Salford Royal NHS Foundation Trust

University Teaching Trust

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Operational Plan Document for 2016/17

Salford Royal NHS Foundation Trust

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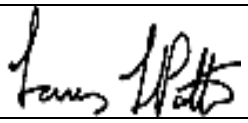
Date	11th April 2016

The attached Operational Plan is intended to reflect the Trust's business plan over the next year.

Approved on behalf of the Board of Directors by:

Signature ***(Chair)***	

Name **Mr. J Potter**

Approved on behalf of the Board of Directors by:

Signature ***(Chief Executive)***	

Name **Sir David Dalton**

Approved on behalf of the Board of Directors by:

Signature ***(Finance Director)***	

Name **Mr I Moston**

Contents

1. Introduction and Context

1.1 The Trust

The Salford Royal NHS Foundation Trust (SRFT) is a statutory body, which became a public benefit corporation on 1 August 2006.

The Trust provides a comprehensive range of services to the population of Salford, as well as a wider range of specialist services across Greater Manchester (GM), the North West and beyond. The organisation provides over one million hospital and community contacts for patients over 70 locations.

The Trust has seen significant service changes over the last five years, including:

- A phased reconfiguration of Stroke Services.
- Integration with Community Health services.
- Reconfiguration of Maternity services.
- The establishment of shared pathology and sterile services with Wrightington, Wigan and Leigh Foundation Trust (WWLFT).
- A phased implementation of the Major Trauma reconfiguration.

SRFT has an extremely strong track record of delivering improvements in clinical outcomes, patient experience and transformational efficiencies.

The Trust is in a strong position to work with commissioners to address challenges within Salford, the North West (NW) Sector and Greater Manchester, delivering high quality care and outcomes for the populations it serves.

This 2016/17 Operational Plan builds on the priorities identified in 'Saving Lives, Improving Lives', the Trust's Service Development Strategy for the period 2014-2019. It also incorporates priorities contained within the:

- Five Year Forward View and NHS Mandate.
- 'Taking Charge of our Health and Social Care in Greater Manchester', Greater Manchester's Devolution Plan (the draft Sustainability and Transformation Plan for GM).
- Salford's Locality Plan (jointly developed by the statutory health and social care partners).
- Organisation-specific plans to address financial and operational pressures.

The GM Devolution Strategic Plan sets out the ambition for GM to be financially self-sustaining as part of the Northern Powerhouse. From April 2016 GM will be:

- Embarking on a large scale programme of whole system public service reform focused on people and place.
- Responsible for developing plans to address the predicted £2 billion funding gap by 2021.
- Improving outcomes for the 2.8m population.
- Developing workforce plans to address skills and capacity shortages.

Five transformation priorities have been identified:

- Radical upgrade in population health prevention.
- Transforming community based care and support.
- Standardising acute and specialist care.
- Standardising clinical support and back office services.
- Enabling better care.

The Salford Locality Plan reflects the key priorities of SCCG, SCC and SRFT, including those already agreed with SRFT:

- Establishing the Integrated Care Organisation (ICO).
- Development of NW Sector single service models.
- Development of the Group Model.

The Locality Plan also focuses on:

- Increasing efficiency through standardisation.
- Use of digital technology.
- Reductions in variation.
- Expanding co-production.
- Personalisation and social action in communities.

1.2 Trust Performance in 2015/16

The Trust has made significant progress against its strategic objectives and the delivery of clinical and quality standards in 2015/16. This was reflected in the overall rating of 'Outstanding' in the CQC inspection in January 2015. SRFT's Hospital services were rated as 'Outstanding' and the Community services as 'Good'. The Trust's plans ensure this performance is sustained and improved.

Reflecting the wider challenges facing the NHS, the Trust has experienced operational and financial pressures in 2015/16 and identified risks to:

- Achieving the planned financial sustainability risk rating of 3 for 2015/16.
- On-going compliance with access targets.

Plans to mitigate these risks are detailed in this operational plan.

Performance Management
The Trust Corporate Assurance & Performance Framework comprehensively monitors performance within Clinical Divisions and Departments across the Executive Assurance Committees. The framework was updated in 2015 to reflect the strategic programme requirements.

Following the restructuring of the clinical divisions, performance management arrangements have been strengthened through revised governance committees, including:

- Executive Lead Divisional assurance committees.
- Corporate Operations and Performance Board.
- Productivity Improvement Board.
- Workforce Strategy Board.
- Executive Strategic Programme Board and supporting individual programme boards.
- Strategy and Investment Committee.
- NW Sector Programme Board and subgroups.

The Trust is developing the opening Board Assurance Framework for 2016/17 which will identify any risks in delivering the plan. This will be presented for Board approval in April to reflect 2016/17 objectives after approval of the Plan by the Board at the March meeting. These will include risks associated with:

- Trust Operational performance.
- Delivery of the BCLC programme and financial control total.
- Implementation of strategic priorities.

