

To:	Trust Board
From:	Abi Tierney, Director of Strategy and Innovation
Date:	7 July 2011
CQC regulation:	As applicable

Title:	Annual Planning Framework 2012 - 2013						
Author/Responsible Director: Abi Tierney, Director of Strategy and Innovation							
Purpose of the Report:							
<ul style="list-style-type: none"> To provide the Trust Board with the proposed Annual Planning Framework for 2012/13. To provide an overview of the likely impact that Monitor's reporting requirements will have on the Trust's planning processes as a future Foundation Trust. To seek Trust Board approval for the proposed approach and timetable. 							
The Report is provided to the Board for:							
<table border="1"> <tr> <td>Decision</td> <td>x</td> </tr> </table>		Decision	x	<table border="1"> <tr> <td>Discussion</td> <td></td> </tr> </table>		Discussion	
Decision	x						
Discussion							
<table border="1"> <tr> <td>Assurance</td> <td></td> </tr> </table>		Assurance		<table border="1"> <tr> <td>Endorsement</td> <td></td> </tr> </table>		Endorsement	
Assurance							
Endorsement							
Summary / Key Points:							
See paper.							
Recommendations:							
The Trust Board is asked to:							
<ul style="list-style-type: none"> Approve the Annual Planning Framework for 2012/13. Approve the timetable for developing the Annual Operational Plan for 2012/13. Approve the proposals for in year monitoring to meet the requirements of the Compliance Framework. Note the implications for the Trust in respect of Monitor's annual planning and reporting timetable. 							
Previously considered at another corporate UHL Committee?							
Considered by the Executive Team 21 st June 2011.							

Trust Board paper H

Strategic Risk Register NA	Performance KPIs year to date NA
Resource Implications (eg Financial, HR) Input from all Divisions and Corporate Directorates will be required for the implementation of the framework and development of divisional and Trust Annual business plans for 2012/13.	
Assurance Implications Sub committees of the Board to monitor progress in respect of the business planning process for 2012/13 and to oversee the in year development of quarterly review and monitoring processes.	
Patient and Public Involvement (PPI) Implications As referred to within the Annual Planning Framework there is an explicit requirement to engage key stakeholders, our members and future partner governors in business planning processes	
Equality Impact Impact assessment to be conducted as appropriate to individual business plans.	
Information exempt from Disclosure N/A	
Requirement for further review? The Annual Planning Framework is subject to annual review.	

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

ANNUAL PLANNING FRAMEWORK

Introduction and background

This paper sets out the Annual Planning Framework for the Trust for 2012/13. It outlines the process by which the Trust will develop and publish the Annual Operational Plan in response to national, local and Trust priorities, ensuring that the organisation has the capacity and capability to deliver the plan. In this context the annual planning process will need to ensure that the Trust remains responsive to the challenging financial climate it faces.

As a result of both national policy and the existing regulatory, assessment and governance framework the Annual Planning Framework is set to lay an important foundation for the Trust to appropriately plan the services it provides. This will reflect the individual and integrated working within and across divisions.

The Trust is also publishing this guidance to ensure it is fit for purpose and able to respond to the new regulatory regime it will enter into as a consequence of becoming a Foundation Trust. This paper describes how progress against the Annual Operational Plan will be monitored throughout the year which meets Monitor's requirements for Foundation Trusts.¹ The annual planning framework also supports the business, financial and capital planning processes. It also draws upon a number of supporting strategies, such as Information Technology (IT) and Estates, as enablers of the plan.

The Annual Planning framework therefore aims to:

- Detail the process for developing and updating the 5 year Integrated Business Plan (IBP);
- Ensure the delivery and monitoring of the Annual Operational Plan for the Trust;
- Describe how the Trust will meet the requirements of the Monitor Compliance Framework and associated reporting timetable;
- Support the Trust in its aspirations to become a Foundation Trust.

Strategic Direction

National policy drivers, local strategic requirements and Foundation Trust status, together with the existing regulatory, assessment and governance frameworks provide a platform from which to launch the Annual Planning Framework for 2012/13.

