NHS
Worcestershire
Acute Hospitals
NHS Trust

Date of meeting	15 March 2018
Paper number	H1

Acute Service Strategies

For approval:		For assurance:	✔	To note:	

Accountable Director	Sarah Smith, Director of Planning and Development		
Presented by	Sarah Smith	**Author**	Sarah Smith

Alignment to the Trust's strategic priorities					
Deliver safe, high quality, compassionate patient care	✔	Design healthcare around the needs of our patients, with our partners	✔	Invest and realise the full potential of our staff to provide compassionate and personalised care	
Ensure the Trust is financially viable and makes the best use of resources for our patients	✔	Develop and sustain our business	✔		

Alignment to the Single Oversight Framework					
Leadership and Improvement Capability		Operational Performance		Quality of Care	
Finance and use of resources	✔	Strategic Change	✔	Stakeholders	✔

Report previously reviewed by N/A		
Committee/Group	Date	Outcome

Assurance: *Does this report provide assurance in respect of the Board Assurance Framework strategic risks?*	Y	BAF number(s)	R5

Level of assurance and trend			
		√	↑ ↓ →
	Significant		
	Limited	√	↑
	None		
	Not applicable		

Recommendations	The Trust Board is asked to receive the report for assurance.

NHS
Worcestershire
Acute Hospitals
NHS Trust

Date of meeting	15 March 2018
Paper number	H1

Executive Summary

This report is presented to Trust Board to summarise and update on current strategy work, internal and external to the Trust that has the potential to impact on acute services development in Worcestershire in the short to medium term.

Acute services delivered by Worcestershire Acute Hospitals NHS Trust currently are the subject of four existing or developing strategies:

1. The Future of Acute Hospital Services in Worcestershire Programme (FoAHSW)
2. The new WAHT Clinical Services Strategy
3. The £29.6m acute service reconfiguration capital development programme (ASR)
4. The Herefordshire and Worcestershire STP Acute Clinical Sustainability Strategy and the work to progress integrated services across primary community and acute care

A summary update is provided on each of these work programmes whilst in some cases more detail is developed.

The Trust's own clinical service strategy which is new has been developed iteratively with oversight through the Trust Clinical Council. The first sufficiently developed iteration will be presented at the end of March 2018 for engagement and further development with wider clinical teams, and will be further discussed at the Board's development meeting in April 2018.

Background

Acute services delivered by Worcestershire Acute Hospitals NHS Trust currently are the subject of four existing or developing strategies:

1. The Future of Acute Hospital Services in Worcestershire Programme (FoAHSW)
2. The new WAHT Clinical Services Strategy
3. The £29.6m acute service reconfiguration capital development programme (ASR)
4. The Herefordshire and Worcestershire STP Acute Clinical Sustainability Strategy and the work to progress integrated services across primary community and acute care

- The **FoAHSW** clinical model supports the transfer of all hospital births, inpatient children's services and emergency surgery from the Alexandra Hospital in Redditch to the Worcestershire Royal Hospital site; and the transfer of elective surgery and ambulatory care services from the Worcestershire Royal Hospital (WRH) site to the Alexandra Hospital (AH) and the Kidderminster Treatment Centre (KTC).

  Public consultation on the FoAHSW clinical model concluded in July 2017, by which point the majority of the service changes had been enacted under emergency measures due to safety concerns relating to the sustainability of staffing across two sites.

  The remaining FoAHSW approved service changes relate to surgery and these have been captured in the Trust's new clinical service strategy that is in development but with implementation in these areas due to start from April 2018.

- The **Trust's clinical service strategy** is being developed iteratively with oversight through the Trust Clinical Council and the first sufficiently developed iteration will be presented at the end of March 2018 for engagement and further development with wider clinical teams.

  The clinical service strategy is being developed under the following headings:

  - Current state
  - Key internal and external drivers for change
  - General principles
  - Surgery
  - Medicine
  - Diagnostics
  - STP programmes
  - Specialised services

- The further centralisation of services at the Worcestershire Royal Hospital site due to FoAHSW means that the Trust cannot delay in progressing the **ASR capital project** and the most critical issue is access to additional inpatient bed capacity at WRH.

  The ASR outline business case (OBC) was approved in December 2017 for further refinement into a full business case (FBC), which is the prerequisite to accessing the £29.6m central capital funds set aside at OBC stage. Assuming a March 2018 start, the FBC will be completed and ready to be put forward for approval by Summer 2018.

  The Trust has therefore been exploring the potential to deliver sooner, the link bridge between the WRH main hospital building and the Aconbury campus (Aconbury East, Aconbury West and Aconbury North wards) through an accelerated approvals process.

  In January 2018 the Trust received approval for a £3m loan to progress the link bridge development. Construction is due to start in April 2018 with completion scheduled for end November 2018 ahead of Winter 2018.

  The Trust has also been notified of the outcome of a 2017/18 capital loan application and will look to reprioritise its internal capital expenditure programme and unlock funds for the ASR project as per the agreed project timelines.

