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| **Meeting title:** | Public Trust Board **Public Trust Board paper F** |
| **Date of the meeting:** | 13 July 2023 |
| **Title:** | 2023-24 Annual Operating Plan |
| **Report presented by:** | Simon Barton, Deputy Chief Executive, Lorraine Hooper Chief Financial Officer, Jon Melbourne, Chief Operating Officer |
| **Report written by:** | Simon Barton, Deputy Chief Executive, Lorraine Hooper Chief Financial Officer, Jo Bee, Head of Planning, Jon Melbourne, Chief Operating Officer |

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| **Action – this paper is for:** | Decision/Approval | X | Assurance | X | Update | |
| **Where this report has been discussed previously** | UHL Planning Forum<br>Clinical Management Group Boards & Heads of Ops<br>Executive Quality Board<br>Trust Leadership Team<br>Finance & Investment Committee<br>Private Trust Board | | | | | |

| **To your knowledge, does the report provide assurance or mitigate any significant risks? If yes, please detail which** |
|---|
| The development of a 2023/24 Annual Plan will ensure that UHL is best placed to meet the priorities of the organisation, wider Integrated Care System, and the population we serve. The presence of a credible, balanced yet ambitious Annual Plan will support the organisation to realise its potential and minimise known risks throughout 2023/24. |
| **Impact assessment** |
| The 2023/24 plan will be subject to Impact Assessments and this will also be the case for the transformation/investment requests identified throughout the Annual Planning Process. |

| | |
|---|---|
| Acronyms used:<br>CMG-Clinical Management Group,<br>ERF-Elective Recovery Fund,<br>GP-General Practitioner,<br>ICS-Integrated Care Fund,<br>NHS-National Health Service,<br>LLR-Leicester, Leicestershire, and Rutland,<br>UHL-University Hospitals of Leicester,<br>SRO – Senior Responsible Officer<br>LOS – Length of Stay | TLT – Trust Leadership Team<br>FIC – Finance & Investment Committee<br>ICB – Integrated Care Board<br>LTP – Long Term Plan<br>UEC – Urgent Emergency Care<br>LPT – Leicester Partnership Trust<br>PIFU – Patient Initiated Follow up<br>WTE – Whole Time Equivalents<br>CEO – Chief Executive Officer<br>CFO – Chief Financial Officer |

## Purpose of the Report

This report has been produced to provide the Public Trust Board with the final Operational Plan for 2023/24 (UHL element of the 2023/24 Integrated Care System Operational Plan) submitted via the ICB to NHSE in May 2023).

## Recommendation

UHL's Operational plan currently has a deficit of £10m but is aiming for breakeven, along with an aim to be compliant with evidence-based staffing, national performance standards, along with significantly closing the bed capacity gap .

Trust Board is asked to:

- Approve the plan for 23/24
- Recognise the known risks that this plan currently identifies and that the Board will receive assurance from the relevant committees on these risks on a quarterly basis.

## Introduction

The NHS 2023/24 Priorities and Operational Planning Guidance was published on 23rd December 2022. It set out three themes for the coming year:

## National NHS Objectives for 2023/24

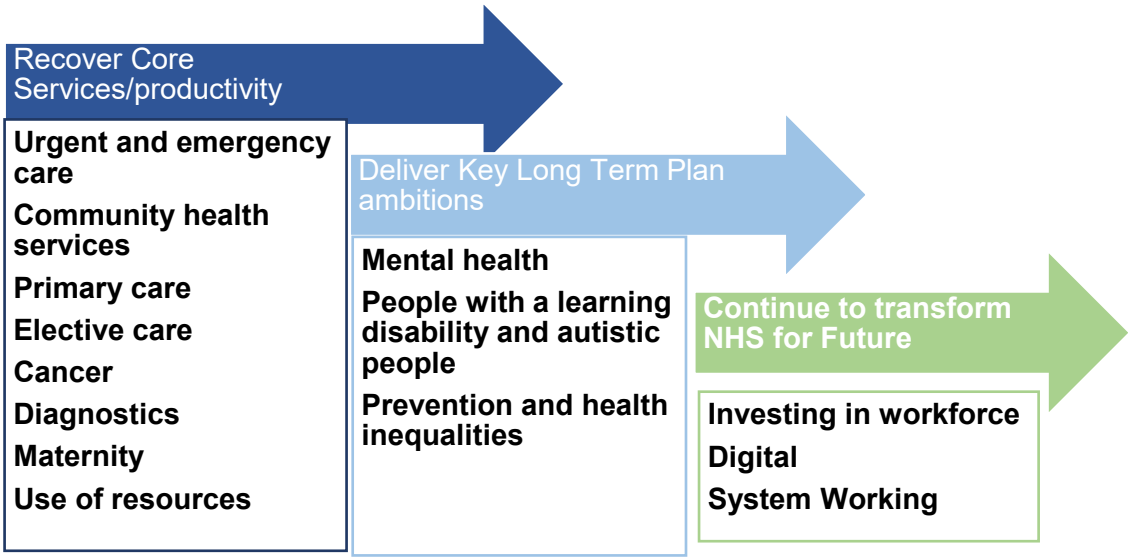


**Figure 1**

Integrated Care Boards and NHS primary and secondary care providers are expected to work together to plan and deliver a balanced financial position in collaboration with other Integrated Care System partners. System plans should be triangulated across activity, workforce, and finance, and signed off by ICB and provider trusts.

## Overview

This table outlines the key headlines from the 2023/24 Annual Plan:

| **Quality & Performance outcomes** | **Workforce** |
|---|---|
| • Delivery of **evidence-based staffing levels**<br>• Deliver **improvements in quality**, supporting the **system plans for reduction in health inequalities**<br>• Planning for **compliance with all performance output standards**, except for the 5% PIFU standard | • **518 additional WTEs,** 419 of whom are substantive appointments |
| **Finance** | **Activity, Productivity & Capacity** |
| • **Plan to deliver deficit of £10m with a commitment to further work with partners to aim for break even**<br>• **CIP delivery of £63m,** £39m of which distributed to CMGs and corporate functions | • **103% value weighted activity against 2019/20** on elective pathways (including cancer)<br>• By end of March 2024 a bed bridge that will **deliver 92% occupancy** |

**Figure 2**

## UHL 2023/2024 Annual Operating Plan

### Quality & Performance output

Throughout 2023/24, improving the Quality of Care we provide will remain a key priority for the Trust. Building upon work in 2022/23 our quality priorities will focus on:

- Timely access to emergency care across the system including reducing (or eliminating) ambulance handover delays
- Timely access to a cancer diagnosis and treatment
- Ensuring all waits for elective care are less than 65 weeks by March 2024
- Learning from the national maternity reviews to ensure our services are safe, responsive and provide the highest quality care
- Adopting the new patient safety incident review framework to ensure we truly learn from when things go wrong

With the continuation of programmes of work such as improving the safety of interventional procedures, reducing hospital acquired harm and Getting It Right First Time. We will ensure that we listen, actively seek feedback and involve patients and colleagues in our programmes of work to transform and improve services collaboratively. University Hospitals of Leicester will fully adhere to the Freedom To Speak Up principles and the new Patient Safety Incident Response Framework (PSIRF).

Understanding and improving the levels of equity in access, experience, and outcomes for all will be a focus throughout 2023/24. Through supporting the delivery of the wider Integrated Care System programme on Equity and Inclusion as well as the UHL Health Equity programme plan, we will look to reduce the level of avoidable differences across our key elective and emergency services. Through working in partnership with our local community leaders and the voluntary sector, we will look to understand the drivers of avoidable differences, before adapting to make improvements. An example of this our approach to reducing the differentials in the rates of non-attendance to outpatient appointments.

UHL has submitted compliance with all but one of the performance targets, as shown in Figure 1.

| Performance outcome | 2023/24 Compliance |
|---|---|
| 0 65 Week Waiters by March 2024 | Yes |
| 5% Transferred to PIFU (Patient Initiated Follow Ups) | No |
| Return To 92% Bed Occupancy | Yes |
| 75% Definitive Diagnosis Cancer Target | Yes |
| 75% Diagnosis of Cancer at Stage 1 Or 2 | Yes |
| 76% of patients seen within 4 hrs | Yes |
| Continue to reduce the number of patients waiting over 62 days | Yes |

**Figure 3**

### Activity, Productivity & Beds

Activity is measured in a weighted financial value (WFV) rather than purely patient numbers to ensure that clinical priority and case mix is reflected in the calculation. For 2023/24 UHL is required to deliver productivity standard set at 103% which means we must achieve 3% more activity than in 19/20 (WFV)

On elective (planned) care pathways, UHL are planning to be more productive in 23/24 than in 22/23 between 5%-17% for day case, inpatient episodes, and outpatients. This is very positive and represents a lot of work and commitment by the specialties and CMGs, although it is recognised that in some specialties, the ambition in the growth of activity is a risk. To put this in context in 22/23 UHL delivered 94% inpatient/day case, 90% new outpatients, and 103% follow up outpatient against 19/20 activity.

