group forum

The Trust acknowledges that local variation to the nationally prescribed CQUINs is not permitted in 2017-19 and therefore remains concerned about the inclusion of a national CQUIN requiring evidence of a reduction in Antibiotic consumption, in light of the Trusts established Bone Infection Service experiencing increases in referrals. The Trust is continuing negotiations with the Host CCG regarding the exclusion of Bone Infection patients from the CQUIN denominator and numerator.

14) **Confirmation that the provider's quality priorities are consistent with STPs** - the host Clinical Commissioning Group and the Trust are continuing contract negotiations regarding Schedule 4 Quality Requirements. The Commissioner has stated within their commissioning intentions for 2017-18 that the Contract will include new Quality indicators to support delivery of the Birmingham and Solihull (BSOL) STP and other objectives as outlined in the commissioning intentions. Specifically for the Trust there are quality requirements aimed at further reducing harm from pressure ulcers, increasing standards for cleanliness of the environment, increasing threshold for core training requirements and essential to role training.

The Trust is fully engaged in the BSOL STP operational delivery and appropriate workstreams with the aim of delivering transformation of delivery with commensurate STP QIPP.

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 2014/15, as described in Section 2.1. 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 Quality & Safety Committee, a subcommittee of the Trust Board.

Below is a summary of the delivery of the Quality Improvement priorities for last year, with those highlighted in red as those not achieved and being those rolled over to the current year.

Achievement of Quality Priorities	
Improve medicine safety awareness through incident reporting of harm/potential risk	Staff feeling able to raise concerns
Improve the standard of incident investigation	Ensure actions from Serious Incidents are demonstrated within
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
To ensure patients wait no longer than 60mins to transfer from recovery to the ward	

The CQC highlighted several areas of outstanding practice at the Trust following its inspection in July 2015, 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 formulated a responsive plan of actions that are monitored routinely by the Trust Board and Quality & safety Committee.

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 but continues to pursue additional appointments into these roles and on a national basis. We continue rotation of our paediatric nurse to Birmingham Children's Hospital to allow them to maintain contemporary Critical Care Nursing competencies;
- A Royal College of Paediatrics and Child Health (RCPCH) review of the service model for children in HDU; during 2015/16, this review was completed and a detailed action plan developed which was discussed and agreed at a Quality Meeting involving the Trust, regulators and key stakeholders, including the Birmingham Children's Hospital NHS FT, with which the Trust has been working to secure additional capacity for treatment and new ways of working
- A capital investment to make the environment of care fit for purpose; work on this continues to progress and will continue through into 2017/18
- The successful implementation of the InTouch system to aid flow through our Outpatients Department and within our High Dependency Unit the ICNARC system has been implemented, 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 has been secured to undertake training needs analysis to ensure trust-wide compliance. Good progress has been made with moving to a compliant position with Safeguarding training, with the training now being incorporated within the Trust's suite of mandatory training.

### **3.3 Quality Impact Assessment Process**

CIP's are identified and approved with our Divisional Boards before scrutiny at our Clinical Quality Group. Our 2 clinical divisions are led by an Associate Medical Director, with Clinical Leads in place for key sub-specialties. Divisional Boards ensure that there has been appropriate front-line clinical involvement in the development of all CIP schemes before

these are formally proposed. The work undertaken by the Trust as part of our 2016-17 financial recovery plan and ensured that the majority of CIP schemes for 2017-18 have already been identified in conjunction with our clinical teams, and QIAs are already in place.

The Trust's QIA documentation ensures that all schemes are reviewed for their impact on safety, patient & staff experience, clinical outcomes, access, health economy impact and equality and diversity issues. The documentation requires that KPIs are identified in advance of schemes going live to ensure that there is a clear measurement mechanism to identify quality concerns.

All Quality Impact Assessments are reviewed and signed off by the Executive Director of Nursing & Clinical Governance and the Medical Director.

Following acceptance, QIAs then receive ongoing monitoring at both the Quality Committee and the Divisional Performance Reviews. Any significant concerns would be raised through the formal escalation route via Quality & Safety Committee to the Trust Board.