  The details are currently being worked through but as a result of this development, the Trust is also looking to deliver the refurbishment of Aconbury East ward block to deliver the planned four new acute ward areas in tandem with the link bridge development.

- The NHS England Five Year Forward View (FYFV) document published in 2014 remains the extant national NHS strategy document and In response to the FYFV triple aim challenge around (i) care & quality, (ii) finance & efficiency and (iii) health

and wellbeing, the Herefordshire and Worcestershire STP in February 2018 has instigated an **Acute Clinical Sustainability Strategy for Herefordshire and Worcestershire.**

Recruitment and retention is a common challenge across acute specialties in all healthcare disciplines, a situation that is exacerbated by the drive towards 7 day services.

The strategy development process will be led by commissioners whilst ensuring all partners and providers are involved and engaged in its development. This work will need to be strongly aligned with the work to progress integrated services across primary community and acute care to ensure whole system sustainability.

Some acute services are already networked across Herefordshire and Worcestershire e.g. vascular and primary PCI and with other providers outside of the STP.

Clinical leadership and input is critical to this work and this will be provided by the Herefordshire and Worcestershire Clinical Reference Group. Formal governance of the work programme will be via the CCGs joint commissioning committee to the STP Partnership Board and the governing bodies of the constituent STP organisations. The WAHT CEO is the senior responsible officer for this work.

The work programme will be developed by a core project group including representatives from the STP and the constituent commissioning and provider organisations.

A briefing document describing the scope and approach to the work is being prepared and will be presented at a future Trust Board meeting.

Issues and options

There are no specific issues or options to consider

Recommendations

The Trust Board is asked to receive the report for assurance.

Appendices N/A

NHS
Worcestershire Acute Hospitals NHS Trust

Date of meeting	15 March 2018
Paper number	H2

Quality Improvement Strategy and associated Plans

For approval:	x	For assurance:		To note:	

Accountable Director	Vicky Morris Chief Nursing Officer		
Presented by	Vicky Morris Chief Nursing Officer	**Author**	Vicky Morris – Chief Nursing Officer & Suneil Kapadia- Chief Medical Director

Alignment to the Trust's strategic priorities					
Deliver safe, high quality, compassionate patient care	x	Design healthcare around the needs of our patients, with our partners	x	Invest and realise the full potential of our staff to provide compassionate and personalised care	
Ensure the Trust is financially viable and makes the best use of resources for our patients		Develop and sustain our business			

Alignment to the Single Oversight Framework					
Leadership and Improvement Capability	x	Operational Performance		Quality of Care	x
Finance and use of resources		Strategic Change		Stakeholders	

Report previously reviewed by		
Committee/Group	Date	Outcome
QGC	Dec 2017, Jan & Feb 2018	Approval for direction of travel

Assurance: *Does this report provide assurance in respect of the Board Assurance Framework strategic risks?*	Y	BAF number(s)	P1.2, P1.3

Level of assurance and trend			
		√	↑ ↓ →
	Significant	√	
	Moderate		
	Limited		
	None		
	Not applicable		

Recommendations	The Trust Board is requested to approve the Quality Improvement Strategy and associated plans and delegate approval of the final objective trajectories to the Quality Governance Committee.

NHS
Worcestershire
Acute Hospitals
NHS Trust

Date of meeting	15 March 2018
Paper number	H2

Executive Summary

The attached Quality Improvement Strategy and associated plans have been developed with our patients, staff, public, stakeholders, and community. We would like to thank them all for their contributions and also for their ongoing commitment to work with us to support our Quality Improvement Journey.

The Quality Improvement Strategy (QIS) provides a clear strategic framework and commitment for our patients, their carers' and the public for the next three years (2018-2021).

Whilst the QIS document itself is a high level document, the associated and supporting plans set out specific pledges and objectives for delivery:

- Safety Plan
- Clinical Effectiveness Plan
- The Patient, Carer and Community Plan.

We will provide an annual report to the Trust Board and our public against all aspects of this Strategy through the annual Quality Account, keeping the Quality Governance Committee and Commissioners briefed on a quarterly basis.

Background

It is essential for the Trust to be able to build on the foundations of improvements made within the organisation to date and establish a clear quality and safety improvement culture which has the patients, carers at the centre of all that we do.

The Quality Governance Committee has reviewed the development of the Quality Improvement Strategy and the supporting plans and has approved the tone and direction which the draft documents established.

Each of the supporting plans have specific objectives to underpin the implementation of the Quality Improvement Strategy and the Divisions are developing Quality Improvement Plans which will pick up the relevant objectives for their Division. These plans will be reviewed and approved through the Quality Improvement Board in March.

Due to the timing of the Board in March some trajectories will need to be refined based on 2017/18 outturn and it is proposed that the Quality Governance Committee will approve the final objective trajectories subject to Board approval of the QIS and supporting plans.