The year-on-year demand for beds to deliver 92% occupancy is currently showing a shortage in capacity. UHL has a bed bridge for the year which will bridge a substantial amount of this capacity and some of this bridge is support by NHSE funding of capital and revenue as well as funding in the UHL annual plan.

Length of stay increase is a driver of capacity. Given the falling emergency admission rates, detailed work has been undertaken on the drivers of this and they have been incorporated into the UEC plan for 23/24 (figure 4). Whilst UHL compares favourably to peers for its emergency length of stay, there is more work to do. The key improvements for the coming year will be both internal to UHL and for system partners. The UEC plan within UHL and across the ICS will focus on mitigating these drivers without effecting quality in 2023/24.

Since late 2022, the Trust has seen a significant improvement in ambulance handover times, which has been recognised nationally; the improvement in ambulance delay performance is because of funded interventions across our UEC improvement programme, many of which began in late 2022/early 2023.

The national 'Delivery Plan for Recovering Urgent and Emergency Care Services' (January 2023, DHSC) states that a sustained focus on five areas is required:

- Increasing capacity
- Growing the workforce
- Improving Discharge
- Expanding and better joining up health and care outside hospital
- Making it easier to access the right care

The UHL improvement plan to achieve this is shown below.

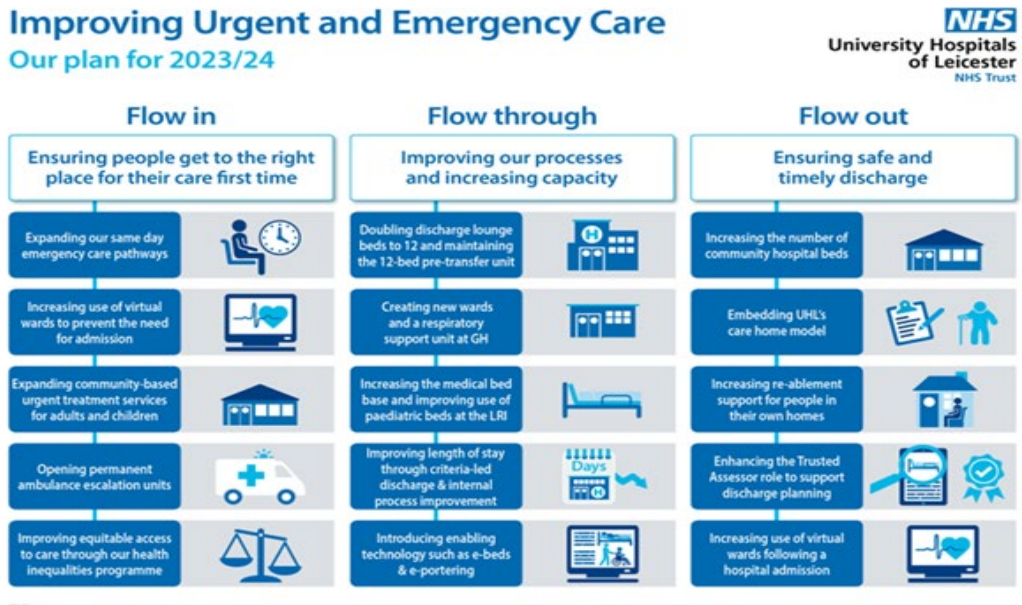


**Figure 4**

This will be underpinned by the development of a formal UEC Collaborative in 23/24 across system partners, with UHL as the lead provider.

Along with the improvements in productivity and capacity described earlier, there are several key actions that will lead to improved outputs in planned care that are shown in Figure 5.