The strategic elements that will form the basis for the Annual Operational Plan will include, but are not limited to:

- Department of Health Operating Framework.
- Care Quality Commission Assessment Framework and Inspections.
- UHL's Good to great Strategy.
- UHL 5 Year Integrated Business Plan.
- NICE Guidance.
- NHSLA Requirements.
- National Service Directives.
- Health and Social care Bill.
- Clinical Quality and Innovation Scheme (CQUINS).
- Quality schedule.
- NHS Choices.
- Patient Choice.
- National Patient Survey.
- NHS Constitution.

¹ Compliance framework 2011 -2012

- Monitor Compliance Framework for Foundation Trusts.
- National Service Reviews eg Safe and Sustainable.
- Local QIPP plans.
- LLR Operational Plan.
- Joint Strategic Needs Assessment.

Whilst the key parameters to be set out in the framework will be taken from these elements, the planning framework is also designed to allow individual specialities and CBU's to feed in local objectives and developments.

Objectives

The key objectives of the Annual Planning Framework are to:

- Enable the publication of a robust corporate Annual Operational Plan that outlines the Trust's key objectives for delivery within year.
- Develop annual business plans for each Division that are endorsed by the Executive Team. These will set out the priorities and objectives for each Division for the year and will detail how they will be delivered within the financial envelope available.
- Reflect and include year 1 of the 5 year Integrated Business Plan as the starting point for the Annual Plan.
- Ensure that planning is systematically carried out and concluded before the start of the financial year so that implementation is effective and necessary reporting requirements are met.
- Engage with members and partner governors to ensure account is taken of stakeholder priorities and that these are reflected in our plans. This will help pave the way for the future involvement of the Council of Governors in our planning processes.
- Support the contracting and capacity planning process ensuring that the necessary resources are reflected within the plan to deliver agreed levels of activity and key performance targets.
- Embed clinical quality and patient experience at the heart of everything that we do, reflecting the requirements of the quality account within the plan and our response to the NHS Outcomes Framework.
- Support business and financial planning processes, including planning for the necessary efficiency requirements.
- Support service development and capital planning processes, ensuring that an agreed programme of business cases and the capital programme is in place.
- Highlight the key workforce, IT, Estates and Research & Development (R&D) priorities for the year.
- Contribute to the refresh of the Organisational Development Plan.
- Agree a quarterly review and monitoring cycle that will in turn contribute to the Monitor reporting cycle.

Monitor Compliance Framework – Annual Plan requirements

Foundation Trusts are required to submit their Annual Plans to Monitor by 31st May each year. The submission of an annual plan informs the process of assigning a risk rating for each Foundation Trust

on Finance and Governance.² This in turn will determine whether an organisation is in breach of its terms of authorisation and therefore the level of monitoring required. The quality of the Trust's planning processes is also assessed as part of the process.

The diagram below summarises the submission requirements:

		Annual Plan Requirements
	Element	Description
Strategic Overview	Commentary	<ul style="list-style-type: none"> • Three year outlook including vision, strategy, external factors and risks to delivery. • Key assumptions and downside risks. • Investments that may affect financial risk ratings. • Measures to assess and address risks to quality. • Identification, analysis and mitigation of significant risks to mandatory services. • Annual update to schedules 2 and 3 of the Authorisation. • Identification, analysis and mitigation of significant risks. • Review of non financial issues.
Governance	Board statements	<p>Certification that:</p> <ul style="list-style-type: none"> • All significant risks to the authorisation have been identified. • Effective risk and performance management processes are in place and that all issues raised by external assessments have been addressed. • The board is satisfied that plans in place are sufficient to ensure ongoing compliance with all existing targets and national core standards. • Processes and procedures are in place to ensure medical practitioners have met registration and revalidation requirements. • The Board is satisfied that there are effective arrangements to monitor and improve the quality of healthcare provided to patients with due regard to Monitor's <i>Quality Governance Framework, serious incidents and complaints</i>. • The Board is satisfied that mandatory goods and services can be provided. • The Trust is registered without conditions with the Care Quality Commission and is likely to remain so. • The Board is satisfied with Board roles, structures and organisational capacity.
	Membership report	<ul style="list-style-type: none"> • Membership data including present and projected membership by constituency, election turnout rates and stratified comparisons with eligible groups. • Commentary on Membership strategy.
Finance	Financial projections	<ul style="list-style-type: none"> • Projections for the next 3 years (Income and expenditure, balance sheet and cash flow). • Actual results against plan for past year with commentary explaining variances.