Issues and options

The Board are asked to consider the tone and style of the documents and whether the trajectories set out ambitious but realistic trajectories for Improvement.

Recommendations

The Trust Board is requested to approve the Quality Improvement Strategy and associated plans and delegate approval of the final objective trajectories to the Quality Governance Committee.

Worcestershire Acute Hospitals NHS Trust

Date of meeting	15 March 2018
Paper number	H2

Appendices
Quality Improvement Strategy
Safety Plan
Clinical Effectiveness Plan
Patient, Carer and Community Plan

NHS
Worcestershire Acute Hospitals NHS Trust

Date of meeting	15 March 2018
Paper number	H3

Medium Term Financial plan – Interim Update

For approval:		For assurance:	✓	To note:	

Accountable Director	Jill Robinson – Chief Finance Officer		
Presented by	Jill Robinson – Chief Finance Officer	**Author**	Jo Kirwan - Assistant Director of Finance Katie Osmond – Assistant Director of Finance Mark Taylor – Turnaround Director

Alignment to the Trust's strategic priorities					
Deliver safe, high quality, compassionate patient care		Design healthcare around the needs of our patients, with our partners		Invest and realise the full potential of our staff to provide compassionate and personalised care	
Ensure the Trust is financially viable and makes the best use of resources for our patients	✓	Develop and sustain our business	✓		

Alignment to the Single Oversight Framework					
Leadership and Improvement Capability		Operational Performance		Quality of Care	
Finance and use of resources	✓	Strategic Change		Stakeholders	

Report previously reviewed by		
Committee/Group	Date	Outcome
Finance and Performance Committee	26 February 2018	Limited assurance received

Assurance: *Does this report provide assurance in respect of the Board Assurance Framework strategic risks?*	Y	BAF number(s)	R4.1

Level of assurance and trend

	√	↑ ↓ →
Significant		
Moderate		
Limited	√	→
None		
Not applicable		

Worcestershire Acute Hospitals NHS Trust

Date of meeting	15 March 2018
Paper number	H3

Recommendations	The Board is asked to: • Note progress developing detailed financial plans and budgets for 2018/19 and the submission on 8 March 2018 of the first draft operating plan in line with the direction agreed at the Board development day on 8 February 2018. • Note the current status of the Recovery Programme and the timetable for completion of the PIDs / QIAs • Note the 2 stage budget sign off process (pre and post CIP)

NHS
Worcestershire
Acute Hospitals
NHS Trust

Date of meeting	15 March 2018
Paper number	H3

Executive Summary

This report provides an update on development of the Medium Term Financial Plan (MTFP) to improve the Trust deficit position, and specifically details progress in developing financial plans and budgets for 2018/19.

The Trust has submitted the first draft operating plan to NHSI on 8th March 2018. This report sets out the various elements that underpin that submission

Background

The direction of travel for the Medium Term Financial Plan (MTFP) was agreed at the Finance and Performance Committee (FPC) at its meeting in December 2017. This was subsequently reviewed and agreed by the Board in February 2018.

Since these meetings, the detailed work to develop budgets, agree contracts and develop the recovery programme has been progressing. Whilst these necessarily focus primarily on 2018/19 at this stage, the overarching work also looks forward to years 2 and 3.

At the private Trust Board on 8th February, a commitment was made to strive to deliver the 2018/19 Control Total which was set as part of the 2 year planning cycle in December 2016. The Trust was required to submit the first draft operating plan to NHSI on 8th March, to include Income & Expenditure, Capital, Recovery programme, Activity plans and Workforce plans. This was completed in accordance with the direction agreed by the Board at the above meeting.

Issues and options

The attached appendix sets out the status of the financial planning process, focused initially on 2018/19 detailed plans. The key areas that drive the overall plan are set out below.

Budget Setting

- Budgets will be signed off at Divisional and Directorate level and presented to the March FPC. Sign off will be a 2-stage process, firstly for budgets pre CIP, and subsequently to apply the CIP.
- Whilst the 2017/18 outturn remains on track, any recurrent shortfall would result in an additional CIP challenge in 2018/19.
- NHSI have recently notified the Trust of a change to the 2018/19 Control Total as a result of a review of clinical negligence scheme for trusts (CNST) costs. This moves the deficit by £0.89m to £40.0m. The 2018/19 agency ceiling is set at £17.29m
- The recovery programme is a key driver for delivery of the Control Total. This is set out in more detail below.
- The Budget Setting process follows the policy previously agreed by FPC. Where bottom up calculations are not yet available, indicative values are used based on planning assumptions consistent with those in the Trust's LTFM (long term financial model) and the STP financial model. Assumptions were discussed in detail at the FPC meeting in February.

CIP / Recovery Programme

- The Trust has recognised that to meet its future challenges there is a need for a different approach, to focus on cross cutting work streams with dedicated clinical and operational ownership. These work streams are responsible for identifying and delivering the operational change from which efficiencies will be realised.