2. The 2016/17 Operational Plan

The Trust's operational and strategic priorities for 2016/17 are organised under the following structure. A summary of the key deliverables is described in each section.

- Section 2.1 details the Trust's Quality Improvement Plan, including plans to develop 7 day services. This section also describes how performance is monitored.
- Section 2.2 details the Trust's Better Care @ Lower Cost programme and includes details of how quality impact assessments are undertaken as part of the approvals process. The detailed financial plan is in section 3.
- Section 2.3 details the workforce plan, how this has been agreed, how it supports the clinical strategy and is linked to recruitment, and the commissioning of training, learning and development.
- Section 2.3 also details the membership engagement strategy, including Governor Elections.
- Section 2.5 details the Trust's approach to activity planning.

The Trusts Plan is presented under the following themes and priorities

Salford Royal NHS Foundation Trust
2016/ 2017 Annual Plan

BETTER CARE AT LOWER COST

Strategic Theme	Annual Plan Priority
1. Pursuing Quality Improvement to become the safest, highest quality health and care service	1.1 Save & Improve lives through reliable and safe care 1.2 Delivering personalised care
2. Better Care @ Lower Cost	2.1 Drive efficiency & sustain financial performance, reducing costs by £20m
3. Supporting high performance and improvement	3.1. Deliver the Workforce Strategy 3.2 Support & develop our people to deliver Safe, clean & personal care 3.3 Improve Engagement with and the Well Being of our People 3.4 Implement the Membership Development Strategy
4. Improving care & services through Integration & Collaboration	4.1 Deliver the Integrated Care Organisation providing population-based care 4.2 Work with partners to reconfigure services across the NW Sector 4.3 The Development of Healthcare Groups 4.4 Development of specialist services and partnerships with provider organisations
5. Demonstrate Compliance with Mandatory Standards	5.1 Clinical & Quality Standards 5.2 Financial Standards 5.3 IM&T Standards 5.4 Access Standards 5.5 Workforce Standards 5.5 Buildings & facilities Standards
6. Implement Enabling Strategies	6.1 Research & Development Strategy 6.2 Under & Post Graduate Education 6.3 Hospital Redevelopment/Estates Strategy 6.4 IM&T & Innovation Strategy 6.5 Corporate Social Responsibility & Public Health Strategy

2.1 Pursuing Quality Improvement to become the safest, highest quality health and care service

The Trust launched its third Quality Improvement (QI) Strategy in 2015. This builds on the Trust's ambition to be the safest organisation in the NHS, work which commenced in 2007. The Strategy has the full commitment of the Board of Directors to support staff to make continued improvements and delivery of the strategy is led by the Deputy Chief Executive/Executive Nurse and overseen by the Executive Quality and People Committee. The Trust has a dedicated Quality Improvement team and access to Haelo to support delivery of this strategy.

The strategy puts the needs of patients, their families and carers first, and as well as supporting the Trust priorities and the requirements of national and local plans.

The strategy identifies five clear aims:

Save and Improve lives through reliable and safe care

- No preventable deaths.
- Continuously seeking out and reducing patient harm.
- Achieving the highest level of reliability.

Delivering personalised care

- Delivering what matters most; working in partnerships with patients, carers and families to meet all their needs and better their lives.
- Delivering innovative and integrated care close to home which supports and improves health, wellbeing and independent living.

The programme will also support:

- Maintaining NHSLA standards.
- Meeting the new CQC fundamental standards.
- Meeting the National Safety standards for invasive procedures (NatSSIPs).
- Implementation of the revised mortality review board requirements.
- Meeting the Monitor Quality Governance requirements.

The Quality Strategy provides ongoing focus on delivery of the national safety thermometer indicators and compliance with assessment standards. It builds on the Trust's success in reducing;

- Acute catheter days.
- Acute CaUTI (Catheter associated infections).
- Catheters in the community.
- Grade 2 pressure ulcers (and elimination of grade 3 & 4).
- Falls.

The Trust has continued to build capability through its Clinical Quality Academy, Quality Improvement Fellowships and engagement with trainees, collaborative programme and clinical microsystem work.

The Salford health economy, including the SRFT Board of Directors, has signed up to the Making Safety Visible Programme. The key outcomes of the collaborative will be:

- Improved and shared understanding and capability for measuring and monitoring safety at Board and SCCG Governing Body level.
- A whole health economy plan for measuring and monitoring safety, linked to Sign up to Safety.
- Improved measuring and monitoring of safety across the health and care economy.

The priorities for this work include:

- Medicines management/optimisation.
- Clinical communication, with a focus on transfers of care.
- Building capability.
- System wide culture.
- Implementing the productive community.

It is recognised that SRFT's ambition must remain affordable and the Trust has made an explicit link between quality improvement and delivering 'better care at lower cost', as cost reduction is vital to its continued success. Triangulation of key performance measures is in place through the integrated Board scorecard and supporting assurance framework, ensuring the impact of service changes are monitored.