² Further details of this process can be found within the Monitor's Compliance Framework for Foundation Trusts [Monitor Compliance Framework 2011-12.pdf](#).

Foundation Trusts are also required to provide three types of in year monitoring information:

1. Regular quarterly (in the first instance) or six monthly submissions which include:
 - Board statements on service performance and financial risk.
 - Forward financial indicators.
 - Financial information.
2. Exception reports which may relate to an in year issue affecting compliance with the trust's terms of Authorisation.
3. Ad hoc reports at monitor's request which may include follow up on specific issues relating to the Authorisation.

Summary of in year submissions		
	Element	Description
Finance	Last quarter financials	Income, expenditure, balance sheet, cash flow against annual plan
	Year to date financials	Income, expenditure, balance sheet, cash flow against annual plan.
	Financial commentary	<p>Commentary on:</p> <ul style="list-style-type: none"> • Sources of variance versus plan • Any exceptional costs and exceptional revenue items • Any investments, including application "investment adjustments" • The effects (if any) of delays in capital spending which may have a significant knock on effect on revenue costs <p>For Foundation Trusts with a financial risk rating of 1 or 2:</p> <ul style="list-style-type: none"> • An analysis of income and EBITDA by service line for the previous and current year, if requested by Monitor <p>Where year to date capital expenditure is less than 75% or greater than 125% of levels in the latest annual plan:</p> <ul style="list-style-type: none"> • a reforecast of capital expenditure for the remainder of the financial year <p>Certification that:</p> <ul style="list-style-type: none"> • Financial risk rating is at least 3 for subsequent 4 quarters
Governance	Board statements	<ul style="list-style-type: none"> • Certification that all targets have been met (after application thresholds) over the period and plans in place are sufficient to ensure ongoing compliance • Results of any elections • Reports of any changes to the Board of Directors or Board of Governors

NHS Foundation Trusts are required to provide the submissions described above within the following timescales:

- Quarter 1 - May 31st July.
- Quarter 2 - 31st October.
- Quarter 3 - 31st January.
- Quarter 4 - 30th April.