- The work streams have been set to engage more widely with staff and in particular clinical staff, as the triple aim of quality, patient and money need to be owned.
- The governance structure has been reviewed with the aim of improving the Trust's ability to execute the programme and increase transparency about the impact of these plans.
- The level of CIP required is for £23m/£400m - circa 6% as opposed to more traditional levels of circa 2%. This quantum and level of ambition was discussed and supported by the Trust Board on 8 February 2018, recognising the key risk is delivery execution.
- Plans on a Page are in place for each of the work streams. The PMO is now driving completion of quality impact assessments and project initiation documents to ensure schemes are ready to go for the new financial year.
- The attached appendix sets out the progress to date in developing the Recovery Programme.

<u>Contract Negotiation & Activity Plans</u>

- The Trust and Worcestershire CCG are committed to continuing a cap / collar risk share agreement for 2018/19.
- At the time of writing, agreement has not been reached for 2018/19 but the gap is felt to be resolvable locally without the need to resort to third party intervention. Baseline activity is aligned between the Trust and CCGs and appropriately reflects current activity levels, prior to any growth assumptions, service development or QIPP schemes.
- Negotiations are ongoing in respect of growth, service developments and commissioner QIPP.
- Further joint work is needed to assess any non-recurrent RTT activity, dependent on operational planning assumptions.
- Key assumptions driving the negotiations were discussed in detail at the FPC meeting in February.
- It is anticipated that agreement will be reached in line with the national planning timetable.
- 2018/19 contract variations with other commissioners are also expected to be completed in line with the national planning timetable.

<u>Capital Planning</u>

- Internally generated funds remain extremely limited into 2018/19 (c£2.5m) after accounting for PFI and loan repayments and we will need to continue to secure capital loan funding to deliver essential works.
- As the full loan requested in 2017/18 was not forthcoming, a revised emergency application was made that seeks to provide capital loan funding for critical schemes in Q4 of 2017/18 and Q1 of 2018/19. This emergency loan was approved on 2 March 2018. A further application will also be made for 2018/19.
- The initial long list has been subject to preliminary prioritisation through a working group consisting of divisional and clinical representation alongside corporate leads. Ideally the capital programme would be prioritised alongside the relevant strategy (clinical / estates / IT) and using asset register and risk register information to ensure those highest risk assets were replaced first. It is not currently possible to prioritise consistently in this way although an exercise to cross reference the risk register to replacement requests has been undertaken.

Date of meeting	15 March 2018
Paper number	H3

- A further prioritisation exercise has taken place during February, and a final proposed programme will be presented to the FPC in March. The attached appendix sets out progress to date.
- Where possible, and in the event of further difficulties in accessing capital loan funding, revenue solutions will be explored.

Recommendations

The Board is asked to:

- Note progress developing detailed financial plans and budgets for 2018/19 and the submission on 8 March 2018 of the first draft operating plan in line with the direction agreed at the private Board session on 8th February 2018.
- Note the current status of the Recovery Programme and the timetable for completion of the project initiation documents/quality impact assessments
- Note the 2 stage budget sign off process (pre and post CIP)

Appendices

1. Development of the Medium Term Financial Plan – February 2018

Worcestershire Acute Hospitals NHS Trust

Development of the Medium Term Financial Plan

Jill Robinson

Chief Finance Officer

Planned I&E 2018/19

- Income & Expenditure – 2017/18, 2018/19, 3 Year Indicative – slides 2-4
- Budget Setting Assumptions – Slide 5
- Recovery Programme – slides 6-9
- Capital Programme – slides 10
- Risk Management – slide 11

Current Financial Position

Worcestershire Acute Hospitals NHS Trust

The table shows the original 2017/18 Income & Expenditure plan as agreed with NHSI in March 2017, and the Month 9 revised forecast outturn position.

This deterioration in the 2017/18 position results in a greater than anticipated financial challenge moving into 2018/19.

The Trust most likely forecast outturn in 2017/18 is a pre STF deficit of **£57.9m**.
The expected underlying run rate as we exit 2017/18, is £4.5m per month, £0.5m greater than the target exit run rate.
Based on this run rate, there would be a projected do nothing deficit in 2018/19 of **£53.9m**.

Statement of comprehensive income	Plan 31/03/2018 Year ending £'000	Forecast 31/03/2018 Year ending £'000	Variance 31/03/2018 Year ending £'000
Operating income from patient care activities	366,246	366,435	189
Other operating income	40,079	30,418	(9,661)
Employee expenses	(253,626)	(267,698)	(14,072)
Operating expenses excluding employee expenses	(168,439)	(170,506)	(2,067)
OPERATING SURPLUS / (DEFICIT)	**(15,740)**	**(41,351)**	**(25,611)**
NET FINANCE COSTS	(14,292)	(14,356)	(64)
Other gains/(losses) including disposal of assets	0	(277)	(277)
SURPLUS/(DEFICIT) FOR THE PERIOD/YEAR	**(30,032)**	**(55,984)**	**(25,952)**
Remove capital donations/grants I&E impact	44	121	77
Remove impact of 1617 STF post accounts reallocation		(419)	
Adjusted financial performance surplus/(deficit)	**(29,988)**	**(56,282)**	**(26,294)**
Less sustainability & transformation fund (STF)	(12,663)	(1,615)	11,048
Adjusted financial performance surplus/(deficit) excluding STF	**(42,651)**	**(57,897)**	**(15,246)**
Control total excluding STF	**(42,651)**	**(42,651)**	**0**
Performance against control total excluding STF	**0**	**(15,246)**	**(15,246)**