### **3.4 Triangulation of Indicators**

The Trust triangulates data around workforce, performance, quality and financial indicators through the Corporate Performance reporting in the form of a Finance & Performance Report and a Quality Report which are reviewed by the Trust Board 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 2017/18 has been driven by a number of factors:

- The ongoing strategies to reduce reliance on agency and locum staff through improved controls, targeted recruitment to 'hard to fill' roles and workforce redesign.
- The need to address workforce matters relating to clinical quality concerns identified from within the Trust and by the CQC during their inspection in 2016/17.
- The need to increase workforce efficiency and productivity to support achievement of cost reduction moving forward.
- The need to implement projects to achieve the objectives within our People Strategy and as a result reduce board assurance risks, primarily around leadership and capacity to change.

In producing the workforce plan the clinical and corporate services identified their high-level workforce priorities, within a corporate framework of financial requirements and essential clinical standards. The Finance and Performance Committee of the Board has considered and agreed the high level financial priorities for 2017/18 and the associated high level workforce capacity priorities.

In addition, the Trust Board agreed a new People Strategy in September. This was developed with staff involvement at all levels and is linked to both the organisational strategy and clinical priorities. There are six specific objectives:

- **Attracting and retaining** sufficient talented staff who embody our values; they are recognised for their contribution and enabled to **stay healthy**.
- Being the first choice for **education and development** of all our people.
- Enabling our people to feel **valued, empowered and engaged** to give of their best every day.
- Our **leaders** shaping the Trust's culture. They behave and act collectively and individually to **include** all staff and enable them to consistently deliver high quality, safe patient care.
- Ensuring our people remain **efficient** in their ways of working and maximise their productive time to deliver great care that is also cost effective.
- **Developing a culture** based on excellence, innovation and service enabled by openness, integrity, and trust.

In addressing clinical quality issues a number of workforce priorities arise. The Trust continues to actively recruit ward based nurses with some significant success. Alongside this there is also a review of skill-mix and working practices on wards which is expected to deliver both cost and efficiency savings in 2017/18. This is yet to be developed into a detailed workforce plan. This, together with an increased number of substantive nursing staff is expected to significantly reduce reliance on agency nurses to provide inpatient care.

Active recruitment to increase the number of nurses with skills to care for critically ill children on our the High Dependency Unit has continued, however due to poor candidate supply and quality we have been unable to recruit sufficient numbers of suitable candidates. The approaches are currently being refreshed however to meet the requirements of the CQC, the need for agency staff in this area continues.

Six-day working is now embedded in Theatres and there is further ambition to maximise the physical capacity in theatre and reduce the reliance on agency staff. This has been supported by some additional staff recruited from both the UK and the Phillipines. The Board have agreed a business case to recruit an additional 20 WTE Theatre staff. The strategy to recruit staff in this hard-to-recruit area, is in development and is expected to comprise of both UK and overseas recruitment (non-EU). Therefore it is expected that use of agency workers in this area will continue into 2017/18.

Our work to develop a safe and efficient workforce model for medical care of in-patients across seven-day services continues, with more active engagement of frontline staff in the design of the model a new feature. It is expected a model will be determined by the beginning of quarter four. It is expected that the new model will provide opportunities for existing staff to develop their enhanced assessment skills as well as implementation of new roles at the Trust. It is planned that the model will be partially implemented by the end of November 2017, with a reduction in locum doctors reflected in the agency trajectory. The specific impact of the model on the number of employed staff has not been included in this model.

The oversight of workforce performance is undertaken through the following routes:

- Executive oversight of the workstreams within our recovery plan. There is a specific workstream for agency usage which focuses on rostering controls and flexibility to meet patient demand as well as maximising the price of workforce supply and improving bank staffing arrangements. There are workforce implications also arising from clinical service changes. Progress of delivery on all workstreams are reviewed weekly by the Director team.
- Workforce key performance indicators are reviewed monthly by both Executive and Board.
- Key workforce efficiency and productivity projects such as use of technology for rostering and job planning are overseen by a sub-committee of the Board.