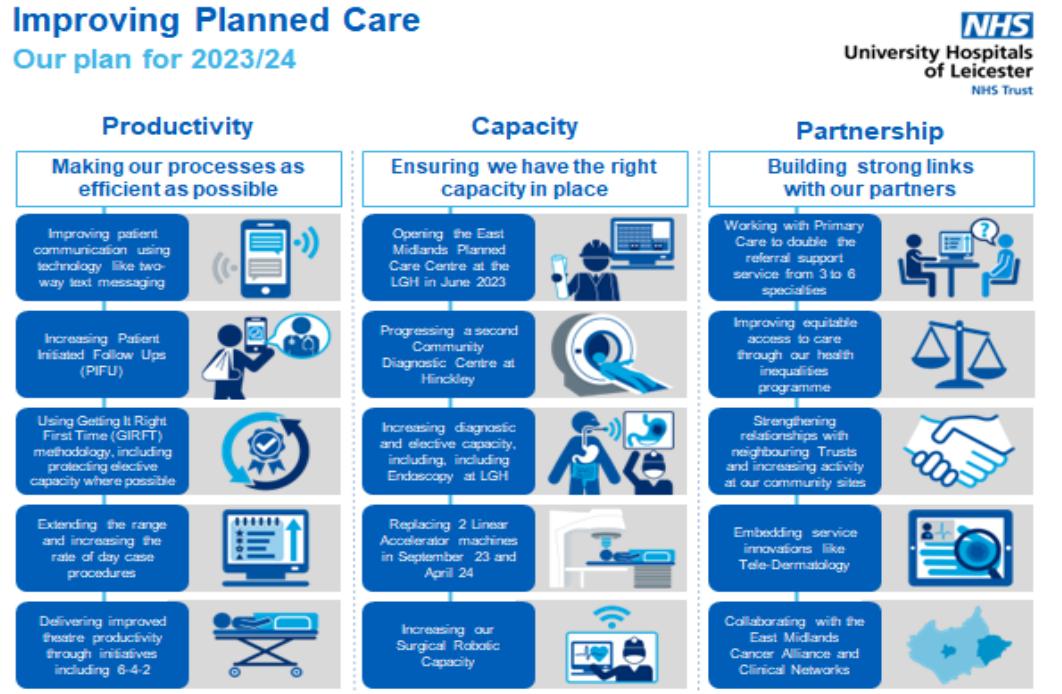


**Figure 5**

### Workforce Growth

UHL is making positive progress on recruiting and retaining substantive staff. The 2023/24 workforce plan suggests UHL would see a growth of 518 WTE staff and focusses on roles to support more of the workforce to be permanent, along with delivering emergency flow capacity plans. It will also provide evidence-based staffing levels for nurses, midwives and medical teams. Finally, there is provision for the approval of investment cases from the CMGs to support intolerable risks as well as cases that support an increase in sources of income.

### Financial output

In 2023/24 the Trust is planning to deliver a £10m deficit with a commitment to continue to work with ICS colleagues to deliver a system breakeven position and an improvement to the underlying recurrent position.

Delivery of this position includes an ambitious and stretching CIP target of £63m, or 4.3% of which £39m is expected to be delivered by CMGs and the remainder by corporate Trust wide programmes of work.

| | | Annual Plan £'000 |
|---|---|---|
| I&E | NHS Patient-Rel Income | 1,317,522 |
| | Other Operating Income | 152,992 |
| | **Total Income** | **1,470,514** |
| | Pay | (887,130) |
| | Agency Pay | (25,622) |
| | Non Pay | (495,106) |
| | **Total Costs** | **(1,407,858)** |
| | **EBITDA** | **62,656** |
| | **Non Operating Costs** | (73,494) |
| | **Retained Surplus/(Deficit)** | **(10,838)** |
| | Donated Assets | 836 |
| | **Reported Control Total Surplus/(Deficit)** | **(10,002)** |

**Figure 6**

The financial plan includes all costs and income assumptions with other aspects of the plan identified above (for example improvements in productivity and changes to workforce) and assumes these deliver in full. It also assumes that inflation is as per national modelling for both pay and non-pay. There are no costs included in the financial plan for significant and uncertain events such as industrial action.

The Trust has a capital plan of over £97m including the continued build of the East Midlands planned care centre (£20m) and expansion of bed capacity at the Glenfield Hospital (£24m). We are also investing over £40m in ensuring our buildings and equipment are fit for purpose and compliant with statutory regulations. This is summarised in the table below. Oversight of capital risk and priorities for investment is led by our capital management committee.

| Area | Plan £'000 |
|---|---|
| **PDC Funded Schemes** | |
| Reconfiguration | 1,060 |
| East Midlands Planned Care Centre | 16,151 |
| UEC - Wards | 23,997 |
| CDC Hinckley | 900 |
| **Total PDC Funded Schemes** | **42,108** |
| **System Funded** | |
| East Midlands Planned Care Centre | 3,723 |
| Reconfiguration | 1,250 |
| MEE | 1,500 |
| MES | 3,729 |
| MES Enabling | 3,425 |
| IM&T | 10,782 |
| Estates and Facilities Backlog | 5,000 |
| Estates Projects | 8,250 |
| Linear Accelerator | 5,074 |
| Health Education England | 1,000 |
| Contingency | 995 |
| **Total Schemes funded from System envelope** | **44,728** |
| Charitable Funds | **500** |
| Finance Leases | **10,060** |
| **Total Capital Programme** | **97,396** |

**Figure 7**

In line with the planned income and expenditure deficit of £10.0m, the Trust is forecasting cash to reduce by this amount during 2023/24, subject to the impact of the capital programme and movements on working capital. The cash balance is projected to be £90.3m at the end of March 24.