Projected 2018/19 (meet Control Total)

Worcestershire Acute Hospitals NHS Trust

The indicative financial plan for 2018/19 would require a CIP of £23m to secure delivery of the previously agreed control total. (Prior to impact of CCG QIPP).

Note: Confirmation has recently been received from NHSI of changes to the 2018/19 Control Totals linked to CNST recalculations. For the Trust this moves the Control Total by £0.89m to a deficit of £40.0m.

£m's	Net
Underlying FOT	**(53.9)**
Drivers of change into 1819	
(i) inflationary pressures	(7.3)
(ii) Local pressures / devts	(2.6)
(iii) Demography	1.7
(iv) Winter NREC	(1.0)
1819 projected pre CIP/QIPP	**(63.0)**
Required Internal CIP	23.0
1819 projected pre QIPP	**(40.0)**

Based on the 2017/18 exit run rate, standard planning assumptions and outputs from detailed budget setting and contract negotiations, to achieve the revised Control Total of £40.0m would require a CIP of **£23m.**

This assumes no adverse financial impact from any CCG QIPP schemes.

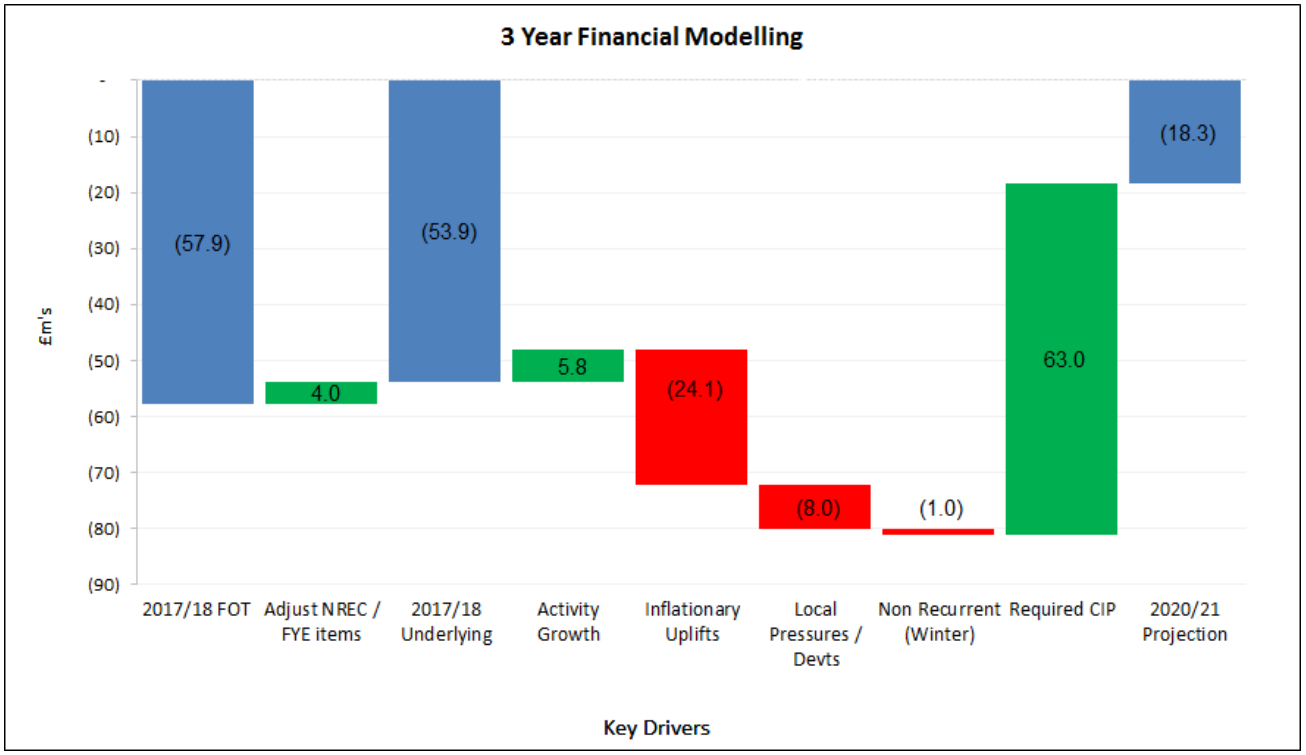
Indicative 3 year I&E

Worcestershire Acute Hospitals NHS Trust

The planning assumptions are consistent with national economic assumptions published for NHS use, and those used for STP financial modelling.