The alignment of financial, service activity plans and workforce plans is not yet complete, primarily driven by the lack of certainty in the tariff for 2017/18 and the absence of an agreed contract with commissioners. The impact of the tariff on the Trust is described elsewhere in this plan and may require a significant refresh of the Trust's plan if assumptions change. The Trust continues to build relationships within the STP and specifically within the LWAB, which has recently been formed and is in the early stages of determining priorities and work programmes. Opportunities are also being explored concerning sharing of some back-office functions with other health providers in response to the Carter review for improved productivity.

Our organizational development priorities for 2017/18, which address the key organisational risks will be:

- **Efficiency.** Ensuring our people remain efficient in their ways of working and maximise their productive time to deliver great care that is also cost effective. Specifically this will require focus on realising the benefits from improved job planning, increasing the number of directly employed staff in certain areas and reducing our workforce cost base in non-clinical areas such as corporate services.
- **Leadership and inclusion;** building leadership capacity and capability to deliver the changes necessary to deliver cost effective, safe, efficient care.

- **Medical engagement** continues to be a focus to build partnership working. An increasing number of consultant staff have been appointed to clinical leader roles
- **Building improvement change capability** within clinical areas and support frontline clinical and service manager to implement change.

## **5. Approach to Financial Planning**

### **5.1 Financial Forecasts and Modelling**

#### **5.1.1 Underlying financial position**

The trust has been in ongoing discussions with our regional NHSI team with regards to financial performance in 2016-17, and based on recent modelling submitted to the team on 21<sup>st</sup> November 2016, we are currently anticipating a forecast outturn of £4.532m. The position includes a range of non-recurrent pressures and benefits, most materially:

- In year underperformance in activity due to a full week theatre closure in June 2016, partly offset by planned recovery days in Q4
- Non recurrent insurance income in 2016-17
- An increase in the agency run rate in the second half of 2016-17, which will impact on the early part of 2017-18.

The factors, along with a number of smaller factors, have been considered in calculating the normalised run rate for the Trust moving forwards, which equates to £4.238m before the inclusion of the full year effect of 2016-17 CIP schemes. Whilst the Trust is required to use as a forecast outturn the figures submitted in our Month 6 financial monitoring return, adjustments have been made within the 2017-18 financial model to move to £4.238m as a normalised position.

£1.099m of further benefit from the full year effect of 2016-17 CIP schemes has also been built into financial projections, meaning that the Trust is ending the 2016-17 financial year with an outgoing run rate equivalent to a £3.139m annual deficit.

#### **5.1.2 National & Local Cost Pressures**

Building upon this normalised position, the Trust anticipates a range of national and local cost pressures in 2017-18. In summary, these are:

- £0.80m – Pay Inflation (Pay award & incremental drift)
- £0.50m – CNST premium increases (of which only £330k appear to be covered by tariff increases)
- £0.16m – Increase in business rates
- £0.05m- Increase in CQC fees
- £0.21m – Apprenticeship Levy
- £0.43m – Cost of Capital increases
- £0.05m – Cyber security costs
- £0.28m – Other-non pay inflation and minor local pressures

These cost pressures, totalling £2.95m, compare to the £1.58m of inflationary uplift included within the national tariff. The Trust is therefore required to cover an unfunded cost pressure of £1.37m

#### **5.1.3 Tariff & CQUIN pressures**

Changes to the 2017-18 tariff are anticipated to have a catastrophic impact on the funding of orthopaedic services, with specialist trusts facing the greatest pressures. Whilst there has been a clear acknowledgement by the NHSI pricing team that there are widespread flaws in

the costing data and methodology used to set orthopaedic prices, the decision to press ahead with these changes will create massive financial instability.

The Trust anticipates losing approximately £4.6m on tariff changes, with specialist services most significantly hit. As part of the Specialist Orthopaedic Alliance (SOA), we have been working with the NHSI pricing team for some time to identify solutions to this issue, and whilst there have been some positive noises, there is currently no formal confirmation of any answers to the Trust's tariff problems.

There have been 2 specific proposals that the NHSI pricing team have been working on to address funding shortfalls, namely;

- The removal of W052 procedure codes from the national tariff
- Correct to top-ups for paediatric spinal deformity cases, where activity is currently coding as rheumatology rather than spinal and as such is not eligible for top-ups

Assuming that W052 activity could be charged in line with 2016-17 prices, the above proposals would reduce the overall tariff loss by £2.8m. Whilst this would still leave a £1.8m gap, which still has a significant impact on the Trust's cash position, and potentially on our financial sustainability, these adjustments would provide an opportunity for the Trust to work towards delivering our financial control total.