The programme of work for 2016/17 also includes supporting the following priorities:

- The patient flow collaborative.
- Implementation of 7 day working across the health economy, with a focus on supporting the emergency village and community based out of hours care, moving towards the standards set out for Major Trauma and Healthier Together (Emergency and Acute Medicine, Surgery, diagnostic services and critical care.)
- Demand and capacity matching through time and to meet the acuity needs of the patient.
- Development of a 'control room'.
- Admissions avoidance.
- Responding to adverse incidents and complaints.
- Responding to divisional requirements with microsystem support.
- Supporting staff transformation work associated with the adoption of new technologies.

Contractual requirements and priorities agreed with commissioners include:

- Sepsis, acute kidney injury and anticoagulation safety CQUINs.
- Integrated Care Programme for older people – person experience.
- Management of patients with diabetes.

Our strategic priorities include:

- Supporting the Primary and Acute Care System (PACS) Vanguard, widening the scope of work from older people to adults and creating an Integrated Care Organisation (ICO) to focus services on delivering the transformation programme with a focus on neighbourhoods. The programme aims to deliver the triple aim of Better care outcomes, improved experience of service users and carers and reduced care costs.
- Supporting the reliability work stream within the Group/Acute Care Collaborative Vanguard.

The Trust has taken into account the time pressures on staff delivering clinical service and reinforced its commitment to undertake this improvement work. It is proposed to pursue accreditation of the collaborative methodologies through external bodies to contribute to continuous professional development and revalidation. The Trust will maximise the benefits it secures through quality improvement through joint work with Divisions to improve operationalisation of improvements and with IM&T to support and maintain the integrity of measurement.

2.2 Drive efficiency & sustain financial performance, reducing costs by £20m (£30m recurrently) 'Better Care, Lower Cost'

The Better Care, Lower Costs (BCLC) Programme has a target of £20m in year 2016/17 delivering recurrently a £30m saving.

The delivery of the programme is supported by the Project Management Office (PMO), which is accountable to the Productivity Improvement Board (PIB), a standing committee of the Board chaired by the Chief Executive. Each work stream is overseen by a steering group chaired by an accountable Executive Director.

This Productivity Improvement Board:

- Oversees the development of schemes to reduce costs.
- Undertakes a quality impact assessment of each scheme.
- Monitors the delivery of savings against agreed objectives.
- Challenges the management of delivery risks and barriers.

The BCLC programme work streams include:

- Patient Flow.
- Workforce.
- Procurement and non-pay.
- Diagnostics and prescribing.
- Space utilisation.
- Corporate Functions.
- Outpatients.
- Technology assisted service redesign (TASR).

BCLC schemes are scoped and detailed in project initiation documents. These include robust quality impact assessments, with each scheme being scored against the following criteria and monitored by the appropriate KPIs:

- Patient safety (e.g. patient satisfaction, complaints, waiting times).
- Clinical effectiveness (e.g. safety thermometer, patient satisfaction).
- Patient experience (e.g. complaints, satisfaction).
- Staff experience (e.g. turnover/sickness absence).
- Equality and Diversity (e.g. waiting times/LOS).
- Targets/Performance (e.g. all of the above and the wider range in the performance framework).

Agreed trigger points for each KPI escalate any concerns arising from these schemes. These are routinely reviewed through the Trust's assurance framework.

The financial plan is detailed in section 3.

2.3 Supporting High Performance & Improvement

2.3.1 Deliver the Workforce Strategy

In developing the Service Development Strategy (SDS), the Trust acknowledged the need for a workforce strategy to provide a safe, effective, affordable supply of workforce in a reliable way, working closely with partners to ensure that the needs of the wider health and care system are considered.

The national resource picture shows that recruitment into roles that make up significant parts of our clinical workforce will continue to be challenging. Recent announcements relating to current bursary and fee arrangements for undergraduate nursing, midwifery, AHPs being replaced by student loans for new students from 2017 are anticipated to have a further negative impact on recruitment.

The local picture is one of good success in attracting local nurses to work for the Trust and therefore no reliance so far on overseas recruitment and good results in recruiting to medical vacancies where supply levels are reasonable.

Agency staffing costs have risen due to the need to meet increased service demand, however significant work has been undertaken to understand the capacity requirements to deliver agreed activity levels and business cases agreed to appoint to substantive posts where this is an appropriate response to the capacity gap.

The workforce plan has been developed through our Strategy Advisory Group, with senior clinicians and leaders now formulating speciality specific plans in order to achieve our strategic intent. The overall strategic plan was endorsed by the Board of Directors in February and is being overseen by a workforce programme board. Clinical Divisions are formulating workforce plans which will detail skill mix changes, recruitment plans and investments required. The Board will receive a quarterly report detailing progress against the workforce plan. A newly created Head of Resourcing role has been appointed to and this role will have responsibility for ensuring we have coherent and deliverable plans.