This projection excludes any impact of successful CCG QIPP schemes which would likely worsen the Trust's overall position unless full costs could be removed.

Scenario 1 (£ms)	2017/18	2018/19	2019/20	2020/21
Total Income	396.9	411.4	422.9	438.5
Expenditure	(438.2)	(436.8)	(437.0)	(442.1)
EBITDA	**(41.4)**	**(25.4)**	**(14.2)**	**(3.6)**
Financing	(14.6)	(14.6)	(14.6)	(14.6)
Less STF received / other adj	(1.9)	0.0	0.0	0.0
Surplus / (Deficit) against pre STF CT (pre QIPP)	**(57.9)**	**(40.0)**	**(28.8)**	**(18.3)**
Assumed CIP		£23m	£20m	£20m



Budget Setting Assumptions

The Budget Setting Policy was agreed at FPC in October 2017.
Key steps in the process include:

- Baseline = underlying recurrent position (remove non recurrent and adjust for full year effect items e.g. CIP, FRP, 17/18 developments)
- Inflate pay costs for pay award and incremental spine point increases
- Nursing and medics rota checks against establishments
- Apply non pay inflationary uplift
- Adjust for any service level agreement changes and apply inflationary uplift
- Process for Divisions to identify local cost pressures
- Realign non pay budgets so that they represent where costs will be incurred
- Identification of new year developments
- Establish a contingency reserve
- Establish growth reserve aligned to income assumption
- Re-set non PbR drugs and device budgets

- 2 phase budget sign off process:
  - Phase 1>pre 1819 CIP (inclusive of FYE FRP)
  - Phase 2>detailed CIP plan at Directorate/cost code level

A different approach to CIP identification and delivery

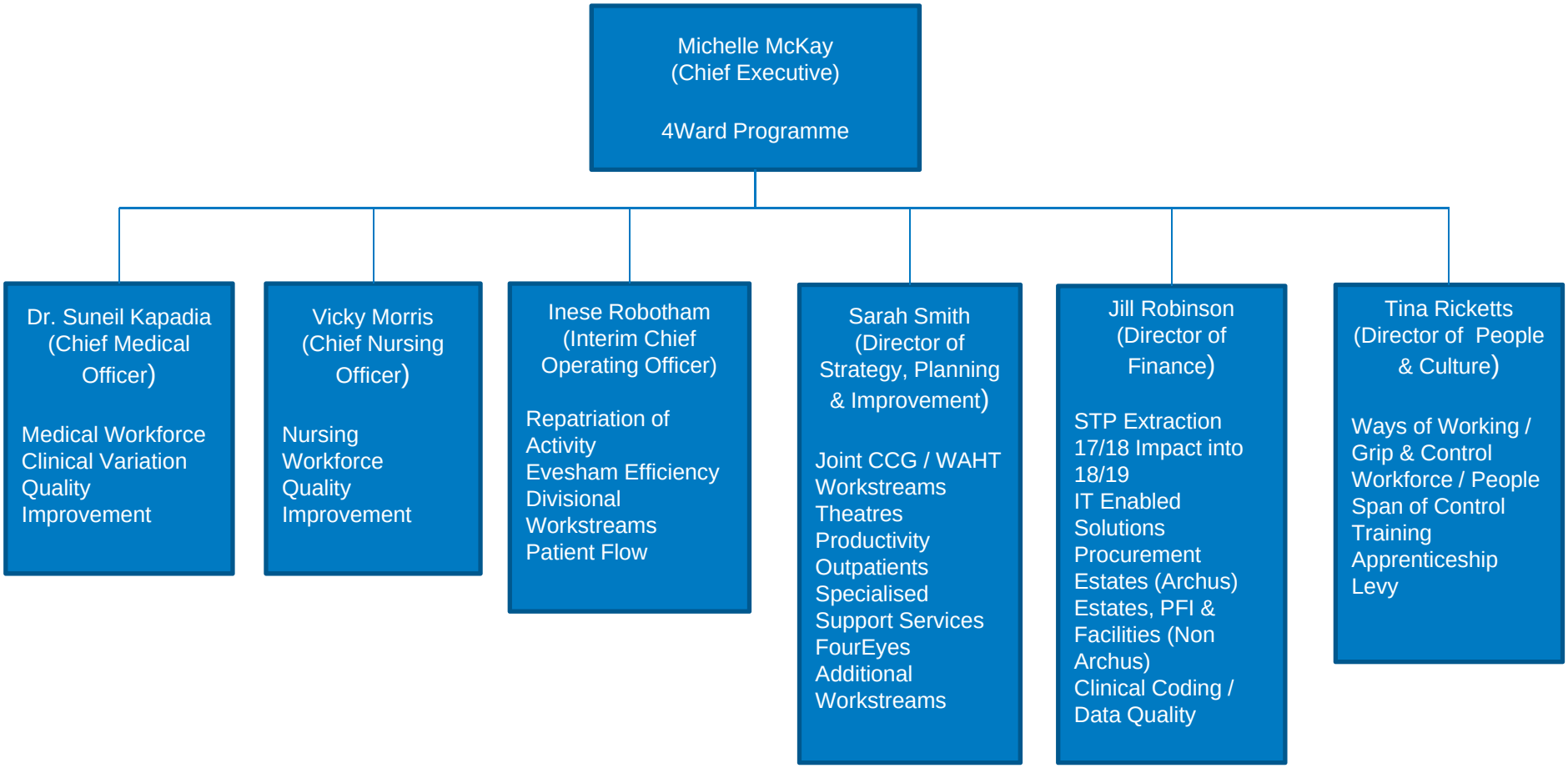
- The trust has recognised that to meet its future challenges there is a need for a different approach and is aiming in addition to divisional schemes to also focus on cross cutting workstreams with dedicated clinical and operational ownership.
- These workstreams are responsible for identifying and delivering the operational change the Trust is seeking to make and from which efficiencies will be realised.
- Whilst the Board is overseeing the entire recovery programme, each workstream has a director level sponsor accountable for its planning and delivery.
- The workstreams have been set to engage more widely with staff and in particular clinical staff, as the triple aim of quality, patient and money need to be owned outside of finance.
- The workstream & plans on a page will populate the high level finance submission and continue to underpin the final financial submission.