In addition to these tariff losses, changes in CQUIN rules mean that the Trust is unlikely to be able to access 0.5% of our CQUIN funding from April 2017 until such time as our health economy is in balance, given that we are extremely unlikely to hit our 2016-17 control total. This change in CQUIN rules creates a circa £0.28m further pressure on the Trust's position.

#### **5.1.4 Activity and Income implications**

As described in section 2.4, the Trust is planning for an 8.6% increase in day case activity and a 1.5% increase in inpatient activity in our current 2017-18 plans. This is incorporated in our normalised position, and largely reflects that changes currently being implemented in Q3 and Q4 for 2016-17.

There is the potential that further growth will be required, particularly inpatient work to address the Trust's RTT backlog. Work is underway internally to quantify this, with support being worked up with the NHSI Intensive Support Team, and the output of this will be shared with commissioners to form part of contract negotiations. No further growth over and above the levels described in section 2.4 have currently been built into our financial plans for 2017-18. 2% growth has been assumed for the 2018-19 financial year.

#### **5.1.5 Cost Improvement plans**

£2,972,000 of CIPs have been built into the 2017/18 financial plan, which equates to 3.9% of the Trust's turnover. 1.9% of additional CIPs have been identified above the national efficiency target of 2% to cover the balance in unfunded cost pressures highlighted in section 5.1.2 and the tariff reductions highlighted in section 5.1.3.

More detail on these schemes is provided in section 5.2 below.

#### **5.1.6 STF funds**

The Trust has been allocated £436,000 in STF monies in 2017-18 and 2018-19, which continues to be a disproportionately low level of funding as a result of the methodology of basis the allocations on emergency activity only.

Given the tariff challenges outlined above, the Trust is not currently in a position whereby it is able to sign up to deliver our 2017-18 or 2018-19 control totals, and as such we have not built in the receipt of STF monies into our draft financial plan.

We would also like to urge NHSI to consider using residual STF monies to provide additional relief against the massive impact of tariff losses on the Trust if a full mitigation of the tariff impact is not resolved centrally by the NHSI pricing team.

## **5.2 Efficiency Savings**

As described in section 5.1.5, the Trust is targeting CIP savings of 1.9% above the national efficiency requirement of 2% to cover shortfalls in funding for national and local cost pressures.

As a specialist Trust, we have not as yet been part of the formal Carter programme, however a number of the principles from this programme are built into our savings plans moving forwards.

A summary of the Trust's key savings plans for 2017-18 is shown below:

### ***Full year impact of 16-17 schemes***

- £0.44m – Corporate review of all pay costs, from Executive posts to transactional services.
- £0.30m – Agency nurse savings through changes to nurse staffing rotas, reducing overall nursing numbers and therefore reducing the reliance on temporary staffing.
- £0.28m – Introduction of clinical criteria and algorithms to drive the use of cheaper implants
- £0.08m – Changes to car parking charges

### ***New schemes for 17-18***

- £0.48m – Stock management savings through introduction of new theatre stock management system and controls
- £0.48m – Temporary staffing savings through substantive recruitment and service redesign
- £0.34m - Redesign of theatre activity to move simple work outside of the theatre setting
- £0.20m – Restructuring the service pathway to take out costs
- £0.37m – Other local schemes

As evidenced above the Trust intends to focus efforts on a small number of key themes for 2017-18 and 2018-19, in addition to the usual work expect of local budget managers to identify savings opportunities. These themes are as follows:

- Procurement opportunities through rationalisation, price transparency and improvement stock management

- Agency and other temporary staff savings through redesign of services (including pre-operative assessment and junior doctor rotas), e-rostering controls, ward rota changes, recruitment solutions and a continued effort to ensure day-to-day agency controls are enforced.
- A review of all corporate resources to ensure that non-clinically facing services are as lean as possible in line with overall Carter principles.