Significant work has been undertaken to engage with staff to identify how the workforce can provide better care at lower cost. The workforce plan focusses on role transformation and modernisation resulting in; skill mix changes and greater flexibility of workforce working hours. The aim of the plan is to improve resilience and reduce workforce and pay costs by circa 10% over the next two years. A Trust wide communications and engagement plan will support this.

The workforce strategy, covering 2016/17 to 2017/18, will implement alternative models of workforce and supporting organisational development to deliver ever more safe, effective and affordable services. It complements the Trusts aim to be the safest in the NHS, whilst pursuing the aim of being one of the most efficient.

It deals with the issues over which we have a high degree of certainty and will deliver alternative supply plans by implementing workforce transformation and skill mix changes as well as requiring greater flexibility of working patterns for some professions. The scope and impact of many roles will change and greater internal promotion opportunities will be created, meaning that we will have a more reliable supply of workforce. The strategy supports the principles of compliance with statutory requirement, fairness and non-discriminatory practice and the need to develop the potential and value of a diverse workforce. There are other issues such as the introduction of new technology and ‘Group’ where the impact on workforce is less clear at present, meaning that this work will need annual review and refresh.

Initial Lord Carter benchmarking (based on 2014/15 cost and revenue data) shows our workforce efficiency is circa 5% lower than the average compared to all Acute trusts and 11% lower than the most ‘efficient’ Acute Trusts. This analysis however this needs to be considered in the context of our high quality clinical outcomes, but also a need to get back to delivering financial surplus.

The Workforce strategy will deliver the following:

- Additional colleagues delivering 'medical' services but with a transformed and therefore lower cost skill mix.
- Skill mix changes for our nursing workforce and working pattern changes delivered by Trendcare implementation.
- Greater internal promotion opportunities into roles such as senior Trust grade doctors, Advanced Practitioners, Assistant Practitioners.
- Reductions in Management and Administration positions.
- Greater use of Allied Health roles , whilst also pursuing skill mix changes in this staff group and our Scientific workforce.
- An apprenticeship scheme for new entrants.
- Significantly increased numbers of Volunteers to provide new services.
- A collaboration with North West Ambulance Service to develop career alternatives for their workforce in the Acute setting.

The Trust **'People / Organisational Development Strategy'** will also be reviewed as a consequence of this work during Q1 2016/17 for Board review and approval.

Transformation workstreams include;

Medical staffing
Recent medical workforce benchmarking carried out shows us we have circa 3-4% more colleagues delivering medical services(medical staff and non-medical advanced practitioners) when compared to other large University Teaching Acute Trusts, once adjustments have been made for differences in clinical revenue. Our medical workforce does however deliver above average efficiency based on initial 'Carter' analysis and was only 4% lower than upper quartile performance.

Within our skill mix, we see that currently 68% of SRFT colleagues are at Consultant level, which is in line with other large Trusts such as Newcastle and Central Manchester and is a lower proportion than the smaller 'DGH' Trusts in the area.

Our current medical workforce level and skill mix is consistent with our strategy for high quality, consultant led services and effective 7-day activity to comply with the 'Salford Standards'.

Quarter 1 2016 will see us review our medical staffing arrangements against the nationally mandated Standards for 7 day urgent and emergency services.

Our plan sees a growing permanent workforce delivering 'medical' services but will deliver skill mix changes within traditional medical roles and more delivery of medical services from non- medical colleagues. This will result in continued high quality care but at a lower cost than would be delivered by the current shape of workforce.

Our focus will be on recruitment into Trust grade doctor positions, Physicians Associates, Advanced Practitioners, Prescribing Pharmacists, Paramedics as well as continuing to recruit additional Consultants.

The result of this work will be a greater focus on 'team-based' working to deliver medical services and that Consultants, whilst growing in number, will form a lower proportion of our overall medical workforce, with the role of Consultant becoming ever more one of oversight and supervision of care as well as delivery.
If speciality recruitment plans deliver similar levels of growth across all the alternative staff grades, then this would result in our Consultant population becoming c60% of the total medical workforce in 3 years' time and would therefore result in upper quartile medical efficiency. This will dramatically reduce our reliance on premium non-contracted pay spend, with use being to cover long term absence and unpredicted short term demand.

Nursing and care support workforce
The focus for our nursing and care support workforce is to ensure it is effectively deployed using intelligence gained from the implementation of the Trendcare system. We anticipate that we will need greater flexibility of working hours than we have currently as a result of this implementation.

We will see further investment into Band 2 and 3 roles for specialised non- ward clinical areas and greater future investment into the Band 4 Assistant Practitioner role once the implications of Trendcare are understood. Greater numbers of this role will provide promotion opportunities for our current Healthcare Assistants, therefore providing a greater reliability of workforce supply.

We will also consider the scope and responsibility of the proposed 'nurse associate' currently subject to national consultation.

