STP, BCT and UHL Reconfiguration – Update

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Executive Summary

Context

In order to provide a vision for transformation across the whole health economy, this paper provides an update on the LLR Sustainability and Transformation Plan (STP)/Better Care Together (BCT) Programme and the development of UHL's Operational Plan for 2017/18 – 2018/19, which sets the context for UHL's Reconfiguration Programme.

The LLR STP describes how the local health and social care system plans to restore financial balance by 2020/21 through new ways of working. The STP builds on the work developed as part of the BCT programme but with clearer focus on implementing system priorities. Crucially, it makes our case for national/external capital investment and access to transformational funding to support our reconfiguration programme. The latest version of the STP was submitted to NHS England on Friday 21st October 2016.

Our Reconfiguration Programme is an ambitious and complex undertaking which has been established in order to deliver the broader system priorities within the STP, the Trust's strategic direction and clinical strategy. It is important that the Trust Board has visibility of progress in delivering the STP, since the assumptions on transformation in the STP underpins the reconfiguration programme, and is able to provide appropriate challenge, to ensure there is sufficient assurance associated with activities undertaken to achieve the desired future state.

The Reconfiguration Programme is currently working through a number of key issues that will enable the development of a re-phased programme plan. These include: the impact of revised demand and capacity planning in a refreshed STP to reflect the Operational Plan for 2017/18 – 2018/19; public consultation and the anticipated availability of capital funding. The re-phased programme plan will provide the Board with a forward view of activities being planned and timescales for delivery. It is anticipated that the re-phased programme plan will be available in early 2017/18.

Questions

1. Does this report provide the Trust Board with sufficient and appropriate assurance of the UHL Reconfiguration Programme, its links to the STP and 2017/18 – 2018/19 Operational Plan, the delivery timeline and management of risks?

Conclusion

1. This report provides an overview of the STP, 2017/18 – 2018/19 Operational Plan and Reconfiguration Programme, an update on the programme plan and programme risks for escalation. Please note that due to the imminent opening of Phase 1, the update on the Emergency Floor Project is now submitted as a separate paper.

Input Sought

The Trust Board is requested to:

- **Note** the progress within the Reconfiguration Programme and the planned work over the coming months.

For Reference

The following **objectives** were considered when preparing this report:

Safe, high quality, patient centred healthcare	[Yes]
Effective, integrated emergency care	[Yes]
Consistently meeting national access standards	[Yes]
Integrated care in partnership with others	[Yes]
Enhanced delivery in research, innovation & ed'	[Yes]
A caring, professional, engaged workforce	[Yes]
Clinically sustainable services with excellent facilities	[Yes]
Financially sustainable NHS organisation	[Yes]
Enabled by excellent IM&T	[Yes]

This matter relates to the following **governance** initiatives:

Organisational Risk Register	[N/A]
Board Assurance Framework	[Yes]

Related **Patient and Public Involvement** actions taken, or to be taken: [Part of individual projects]

Results of any **Equality Impact Assessment**, relating to this matter: [N/A at this stage]

Scheduled date for the **next paper** on this topic: [Thursday 2nd March 2017]

Executive Summaries should not exceed **1 page**. [My paper does comply]

Papers should not exceed **7 pages.** [My paper does comply]

Sustainability and Transformation Plan (STP) and 2017/18 – 2018/19 Operational Plan

1. As reported at the extraordinary public Trust Board meeting on 19th January 2017, our Operational Plan has now been finalised following conclusion of contract negotiations with local commissioners.

2. Like many other health and social care economies, it has been a difficult planning and contracting round, reflecting the scale of the challenges we face as a system. The expectation (locally as well as nationally) was to align operational plans and contracts to the STP. However, there are a number of key components that do not fully align, due in part to the readiness, pace and scale of STP work-streams and our broader implementation plans. This is particularly relevant when it comes to the level of activity commissioners need to buy (and providers need to deliver) during 2017-19, which is higher than we would like/envisaged within the STP. That said, if the contracted levels of activity are realised (i.e. QIPP delivers in full) and we manage to deliver a stretching internal efficiency target, we will improve the sustainability of our operational services.

3. With this in mind, we will need to refresh the STP to ensure the next 2 years align with our latest assumptions. We will also need to account for feedback received to date on the STP and strengthen specific areas as needed.

4. Alongside this, the System Leadership Team (SLT) is focused on bolstering implementation and delivery arrangements – including support and resourcing - and all work-streams have captured key deliverables, identified lead officers and an outline plan with key milestones of delivery for next 15 months.