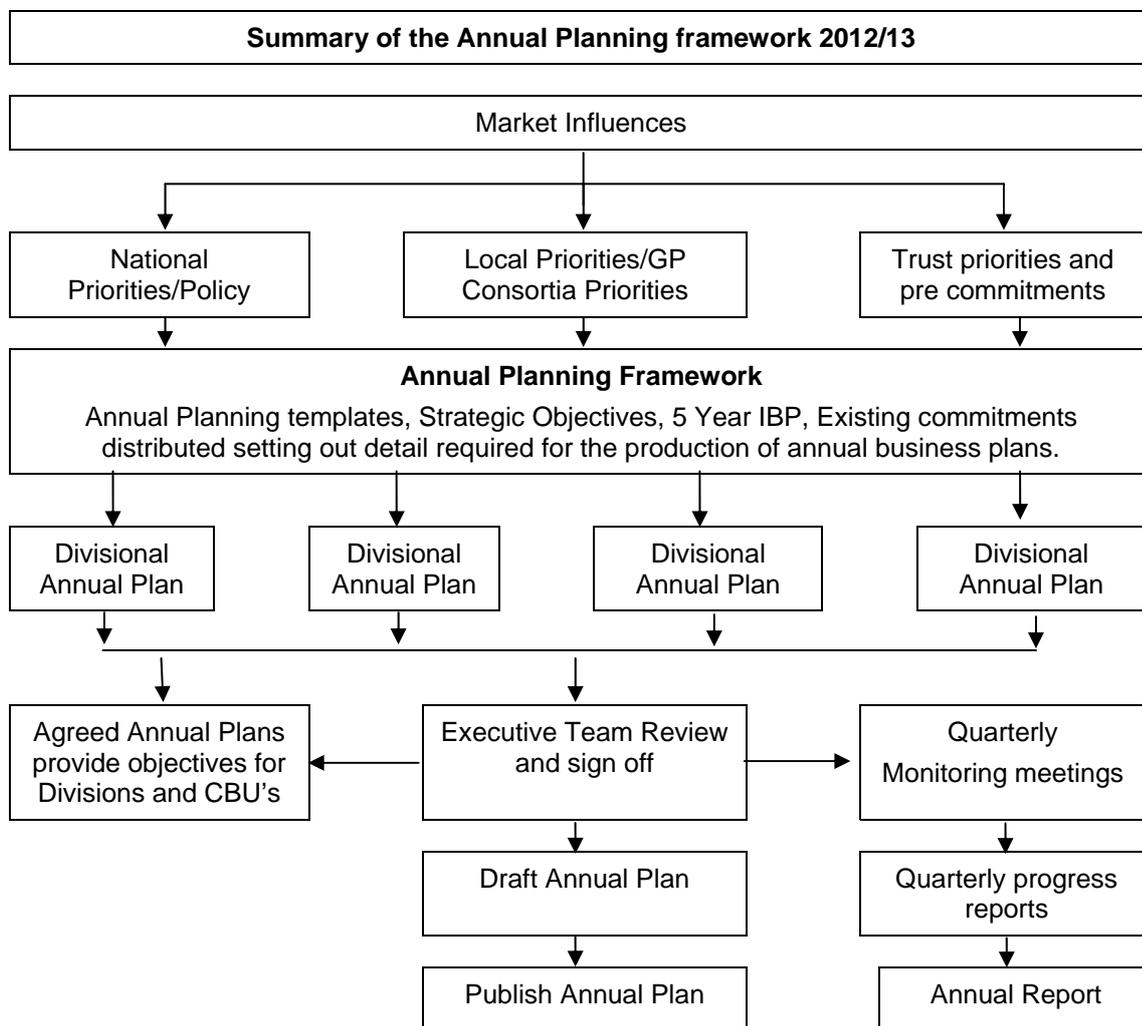
Annual Planning Cycle

This alignment between strategic and annual planning forms part of the Trust's annual planning cycle. This will be founded on a formal annual cycle that reviews national guidance and policy that in turn informs corporate strategy. This will then inform a refresh of the 5 year IBP and the production of the annual operational plan, outlined in Appendix A.

The annual planning process will provide a framework for the production of the Trust's, Divisional and Clinical Business Unit detailed annual plans and the refresh of key enabling strategies.

Annual plans will provide the details of year 1 of our IBP. They will demonstrate the Trust's commitment to improving clinical quality, delivering national priorities and delivering critical objectives. They will reflect national guidance and the requirements of the operating framework.

The process for supporting the production of Divisional and the Trust wide annual plans is shown in the diagram below:



Timetable

The timetable for producing the 2012/13 Annual Plan is as follows:

June 2011	<ul style="list-style-type: none">• Draft Annual Planning framework agreed by the Executive Team.
July 2011	<ul style="list-style-type: none">• Review market influences and drivers for the plan.• Review documentation.• Planning framework submitted to the Trust Board for approval.
August 2011	<ul style="list-style-type: none">• Prepare Annual Planning Templates.• Templates agreed by strategic Planning Steering group.
September	<ul style="list-style-type: none">• Framework communicated to Divisions and CBU's.• Annual planning templates, guidance and supporting documentation (supporting strategies etc) issued to Divisional Teams.• Key Objectives for 2012/13 agreed by Executive Team and Trust Board.
September – November 2011	<ul style="list-style-type: none">• Divisional Teams and CBU teams develop plans.• First draft plans submitted 30th November 2011.• PCT contract negotiations commence.
December 2011	<ul style="list-style-type: none">• Plans refreshed in light of commissioning intentions.• Operating framework and national tariff assumptions published and summarised.
January 2012	<ul style="list-style-type: none">• Work initiated on developing the Trust's annual business plan.• Divisional plans refreshed to take account of commissioning intentions, the Operating Framework and tariff requirements.• Budget setting process commences.• Finance and Performance Committee to scrutinise Divisional annual business plans and offer comment on an early draft of the Trust's annual business plan.
February	<ul style="list-style-type: none">• Divisional Annual plans including activity and financial plans signed off by Executive Team.• Trust Draft Annual Plan presented to Executive Team.• Governance and Risk Management Committee scrutinise and sign off risk assessments, commenting upon governance, safety and risk, for all cost improvement (CIP) plans.
March 2012	<ul style="list-style-type: none">• Annual Plan signed off by Trust Board.
April 2012	<ul style="list-style-type: none">• Annual Plan published.
May 2012	<ul style="list-style-type: none">• Annual Plan submitted to Monitor.

Strategic Planning Roles and Responsibilities

To provide the necessary level of support for the annual planning process roles and responsibilities are outlined overleaf. This also includes engagement with our membership and future partner governors in anticipation of the statutory requirements stipulated within reference document for governors in Foundation Trusts.³

³ For more information please see Your Statutory Duties: A Reference Guide for NHS Foundation Trust Governors; Governors in NHS Foundation Trusts: What the Law Says You Have To Do.

Role	Lead Responsibility	Corporate Lead and support for the process (where different to Lead Responsibility)
Formulation of strategy	Trust Board and Executive Team	Strategy
Development of Strategic Plan	Strategy Team	Strategy
Development review and refresh of the 5 Year Integrated Business Plans (including Service Developments, Financial Plan and Workforce Plan)	Divisional/CBU Management Teams and Corporate Directors with support and facilitation of process coming from Corporate Strategy.	Strategy
Development review and refresh of the IBP	Facilitated by Strategy Team, with subject matter experts leading specific chapters	Strategy
Development and review of enabling strategies	Facilitated by Strategy Team, with subject matter experts leading the development of the strategy	Strategy
Development of Annual Business Plans	Divisional /CBU Management Teams (for CBUs) and Corporate Directors (Corporate Directorates).	Operations / Finance
Confirm and Challenge of 1 Year Operational Plans	Divisional Management Teams	Operations / Finance
Engagement and consultation with membership and partner Governors	Divisional Management Teams Corporate Directors	
Integration and development of the Long Term Financial Model based on Business Plans	Finance	
Integration and Development of Workforce Plan and Strategy based on Business Plans	HR	
Support of Divisional Management teams in the development of Business Plans.	Strategy	
Horizon Scanning to identify future policy and strategic issues and the subsequent impact on the trust.	Strategy	
Monitoring of progress of overall strategic planning process	Strategic Planning Group (chaired by Director of Strategy, with input from HR, Finance, Operations, Clinical Teams) reporting into the Exec Team.	