Adult Social Care, Mental Health and Primary Care
As part of the establishment of our ICO in July 2016, SRFT will take responsibility for approximately 400 Adult Social Care staff currently employed by the City Council. The ICO will also contract adult social services from independent sector providers, such as care homes and domiciliary care providers, Adult and Older Adult mental health services from GMW FT.

As part of the integration and transformation of services, the Trust will explore opportunities to develop more integrated roles and support enhanced joint working between professions. SRFT will also work with partners to support the wider the workforce, including GPs and Practice Nurses, introducing rotational, sessional and specialist posts. It will review the use of domiciliary care agencies and assess potential overlap of service between different professionals.

Allied Health Professions/Scientific and Technical workforce
We will see greater use of AHP's, particularly Physiotherapists, for faster discharge from wards and in A+E to support admission avoidance. We also plan for a greater use of prescribing pharmacists to reduce required junior doctor time required on wards in line with a planned reduction of juniors coming through the hospital setting. We do however plan to reduce costs through skill mix changes, since through benchmarking work we recognise that we have a rich skill mix in our Therapy services. The Healthcare science teams will also be subject to further skill mix benchmarking, however we already know that our Pathology service is exceptionally efficient.

Management and Administrative
We will ensure value for money and meet the recommendations within Carter to have these costs no higher than 7% of revenue. This would indicate the need to remove up to £5m of costs from this workforce, equating to a circa 15% in headcount. This will be achieved through consolidation of Corporate services and reductions in clerical activity within Clinical Divisions.

As one of the largest employers in the City it is important that we play our part in ensuring good employment and work experience opportunities. We will re-energise our Apprenticeship and Volunteer strategies and will report to Board the proportion of our workforce (paid and voluntary) who live within the City of Salford. This currently stands at 46% of our paid workforce.

Apprenticeships
We will implement a coherent apprenticeship strategy to provide approx. 30-40 per year 'entry to work' opportunities into roles currently filled with band 1/2 staff and further explore the potential for Higher apprenticeships.

Volunteers
We will widen the activities carried out by volunteers and significantly expand overall numbers by c150.

We will deliver the volunteer and apprenticeship strategy through ever closer links with local schools and universities and as part of this work.

2.3.2 Support and develop our people to deliver Safe, Clean and Personal care

The revised Contribution Framework, launched in April 2014, is now embedded within Trust practice to further support our people as they in-turn support the Trust on its journey to become the safest NHS organisation in the country.

The framework supports every member staff to identify clear goals and objectives and to demonstrate how they support the Trust's values. We want to ensure that our people are motivated and proud to deliver the highest standards of safe, clean and personal care, through teamwork and best practice.

2.3.3 Improve Engagement with and the Well Being of our People

The Trust will focus on improving Staff engagement in year, establishing a baseline of current performance against Friends and Family and Annual Staff Survey measures, identifying in leaders goals and objectives and developing departmental and Divisional actions plans to address areas for improvement.

The Health and Well Being Strategy, developed through engagement with staff, aims to reduce absence levels to 3.6% by:

- Promoting healthy lifestyles and working practices.
- Improving staff well-being.
- Reducing staff absence through sickness.
- Supporting staff to return to work following periods of sickness.
- Improving the management processes of sickness and absence.
- Further work to eliminate harassment and bullying.

2.3.4 Implement the Membership Development Strategy

The Trust's Membership and Public Engagement Strategy ensures that all engagement activity taking place within the membership or with the wider patient population in both the hospital and community setting is complimentary and aligned to methodologies described within the Strategy and the Patient and Family Experience Strategy.

The strategy is implemented and supported by a robust Membership and Public Engagement Plan, revised each year, with a progress update on KPIs presented to the Council of Governors (COG) Engagement Subgroup each quarter. The Strategy is reviewed and refreshed every 3 years with the most recent version approved by the COG Engagement Subgroup in January 2016.

Each year, the Membership Team facilitate a number of opportunities for Governors to attend and engage with members and the public. These opportunities include a Governor-led Engagement Programme, Open Day, Member events, Service specific engagement events, PLACE assessments, Surveys and working closely with partner organisations, such as SCCG and Healthwatch.

To ensure the Salford Royal's Foundation Trust membership is representative of the local population (regarding disability, age, gender and ethnicity), demographic data is analysed each year, with the Engagement Subgroup responsible for selecting underrepresented demographics for targeted membership recruitment. This process will next be carried out in April 2016, however early analysis of the membership data indicates that the Trust needs to increase representation from:

- BME groups.
- People aged 16-39, and
- Men.

Salford Royal's COG comprises of 21 Governors divided into three categories;

- Public (split into geographical constituencies).
- Staff (split into operational divisions), and
- Appointed Governors (Local Council, Local Medical Committee and two local universities with interests in the Trust).

Governors are elected for a 3 year term with elections split over a 2 year period to prevent the full Council of Governors becoming eligible for election within the same year. Appointed Governors are reappointed every 3 years.