**Risks**

Following reviews of the plan with the Trust Board through the planning process, it was agreed a discussion would take place with each Board sub-committee on the key risks to the delivery of the annual plan and which committee would oversee which risk, reporting into the Trust Board on those risks, mitigations, and where relevant issues. This is now complete. The key risks are outlined below along with the impact and how the sub-Board committees and Trust Board will gain oversight of these risks and mitigations throughout the year.

| Risk | Description | Impact | Committee reported to & Board |
|---|---|---|---|
| **That UHL will not reach the level of substantive recruitment in the plan** | There is confidence in UHL's ability to recruit to the workforce plan which is born from the growth in substantive WTE growth in 2022/23.<br><br>This operational impact of ongoing industrial action may exacerbate this position. | **Financial** – requirement to use bank/agency staff to provide evidence-based staffing levels<br><br>**Quality** – risk of not providing evidence-based staffing levels | **People & Culture committee (PCC)** and Trust Board (quarterly) |
| **That UHL will not achieve the productivity levels identified in the plan, notably 103% (WFV) of 19/20 or the LOS reduction in the UEC scheme** | There are some ambitious plans from the CMGs on the activity levels they are planning to do in 23/24, with a variance against 103%-115% by point of delivery. Analysis has been undertaken to review these levels of activity against Q3 and Q4 22/23 to provide a level of assurance at specialty level. | **Financial** – risk that income will be reduced if not achieving productivity levels, whilst investment may not realise additional income (below 103%)<br><br>**Access** – waiting lists and times may not reduce as expected | **Finance & Investment Committee (FIC)** monthly as part of an overall productivity report, and to Trust Board as part of the IPR |
| **Achievement of the Cost Improvement Programme (CIP)** | The £63m requirement will need to be achieved without impacting patient quality. | **Financial** – risk that non-delivery of the CIP will lead to non-delivery of the overall Trust financial position | **Operations & Performance Committee (OPC) & FIC** monthly as part of an overall productivity report, and to Trust Board as part of the IPR |
| **There is a risk that emergency and elective capacity may** | Capital investment and construction is required for some of the emergency capacity at UHL and this may not be | **Access** – bed bridge capacity will not be delivered as per the plan, and this will | **OPC** monthly, Trust Board quarterly as part |

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| **not be delivered on time** | delivered on time due to delays outside of UHL | impact on occupancy levels and performance output for patients<br><br>**Quality** – patients may still see longer waits for admission in some periods | of the quarterly planning update |
| **Risk that performance targets will not be delivered** | Performance targets – including 4 hours wait in ED and zero 65-week waiters by March 2024 – represent a significant stretch, and are dependent upon additional capacity and process improvements | **Access & Access** – longer waiting times for patients<br><br>**Financial** – cost of delivering 65ww may be at a premium above tariff arrangements | **OPC** and Trust Board monthly as part of the IPR |
| **Assumptions in the financial plan are not all realised** | If income and expenditure assumptions do not impact as planned, then the financial plan will not deliver<br><br>A number of 2023/24 investment schemes were not approved, and mitigations will be required for the risk | **Financial** – a greater deficit will arise, which will impact on cash forecasting and potential ability for UHL to make decisions | **FIC** and Trust Board monthly as part of the IPR |

**Figure 8**

## Recommendation

UHL's plan is balanced with a modest financial deficit at present. It has a plan for the compliant position on evidence-based staffing, performance, activity/productivity, and the bed bridge. This plan was submitted in May 2023 to NHSE as part of the LLR ICS plan submitted by the ICB. The Board has received confirmation closedown letter from NHSE acknowledging the receipt of this plan along with key elements for delivery by the Integrated Care Board for the next financial year.

Trust Board is asked to:

- Approve the plan for 23/24
- Recognise the known risks that this plan currently identifies and that the Board will receive assurance from the relevant committees on these risks on a quarterly basis.