Monitoring and Review

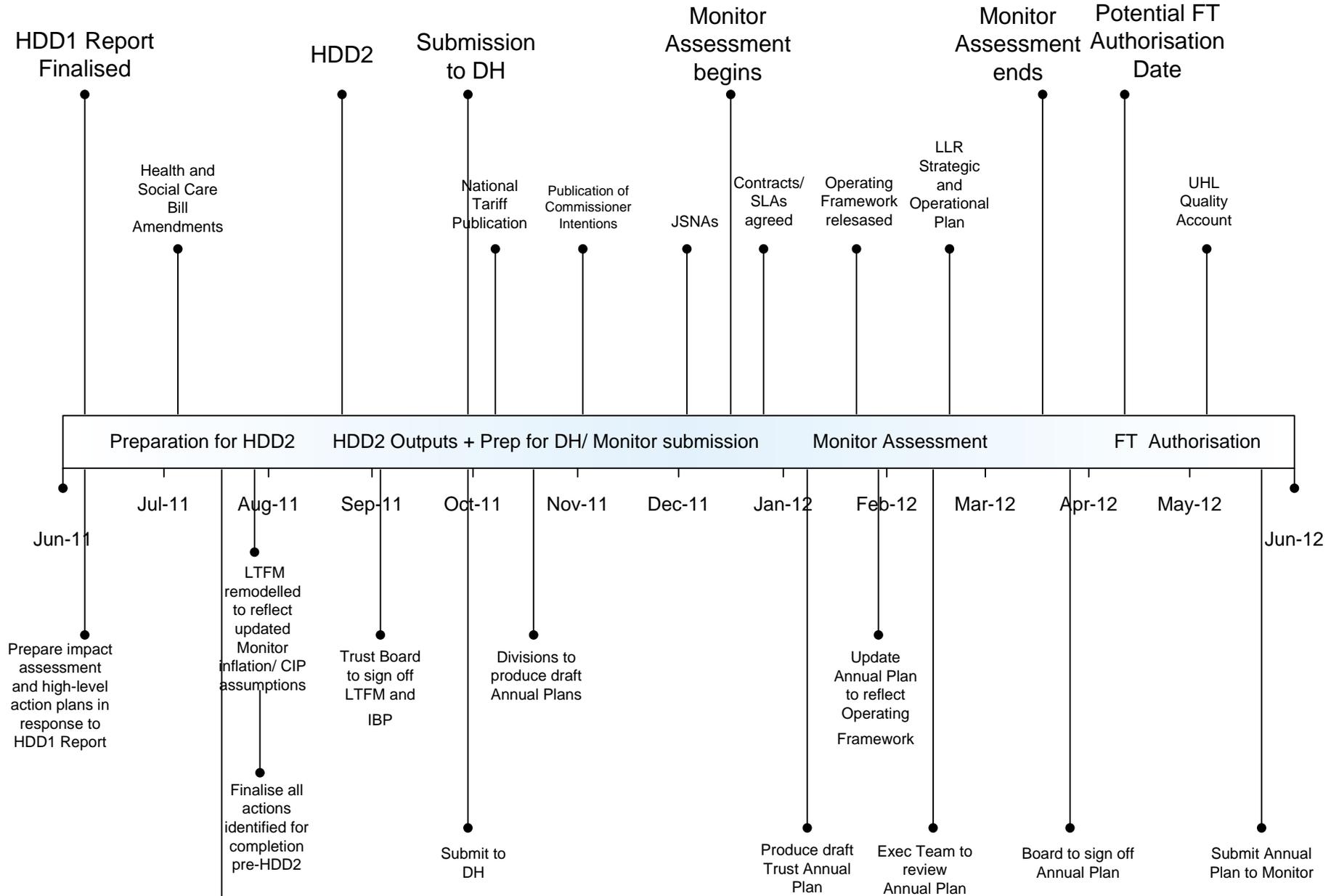
The annual planning cycle will need robust in year monitoring to meet the Monitor reporting requirements. This will be undertaken on a quarterly basis as a minimum in accordance with Monitor's Annual Planning and Monitoring Cycle as described above. Work will need to be undertaken to develop a timetable and format that is consistent with these requirements that can be implemented in advance of the Trust achieving Foundation Trust status.

The process of review should explicitly be used to manage and monitor progress towards the achievement of our strategic objectives. This will also seek to ensure that our stakeholders are continuously appraised of our progress at regular intervals throughout the year.

Timeline for 2011/ 2012 Annual Plan

Publications & Guidelines External Monitoring

Trust Implications & Actions



Ensure alignment of Service Developments with strategy, market analysis and supporting strategies.

Finalise Divisional CIP plans: 100% CIPs identified for FY12/13, 80% identified for FY14