High Level Planning CIP Ambition

- The level of CIP required is for £23m/£400m - circa 6% as opposed to more traditional levels of circa 2%. This quantum and level of ambition was discussed and supported by the Trust board on 8 Feb 2018, recognising the key risk is delivery execution.
- The programme is targeting schemes with an opportunity in the region of £30m for 2018/19, to mitigate risk.

Senior Responsible Officer Plans on a Page

Worcestershire Acute Hospitals NHS Trust



Governance

Programme management arrangements

- The trust has and is likely to strengthen existing governance arrangements to support delivery of its recovery programme recognising that the scale of change in 18/19 exceeds the ambition of previous years.
- The new reporting arrangements reflect the move to a more matrix management approach with dedicated workstream leads in the key dependent workstreams of theatres, patient flow and outpatients. This ensures divisions and workstreams are accountable for implementing the changes.
- The Trust has increased capacity and capability through the appointment of a full time interim Head of PMO to supplement stewardship of the programme and embed a strong programme management culture.
- The governance structure has been reviewed and looking to be implemented with the aim of improving the Trust's ability to execute the programme and increase transparency about the impact of these plans.

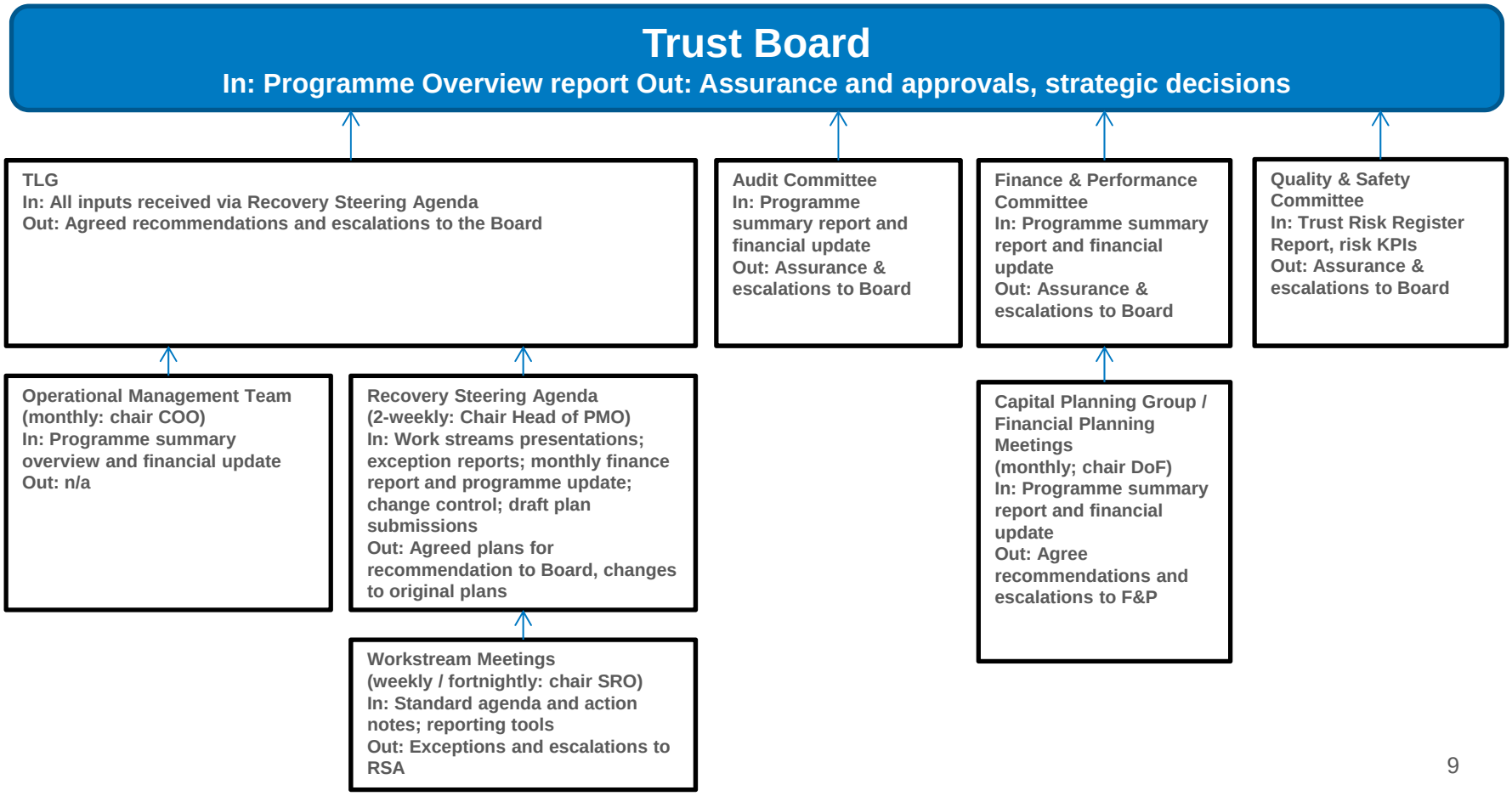
The remit of the PMO is now to :