In August 2016, Salford Royal will hold elections for the following 8 Public and Staff constituencies:

- East Salford.
- Eccles.
- Ordsall and Langworthy.
- Claremont.
- Weaste and Seedley.
- Out of Salford.
- Corporate and General Services, and
- Salford Healthcare.

The election results will be announced at the Annual Members' Meeting in October 2016. After this, Governors will embark on a two day induction programme to equip them with knowledge and understanding of their new Governor role.

During their term, Governors are provided with the opportunity to complete a comprehensive training and development programme, frequently delivered in collaboration with partner organisations. The training programme aims to equip Governors with the necessary skills to carry out their statutory duties such as holding to account, seeking assurance and engagement, as well as providing a platform for the COG to identify how it needs to work together effectively

2.4 Improving Care and Services through Integration and Collaboration

2.4.1 Deliver the Integrated Care Organisation providing population based care (PACS Vanguard)

SCCG, SCC, Greater Manchester West Mental Health NHS FT (GMW) and SRFT, 'Salford Together' have been working together for over three years to deliver the Integrated Care Programme (ICP) for Older people. These same partners are now working to develop the Integrated Care Organisation (ICO) providing integrated health and social care for the adults in Salford, forming part of a wider integrated care system.

The ICO will give SRFT lead responsibility for meeting the health and social care needs of the population through a blend of direct provision and contracts with local providers. The single management and contractual arrangement will enable the delivery of more effective, efficient and person-centred services and creates opportunities to better manage population demand.

Salford Together was awarded £5.17m Vanguard funding in 2015/16 which has been fully committed with an investment request submitted to NHS England for a further £12.3m in 2016/17.

The Primary and Acute Care System (PACS) Vanguard will enable the transformation work to develop new care models and focused on closing gaps in;

- Care and quality.
- Health and wellbeing.
- Finance and efficiency.

The ICO is consistent with the Greater Manchester Devolution Plan to develop Local Care Organisations working with Primary Care to support neighbourhood based preventative, proactive population based care.

The new model will be aligned through integrated, co-commissioning of health and social care commissioning, driven by Salford Standards with key priorities including;

- Extending the core Integrated Care model for Older People to the adult population.
- Transforming the management of long term conditions, including through the innovative use of assistive technologies.
- Developing the integrated care record and developing a city wide IM&T and IG framework.
- Roll out of community assets and centre of contact.
- Development of a risk stratification model as the basis of the programme delivery.
- Co-design with GPs options for integrated care delivery.
- Develop neighbourhood models operating in a single governance model with more services being provided in a community setting and extending the role of MDG's (Multidisciplinary Groups).
- Develop telehealth solutions in line with the Greater Manchester strategy.
- Development of the workforce moving towards incorporating 7 day access to services.
- Making better use of our estate, and
- Piloting new models of contract and payment systems progressing from existing Alliance arrangements.

The key outcome measures include

- Reducing emergency admissions and readmissions from bottom quartile position.
- Reducing permanent admissions to residential and nursing care from bottom quartile position nationally to top quartile.
- Improving Quality of Life for users and carers – maintain top quartile position.
- Increasing the proportion of people that feel supported to manage own condition.
- Increasing satisfaction with care & support provided.
- Increasing flu vaccine uptake.
- Increase proportion of people that die at home/in usual residence (or their preferred place of dying) from third to top quartile.

Implementing the Greater Manager wide strategies, including cancer, mental health and dementia, will be picked up within this work.

Haelo, the Salford based innovation and improvement scientists are developing an evaluation framework for the existing ICP and ongoing long term study of older people (CLASSIC) to capture, share and spread learning which will inform this wider adult programme.

2.4.2 Work with Partners to reconfigure services across the North West Sector

The GM North West Sector partnership (Bolton, Wigan and Salford) began in October 2013 and now includes all three Foundation Trusts, CCGs and City Councils working together, under an established governance framework, to implement the GM Heathier Together recommendations and take forward a wider range of services reconfigurations where a collaborative approach delivers patient, service and financial benefits.

The sector recognises the challenges facing health and social care services now and into the future. No organisation in Greater Manchester or in the North West sector currently meets all of the agreed quality and safety standards nor will they be able to do so unless they work together address:

- The continued growth in demand for existing healthcare services.
- The need to ensure a sustainable workforce where there is a national shortage of senior clinical staff in some specialities.
- The financial climate and the need to ensure financially sustainable services and a sustainable health and social care sector.

The sector work programme has initially focussed on the requirements of Healthier Together; developing 'single shared services' for emergency and high risk surgery and urgent emergency and acute medicine. In General Surgery, work is underway to prepare for the consolidation of high risk surgery onto SRFT's site. Clinical teams within the three Trusts are also developing a consistent ambulatory care model and working with NWAS to develop the pathways required for the new model of care.

In Emergency and Acute Medicine, there has been significant clinical engagement to determine how services can be better co-ordinated across the three sites. These discussions include spreading best practice from one or other site across the sector; focusing on the frail and elderly; exploring how out of hours provision of some diagnostic services might be structured; improving resilience; developing a cross-sector rota for some conditions; data sharing; and combined education and training.