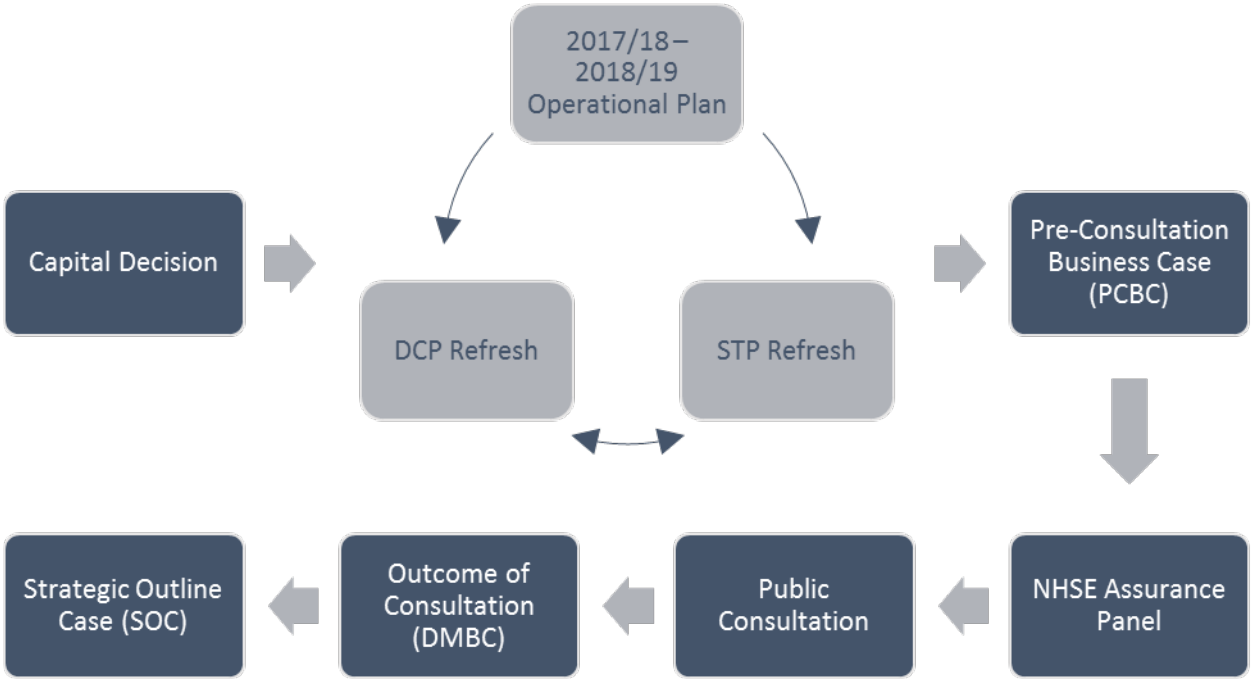
Reconfiguration Programme

Alignment of the STP, Operational Plan, Pre-Consultation Business Case (PCBC), Development Control Plan (DCP) and Strategic Outline Case (SOC)

5. The STP was submitted in October 2016, following which the 2017/18 – 2018/19 Operational Plan was developed. This was agreed in principle in December 2016 and finalised in January 2017. As noted above, the Operational Plan (and contract agreement) does not fully align with the assumptions within the STP in terms of demand and capacity (and the associated bed reductions anticipated in the next 2 years). Therefore, the STP now needs to be refreshed to align with the latest (joint) planning assumptions described within Operational Plans and contracts for 2017-19. The refresh of the STP also needs to include the output of the Development Control Plan refresh which identifies the exact location of services across the Leicester Royal Infirmary and Glenfield Hospital and the sequence of moves. This is undergoing the final iteration and this will confirm budget totals by project within the total capital allocation.

6. The refreshed STP will then form the basis of the Pre-Consultation Business Case and what we consult on in the LLR public consultation process later this year. The 2017 version of the PCBC will have to be approved by an NHS England assurance panel before the public consultation period can commence. Following the consultation, a Decision Making Business Case (DMBC) will be written for approval at CCG and Provider Boards.

7. Advice from NHS Improvement to date suggests that the Reconfiguration Programme Strategic Outline Case cannot be submitted to NHS Improvement for approval without the inclusion of the PCBC and the outcome of consultation. Therefore, the strategy, reconfiguration and estates teams are currently agreeing a process to complete the realignment as detailed above. This is shown in the flow diagram below:



Financial Position of the Reconfiguration Programme in 2016/17

8. The Vascular project has reported a projected underspend of £970k in 2016/17. This includes £120k of final construction works that must be completed in 2017/18. It has also recently become apparent that two essential pieces of equipment (mobile scanner £44.6k and ultrasound scanner £25k) were omitted from the Full Business Case when the original funding was agreed; the move cannot go ahead without this equipment.