- Embed a strong programme management culture and an accountability and governance framework to assure delivery of plan;
- Monitor the delivery of individual plans, manage programme level risks and interdependencies through standardised reporting tools;
- Provide timely evidenced based assurance of progress and variance against plan to the board, including escalation of issues that hinder delivery;
- Provide independent challenge on progress and support workstreams to mange execution and delivery risk.
- Be the central repository and coordinating function for all Recovery Plan documentation.
- Engage the whole organisation in the generation of new through engagement events an other forums and
- Coordinate and input into the Recovery communication

Governance

Reporting Structure

The PMO will provide regular reports into the relevant committees to ensure good governance. The diagram below shows the Board, committees and sub-committees of the Board that are relevant to the Recovery Plan in the context of the overall Trust governance framework.



Capital Planning 2018/19

Worcestershire Acute Hospitals NHS Trust

The Capital Funding for 2018/19 is extremely scarce.

Property and Works schemes have all been pre-committed from the urgent loan.

A new capital loan will be submitted in April 2018.

- The Capital Programme was discussed at CPG on 16th February with the available internal funding (Depreciation) highlighted as £2.552m. It should be noted the original capital bids amounted to £58m.
- Prior to the urgent loan it was agreed at CPG, that as Property and Works schemes already pre-committed totalled £0.7m, the remaining funding would be held for any critical schemes that occur during the financial year.
- A new capital loan will also be applied for on the 1st April for schemes identified as high and medium risk which are not yet included in the table below.
- Since the urgent loan application has been successful for £2.6m, the program in terms of schemes against the identified funding has been reworked as below:

Scheme	Details	2018/19 £000's
Internal Capital Funding	Pre-Committed	650
	Contingency	1,902
Subtotal		**2,552**
Urgent Capital Loan Q1	Fire Risks	690
	Backlog Maintenance	1,180
	Other Urgent Schemes	730
Subtotal		**2,600**
ASR Programme		20,016
ED Portacabins		631
Total Assumed Capital programme		**25,799**

Risk Assessment

Expenditure Risk	Income Risk
Agency costs exceed the reduced agency ceiling and/or temporary staffing costs are in excess of budget - continue robust management controls already in place and seek to recruit to vacant posts.	Activity levels do not meet the planned levels – the cap/collar affords some protection against this. In the event that we exceed the cap activity would not be fully reimbursed.
Unidentified cost pressures arise in year - Any increase in cost pressures above planned levels would have a detrimental impact on the plan.	CCG QIPP Stranded Costs – where the CCG QIPP schemes are successful at demand management, the Trust will incur stranded costs of unused capacity, particularly in the short term.
Non recurrent costs continue into 2018/19 – e.g. additional ward capacity, RTT	Contract Challenges - resulting in activity not being paid / counted against the cap/collar.
CIP is not delivered - Any under-delivery of the CIP programme would risk delivery of the control total.	Loss of STF income due to non delivery of Financial Control Total and /or agreed performance trajectories.
Cost of Transformation – additional non recurrent transformation costs may risk delivery of the Control Total	Change in Planning Assumptions - The contract settlement and cap and collar were based on an expected level of performance.

Capital Risk
Inability to access additional capital support – If capital bids are unsuccessful there will be insufficient funding to deliver prioritised capital schemes. As well as exposing the Trust to operational and clinical risks this would jeopardise delivery of some of the CIP plans.