A business case will be developed in 2016/17 which will identify the capacity requirements on the SRFT site in order to meet the needs of Healthier Together.

Work has commenced within the sector to develop a wider pipeline of potential shared services, with priorities currently being agreed between Trusts and CCGs. Further clinical engagement and design work is planned in early 2016.

2.4.3 The development of Healthcare Groups

The development of Healthcare Groups is a response to the Dalton review recognising the need for a radical change in approach to deliver to meet the scale of the financial challenge and deliver sustainability over the medium term.

The vision is that a Healthcare Group will deliver accelerated improvements in patient outcomes and productivity with systems that assure high quality and reliable care at lower cost. This will be achieved by deploying a series of innovations through a group structure. The ambition is to bring these benefits to a population size of approximately 1.7m in the first phase of development. The innovations along with our capabilities for Leadership, staff engagement and quality improvement will be incorporated into a standard operating model. The Group work is focussed on delivering transformational benefits. The lead in time for development, testing and deployment is such that benefits will not start to accrue until 2017/18.

The standard operating model will deliver:

- Enhanced patient benefit through the reliable delivery of care to standards agreed with commissioners and aligned with best practice.
- A “run rate” of expenditure that is consistent with affordability forecasts by 2020/21.
- Optimised Decision Effectiveness.

We are designing a decision architecture that ensures the unit of operation (generally a hospital) has the decision making capability for maximum operational grip on quality and effectiveness of patient services. This unit of operation will be supported by governance arrangements (at Group) that have decision making authority that maximises benefit to the development of a standard operating model and its effective deployment. The architecture must enable/support effective relationships with CCGs, Local Authorities and stakeholders.

During 2016/17, we will be building the partnership with WWLFT to develop and test some of the innovations that have been proposed to the NHS Vanguard programme. Our partnership was awarded £3.2m in Q4 2015/16. These monies have been used to develop key innovations and start with a programme of proof of concepts. This work will build the business case for deploying the innovations at scale. Our partnership is then dependant on the funding decision of the Vanguard Programme for awards for 2016/17. The partnership requirement is for approximately £18m for 2016/17. We are working with Devolution Manchester and NHS England to determine the source of this funding. The key Vanguard deliverables for 2016/17, subject to agreed funding are:

- A group governance structure and decision architecture that is agreed and implemented by the partners.
- Delivery of a diagnostic capability that enables assessment of potential group members.
- Control Centre: dynamic capacity strategy, predictive demand modelling and delivery of early wins proof of concept projects.
- Clinical Decision Support: delivery of proof of concept for the selected specialties & pathways
- Digital Patient Activation: delivery of agreed TASR projects.
- Digital Transactions: Delivery of the agreed projects for automation/digitisation
- Delivery of the codification of the Leadership, QI and staff engagement model required for enabling the standard operating model.
- Delivery of a Corporate Service model that enables new and more productive models of delivery.

The Trust’s ambition is to play a full part in the delivery of Locality plans and the GM Devolution Plan. Specifically, the group will develop solutions that deliver of the Devolution GM transformational goals of:

- Standardising acute and specialist care.
- Standardising clinical support and back office services.

To support the delivery of GM Devolution ambitions, we are working with senior leadership to identify Trusts that may be suitable to join the Group. This identification has the purpose of providing solutions to the sustainability of acute service provision for populations where such services are deemed to be at risk. During 2016/17 we expect to extend Group to include two further Trusts, with a relationship model that is appropriate to the circumstances of those Trusts.

The development of “Group” will at all times be driven by the integration agenda of Locality Plans and the GM Strategy. Partnerships and co-development of solutions with our primary care and commissioning colleagues is hugely important to the success of our Group ambitions.

2.4.4. Development of Specialist Services and partnerships with provider organisations

Principal receiving site for Trauma

Following approval of the Strategic Outline Clinical Case for a Principal Receiving Adult Major Trauma Site in Greater Manchester, the Trust has concluded phase one of implementation and is planning for the further phases towards full implementation in April 2017.

The clinical model focuses on a holistic care approach through:

- A daily multidisciplinary meeting.
- Expansion of the Trauma Assessment Unit and Trauma Rehabilitation.
- Case manager role and MDT Out-patient Clinics.
- Strengthening of the trauma co-ordinator role.
- Strengthening of geriatrician input in recognition of the increasing number of elderly trauma patients and those with co-morbidities.

Capacity plans have identified the requirements for additional Emergency Department, diagnostic, theatre, bed and critical care capacity. Reconfiguration of Critical Care facilities is also planned to meet the national Critical Care standards. This work is also part of the Trauma programme of care.

Workforce plans are being developed with partner Trusts to support the Trauma lead and orthopaedic trauma rotas. Shared pathways are being agreed with Central Manchester Foundation Trust, University Hospital South Manchester Foundation Trust and WWLFT.