9. In order to assist the challenging capital position of the Trust in 2016/17, the Capital Monitoring and Investment Committee (CM&IC) agreed that the additional expenditure required for the project would be pre-committed in the capital plan in 2017/18.

10. There are a number of additional requirements for capital to complete the Emergency Floor scheme – these include Emergency Floor IT and the LRI Access & Transport Strategy. In all instances, expenditure in 2016/17 has been kept to a minimum and a number of pre-commitments for expenditure in 2017/18 have been approved by CM&IC.

11. In light of the capital position in 2016/17, a review of the Organisation Development (OD) input into reconfiguration has taken place, with an agreement that the priority areas for support are the Emergency Floor and Vascular projects since these projects are both into the final phases before clinical moves take place. The current reconfiguration OD staff will therefore be re-distributed to support these projects; as well as utilising OD specialists from within the non-reconfiguration budget to ensure the smooth clinical transition. A further review will take place in May 2017, following the completion of the Vascular project and Phase 1 of the Emergency Floor project and clarity on the capital position to agree the next priority areas for OD input.

12. The Reconfiguration Programme Board discussed the need to have more transparency at individual Project Boards and the Reconfiguration Programme Board on the financial position of projects, particularly once a project has reached the construction phase. It was therefore agreed that the following would be developed to accompany the guide to roles and responsibilities of Senior Responsible Officers (SROs):

    - Reporting mechanism for overall financial position of projects (not just the position of the construction contract)
    - Guide to the delegated authority limits of:
        - The NEC Contract Manager/Informed Client

- The Project Board/SRO

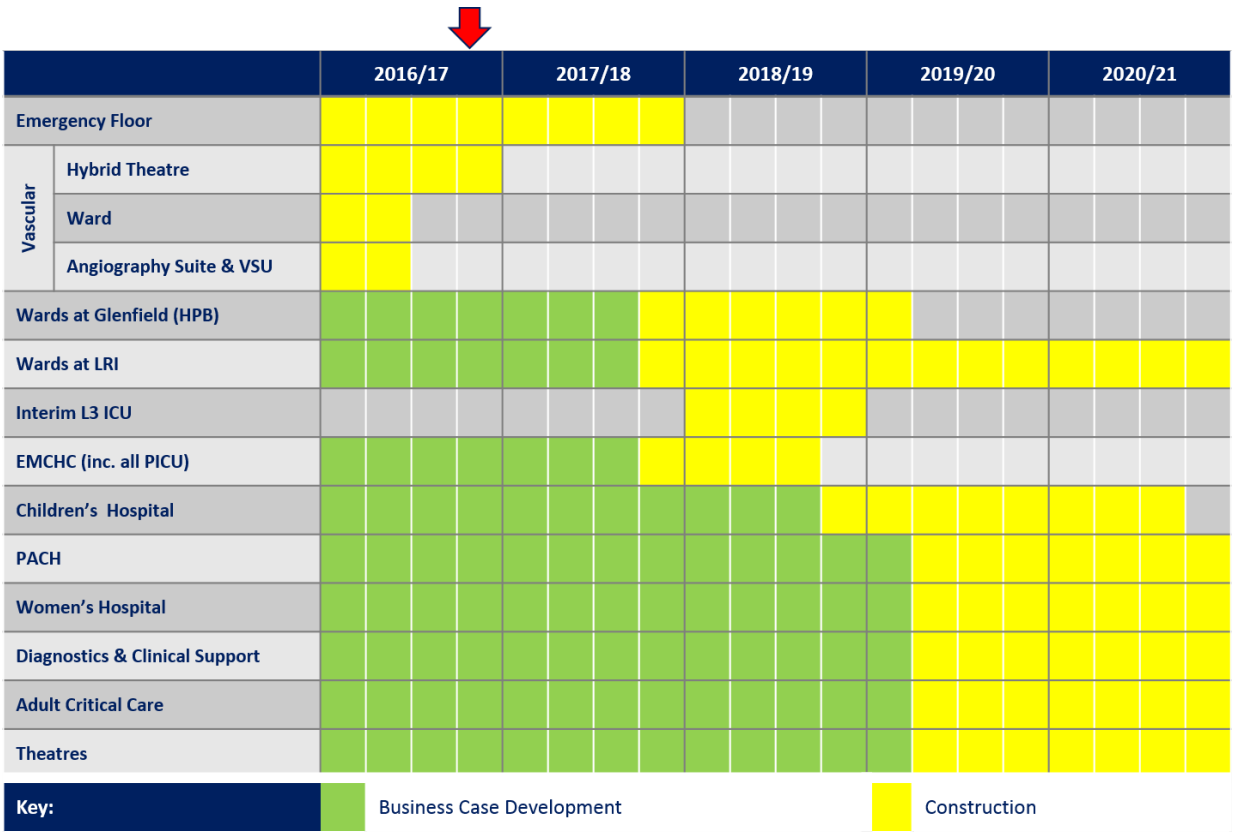
13. It was also agreed that Project Boards and SROs would be given guidance and support on different types of construction contract so that they understand the process and procedures on how these contracts are managed and therefore how the budgets are managed within the contract.