### **5.3 Cash & Liquidity**

The deterioration of the Trusts financial position over the last 2 years, coupled with the tariff changes and other associated pressures in 2017-18, will result in the Trust incurring significant cash shortages in 2017-18. Based on modelling shared with the NHSI regional team in November 2016, the Trust anticipates needing cash support from Q1 of 2017-18, and is starting to work with the NHSI regional team to develop the case to support this request.

### **5.4 Capital Planning**

The Trust is very cognisant of our cash position and the need to limit capital expenditure to those schemes deemed essential for delivery. That said, the challenges of an aging estate (both from a buildings and equipment point of view) and the needs to develop IT capabilities to ensure that the Trust is fit for purpose moving forwards, results in the continued need for capital investment.

The draft financial plan includes £3.9m of capital expenditure in 2017-18 and £2.4m of capital expenditure in 2018-19, although approximately half of this spend is anticipated to be in the form of finance leases so the cash impact will be managed over a longer period of time.

The key schemes included in our 2 year plans are:

- £2.0m - IT network improvements (expected to be funded through a 5 year finance lease). These improvements to cabling, Wifi, IT switches etc. are vital to the Trust's ability to utilise modern clinical systems which are essential for an efficient and safe hospital
- £1.0m – MRI replacement (expected to be funded through a finance lease)
- £0.5m – Electronic Prescribing and Medicines Administration System – This is currently being implemented and is contractually committed to.
- £1.7m (over 2 years) – Essential plant and medical equipment rolling replacement to ensure a safe hospital environment

### **5.5 Risk & Sensitivity Analysis**

As described in the sections above, there remains significant risk built into the current financial plan, although the majority of this relates to external factors such as the tariff and the ability of commissioners to fund the growth needed to deliver RTT performance targets. Significant efforts are currently ongoing to deliver the actions required from our 2016-17 financial recovery plan, and our two year plan moving forwards assumes that the benefits of this recovery plan are realised.

Given the uncertainties remaining over the tariff settlement, we have based our price modelling purely on the consultation tariff. As described in 4.1.3, there is the potential that

further tariff changes could have a material impact on the figures within this draft plan. As commissioner discussions are still at such an early stage, and given the financial pressures that commissioner are also under, there is also considerable risk around the activity and income assumptions currently within this plan.

In terms of specific contingency, £400,000 of expenditure and income contingencies have been set aside, along with the assumption that the 0.5% of CQUIN funding held by CCGs is not released. This will therefore provide limited cover for the inevitable in-year pressures that cannot be planned at this point of the financial year.

## **6. Link to the local Sustainability and Transformation Plan**

The Trust has played a full part in the development of the Birmingham and Solihull Sustainability and Transformation Plan, and remains committed to working across the local health economy to develop and deliver a strong and achievable STP.

The development of the plan has not been without its challenges, and it has been acknowledged that a lack of partnership working in the past has meant that the STP was starting from a low baseline at the beginning of the process. This has meant that, whilst a number of key workstreams have been developed with high level savings assumptions underpinning these, in the majority of cases the detailed savings plan is still under development. This is providing particularly challenging for the STP in terms of building these opportunities into two year contracts for 2017-18 and 2018-19. An Operational Delivery Group has been set up involving all commissioners and providers to manage this challenge, and the Trust continues to play an active role in this.

It is reasonable to state that the majority of focus within the STP remains on the challenges of urgent care, delayed transfers of care and the inter-relationship with adult social care. The impact of STP plans in 2017-18 and 2018-19 is therefore expected to have a much smaller effect on the Royal Orthopaedic Hospital than it is likely to have on other local providers. That said, the Trust is working with commissioners on plans around reducing the level of outpatient activity, particularly follow-up activity, and on a review of procedures of limited clinical value. At this point, there is no clear detail to enable any of this work to be modelled into contracts or our financial plans.

The main involvement of the Royal Orthopaedic Hospital has been in developing the model for Vibrant Acute and Tertiary services, particularly focused on the opportunities for standardisation of general acute care, and on the potential for the development of networks and prime provider models for tertiary services. There is a clear link between this work and the ongoing evolution of the National Orthopaedic Alliance Vanguard, and it is anticipated that over the two year period of this operational plan, that major progress will be made on reviewing the model for orthopaedic delivery in Birmingham & Solihull.