

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

REPORT TO: Trust Board
REPORT FROM: Helen Seth, Head of Planning and Business Development
RE: Two Year Operational Plan (2014-2016)
DATE: 26 February 2014

1. PURPOSE

The purpose of this paper is to:

- Provide a brief overview of the national planning guidance for NHS Trusts '*Securing Sustainability: Planning Guidance for NHS Trust Boards 2014/15 to 2018/19*'
- Set out the planning timetable
- Summarise the key changes since the submission of our initial operational plan on 13 January 2014
- Highlight the external support that the Leicestershire health economy will benefit from in developing our 5 year plans
- Confirm next steps and timescales

2. NATIONAL PLANNING GUIDANCE

On 23 December 2013, the NTDA published guidance for NHS Trust Boards to help them plan the long term delivery of high quality services for patients. This planning guidance:

- Focuses on improving quality, patient safety, clinical and financial sustainability
- Covers the planning requirements for a two year operational plan and a five year strategy
- Is predicated on system wide transformation delivered in partnership

The guidance sets out the following planning timetable:

13 th January 2014	Submit the first draft initial operating plan to the NTDA
5 th March 2014	Submit the first draft full two year operating plan to the NTDA
4 th April 2014	Submit the final full two year operating plan to the NTDA
20 th June 2014	Submit the final five year Board-signed off and commissioner-aligned IBP & LTFM
30 th September 2014	Submit development support plans to the NTDA

3. PROCESS AND PRODUCTS TO DATE

The planning process is iterative and will ultimately be underpinned by granular plans at service level. Active engagement of our CMGs and service teams in the Trust's planning process, the wider Leicester, Leicestershire and Rutland Health and Care Community including patients and the public will be critical to success. Key activities undertaken to inform the submission of first draft full plan are as follows:

- **13 January 2014:** First Initial Operating Plan submitted to the NTDA reflecting:
 - a. High level revenue / capital and cash. Details of CIP programme, source and application of funds, exception reporting commentary
 - b. 1 year Revenue Plan - (2014/15) plus 2013/14 FOT; Capital 5 years; Cash financing 5 years
 - c. Workforce plan (1 year)
 - d. Board statements (safe, effective, responsive, caring, well led, finance and QIPP) – 2 years
 - e. Planning process – 2 and 5 years

4. KEY ACTIVITIES UNDERTAKEN TO INFORM THE SUBMISSION OF OUR FULL PLAN (FIRST DRAFT) ON 5 MARCH 2014 AND THE DEVELOPMENT OF THE LLR 5 YEAR STRATEGY

Following submission of our initial draft plan the Trust has been undertaking the following activities to inform the submission of our full plan (1st draft) which will reflect any changes required following contractual negotiation with our local CCGs or NHS England. Our first full plan will be submitted on 5 March 2014.

Key activities have included:

- **29 January 2014** – Stakeholder event launching the Leicester, Leicestershire and Rutland 5 year strategy programme
- **27 – 31 January 2014** – First round of financial planning meetings held by the Interim Director of Strategic Finance with the CMGs
- **30 January 2014:** High level overview of the Trust's initial draft operating plan presented at the January public Trust Board meeting
- **31 January 2014:** Feedback received from the NTDA on our initial plan with a request for further assurance on a number of key issues by 14 February 2014; The Trust's plan is rated by the NTDA as '**high risk**'

- **4 – 14 February:** Clinical teams support the LLR Clinical Workshops focusing on the high impact areas of: Respiratory, CVD, Cancer, Mental Health (substance misuse) and Dementia
- **13 February 2014:** Trust response to the key issues identified by the NTDA and the Trust strategic priorities presented at a Trust Board Development Session
- **14 February 2014:** UHL's response to the key issues identified submitted to the NTDA
- **7 – 26 February 2014:** CMG strategy workshops (covering 2 year plans and 5 year vision and strategy) including attendees from HR and finance
- **WB 24 February 2014:** 2nd round of Business (including finance) Planning meetings with CMGs and Corporate Directorates
- **26 February 2014:** UHL / NTDA assurance meeting

5. KEY CHANGES TO BE REFLECTED IN OUR FIRST DRAFT FULL PLAN

The output of the work outlined above will result in the following changes to the earlier submission:

4.1 FINANCE

The Financial Plan that will be submitted on the 5 March will reflect revenue, capital and cash, balance sheet and cash flow assumptions. Income will be reflected by commissioner by point of delivery. In addition an overview of our CIP programme will be reflected together with current assumptions of source and application of funds.