Reconfiguration Programme Planning for 2017/18 and Future Years

14. As outlined above, the Reconfiguration Programme plan needs to be updated to reflect the STP and the availability of external capital. This process is ongoing, and IFPIC received a paper on 26th January 2017 outlining three possible financial scenarios and the impact they would have on the individual project programmes. These scenarios were: Internal CRL only (Option 1), Internal CRL plus a limited external capital loan (Option 2), and Internal CRL plus an ideal external capital loan (Option 3). Option 2 was submitted to NHSI in December 2016 and therefore is the version we are currently working towards.

15. A full review and update of the programme will be carried out once the DCP refresh is complete. At this time, we will address two issues with the current plan:
    - Many of the projects have been slowed down as there has not been the expected capital funding. This has resulted in individual project programmes catching up with each other, so that multiple projects would be due to start construction at the same time. This would cause problems on a hospital site which must remain open throughout construction work and will therefore require further consideration.
    - Some of our projects are linked to each other, therefore must happen at the same time – we need to double check that the programme reflects this.

16. A high level summary of the impact of Option 2 (Internal CRL plus a limited external capital loan) on the Reconfiguration Programme and individual project programmes, is shown below.



17. The table below outlines some key decisions which will be made by the Executive Strategy Board over the coming months:

Workstream / Project	Decision	Current deadline	Comment
Clinical Services Strategy	Sign-off of scope and deliverables for Model of Care (or associated) work-stream(s):	~~October ESB~~ ~~December ESB~~ March ESB	Agreement that Gino DiStefano will develop a clinically led process for engaging clinical services on new ways of working (that improve quality and support reconfiguration) that accounts for previous learning and emerging STP governance arrangements.
Estates / Programme	Phase 2 Estates Strategy re-fresh including DCPs, realignment of project costs and programme plan.	~~December ESB~~ ~~January ESB~~ ~~February ESB~~ March ESB	DCP completion has been delayed due to the requirement for a cost validation exercise and realignment of STP to the Operational Plan.
ICU / Beds	Agreement of the status of the interim ICU scheme. Decision on preferred option for Glenfield capacity creation.	~~December ESB~~ ~~January ESB~~ ~~February ESB~~ April ESB	Outcome of DCP required in order to inform work, decision to be made and reported following completion of DCP refresh.

Private Finance 2 (PF2)

18. Following a meeting attended by Paul Traynor, Nicky Topham and Mike Hotson (Head of Business, Commercial & Contracts) and representatives from the PFI & Transactions Team (formerly the Private Finance Unit - part of the Department of Health) and the Treasury, the team are progressing a number of actions.

19. A full update will be given at the Trust Board Thinking Day on 9th February 2017 to discuss PF2 further.

Programme Risks

20. Each month, we report in this paper on risks which satisfy the following criteria:
    - New risks rated 16 or above
    - Existing risks which have increased to a rating of 16 or above
    - Any risks which have become issues
    - Any risks/issues which require escalation and discussion

21. This month, there are no risks which meet these criteria. The top three programme risks are summarised below:

Risk	Current RAG	Mitigation
There is a risk that capital funding is not available when it is required to maintain the reconfiguration programme.	**20**	Robust plans and programmes in place. Engagement with DH and Treasury.
There is a risk that the reconfiguration programme is not deliverable within the agreed capital funding parameters.	**20**	Holding projects to their scope, budgets and programmes – value engineering where required. DCP refresh will inform delivery strategy.
There is a risk that the complex internal dependencies between reconfiguration projects are not delivered in the required timescales.	**20**	Interdependencies monitored by the Reconfiguration Board via the Interdependencies Chart.

22. The Reconfiguration Board will dedicate time at its February meeting to discuss the risk register and how we will tighten up continuity of risk reporting between projects, and ensure tie

in with the CMG risk registers where operational risks are impacted on by project delivery, and the Board Assurance Framework. An updated risk register will be presented to the Trust Board next month.

Input Sought

The Trust Board is requested to **note** the progress within the Reconfiguration Programme and the planned work over the coming months.