Key changes will include:

- **INCOME** - Feedback from the NTDA confirmed that the financial planning assumptions in our initial plan were prudent. Since that time we have received a contractual offer from our local CCGs (14 February) and are anticipating a contractual offer from NHS England (for nationally prescribed specialised services) by 21 February.
- As might be expected at this point there remains a significant difference in financial planning assumptions between the Trust and the CCGs however we are committed to working collaboratively to try and reach agreement. The Trust have formally responded to the offer received outlining:
 - those areas of broad agreement e.g. demographic growth and the plan for non-admitted and admitted elective activity
 - those areas where we agree with the direction of travel but need to understand further the scale and pace proposed and the effective management of transition e.g. QIPP
 - those areas of significant difference e.g. renegotiation of MRET

- Based on the outcome of further discussion the Trust will refine our previous income assumptions for our submission on 5 March. No numbers have been submitted in this paper as there still the subject to change.
- **NON-RECURRENT TRANSFORMATIONAL FUNDING** – A meeting will be held with commissioners on Monday 24 February to review options and proposals for the utilisation of the 2014/15 2.5% Non Recurrent Fund. The Trust has put forward options for consideration including funding transitional support and/or transformation schemes, for example mainstreaming the actions implemented during the recent ‘super weekends’ and actions to effectively manage demand during winter. The outcome of this process will help refine non-recurrent income assumptions made in the full plan submission. No income from this source was assumed in our initial plan submission.
- **EXPENDITURE** - The Interim Director of Strategic Finance has been undertaking financial/business planning meetings with each CMG. As a result an early estimate of the expenditure plans associated with activity levels assumed by the CMG and unavoidable cost pressures will be reflected in the plan submitted on 5 March. It will also reflect the current level of confidence in respect of Cost Improvement Programme (CIP) delivery.
- Formal Executive sign off of final CMG and Corporate directorate activity and workforce plans, CIPs and budgets is not scheduled to take place until the week commencing 21March 2014 and will not therefore be fully reflected in our submission on 5 March.

4.2 WORKFORCE

- The workforce impact of the activity assumptions put forward by the CMGs as part of the finance/business meetings will be reflected in the submission made on 5 March. It is important to note that at this time the activity plans will not reflect those of our commissioners particularly where commissioners have assumed a significant reduction due to QIPP as this is still subject to discussion and negotiation.
- In respect of workforce transformation and safe staffing, HR colleagues have been in attendance at the CMG planning workshops held throughout February 2014. They have emphasised the appropriate use of safe staffing tools across all disciplines (where available) and the need to capture future staffing models in order to inform education and training commissioning plans. The outputs from the workshops will be reflected in CMG operational plans and CIP schemes and as the level of detail evolves. Appropriate mechanisms will be put in place to prospectively evaluate staffing levels.

4.3 QUALITY

- A review of the Trust Quality Commitment is being undertaken in conjunction with the development of the Trust’s Quality Account for 2014/15. A first draft

of the 2014/15 Quality Account will be presented to the Executive Quality Board on 5 March and will not therefore be reflected in the submission on 5 March.

- The draft report from the Care Quality Commission (CQC) inspection report is expected in early March 2014 and the post CQC inspection Quality Summit is scheduled to take place on 26 March 2014. Any implications for our operational plans will therefore be outlined in our final submission due to time constraints.

4.4 PERFORMANCE

- The Trust has agreed Referral to Treatment Time Plan for non-admitted and admitted activity which it believes will deliver the 95% and 90% performance target. The modelling that underpins this plan is predicated on specified activity assumptions and therefore requires action in both primary and secondary care to secure delivery.

5. EXTERNAL SUPPORT

Monitor, NHS England and the NTDA have agreed to fund a series of projects to help specific groups of commissioners and providers work together to develop integrated five-year plans that effectively address the particular local challenges they face. Eleven areas have been chosen on the basis that they will most benefit from external support. Potential suppliers are currently being invited to tender for this work. Successful suppliers will be appointed by the end of March and will begin a programme of work lasting around 10 weeks from April. Leicestershire is one of the selected economies who will benefit from this support.

5. NEXT STEPS AND TIMESCALES

- **5 March 2014:** first draft full two year operating plan submitted to the NTDA
- **13 March 2014:** Present the **final full** two year plan at the March Trust Board Development Session
- **27 March 2014:** Trust Board approve the **final full** two year operating plan
- **4 April 2014:** Submit the **final full** two year operating plan to the NTDA

6. RECOMMENDATIONS

The Trust Board is asked to:

RECEIVE this report

ENDORSE the submission of the first draft full 2-year operational plan on 5 March which will reflect the principles outlined.

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