Partnerships with provider organisations

Aligned to the GM Strategic Plan, the Trust is working with a number of other partner organisations to support the improved delivery of services. Priorities include:

- Radiology.
- Pathology & Immunology.
- Orthopaedics.

2.5 Demonstrate Compliance with Mandatory Standards
Delivery of Contracted Activity and Mandatory Standards

Over the last two years, the Trust has experienced an increase for demand for elective and non-elective services.

A detailed review of capacity has been undertaken to ensure these requirements and changes are reflected within contracts agreed with commissioners and are deliverable within workforce and estate capacity. This review has focused on having resilient plans to deliver activity and access targets going forward, with redesign of some pathways to deliver services in different way and / or investments in workforce to reduce dependence on locum and agency staff.

Contract plans for 2016/17 are largely based on forecast outturn from 2015/16, but take account of:

- Known waiting list pressures.
- Agreed service developments.
- Changes in model of delivery.

The key changes include:

- Increased demand in A&E and some specialist services.
- Development of clinical assessment and treatment services.
- Change to Trauma flows as agreed in the business case.
- The requirement to reduce dependency on locum and bank and agency staff.

The Trust has identified the risks to achieving contracted activity levels and access targets and developed the following mitigation plans.

A&E
Although Q1 and Q2 of the A&E Standard for 2015 have been achieved, there was a continued deterioration in performance from September 2015 with an increasing number of attendances, admissions and acuity of patients, which has resulted in considerable difficulties sustaining patient flow within the Emergency Department and the Trust as a whole. The position has deteriorated further in Q4 due to a further increase in demand. This position is in line with the picture nationally.

As a consequence, the Trust did not achieve the 95% standard in Q3 of 2015/16 and following a further increase in demand in Q4, is predicting the same in Q4.

For the Trust to improve and sustain performance requires a system wide and multidisciplinary approach. Further planning continues to make the appropriate provision for Major Trauma and Healthier Together flows. Changes put in place and to be kept under review include:

- ENP lead triage, support to junior staff and escalation.
- Greater use of the minor's area 24/7, incorporating the GP Out of Hours service and increased Physiotherapy input.
- Changes to Consultant shift patterns, Medical coordinator, Trauma Team lead and Advanced Nurse practitioner cover to better support peak periods.
- Development of an Emergency Village early warning system to identify and escalate problems.
- A live flow dashboard/patient flow hub and a dedicated flow champion.
- Fast track flow into the Emergency Assessment Unit (EAU) and Surgical Triage Unit (STU) and establishment of hot clinics.
- Daily Consultant Led Board, ward and virtual ward rounds.
- Daily point's prevalence, clinical utilisation review.
- Review of all over 30 day Length of stay.

Delivery of Activity Targets and 18 week RTT

In 2015/16 the Trust was dependant on:

- Outsourced activity in Radiology, Orthopaedics and Gastroenterology/General Surgery.
- Additional activity provided through Waiting list Initiative and Locum cover In General Surgery, Dermatology, Neurology, Neurosurgery, Spinal Surgery, Gastroenterology and Radiology.

The following action has been taken to ensure resilience in capacity in 2016/17 to meet the planned activity levels and achieve cancer and 18 week standards:

- Commissioning the capacity gained with the fourth Endoscopy room.
- Approval of business cases to provide additional capacity previously delivered at premium rates.
- Continuation of demand management and triage agreements with commissioners in areas of particular pressure (e.g. for out of Salford referrals to Dermatology / Neurology).

In 2016/17 there will be some ongoing dependence on waiting list initiatives and locum in specialties where there are national shortages of staff. Radiology will continue to use Inhealth to meet demand.

2.6 Enabling Strategies

2.6.1 Research & Development Strategy

In its Service Development Strategy, the Trust identified the need to update its Research and Development Strategy to reflect changes both nationally and in Greater Manchester.

The Trust has:

- Engaged with clinicians within the Trust to ensure clinical strengths and service strategy is aligned to the wider health improvement science structure.
- Considered changes in the partnerships with the National Institute for Health Research, Manchester Academic Health Science Centre, Universities and partner Trusts.

It has also identified the:

- Need to facilitate engagement in and development of a mechanism for translational and rapid uptake of research findings into new and better treatments.
- Need to harness commercial and other funding opportunities to create a self-sustaining infrastructure.
- Opportunity for Salford Health Economy as an implementation funnel to demonstrate population health improvement and reliable implementation at scale.
- Opportunity for every patient to be a research patient to underpin the Trusts vision to be the safest organisation in the NHS.

R&D in Salford strategy identifies five priority areas to:

- Increase the R&D profile, activity and output.
- Develop the R&D culture and alignment to clinical services.
- Develop an integrated clinical and research workforce with increased dedicated research time and posts holding honorary research appointments with academic institutions.
- Exploit and develop R&D assets including the EPR system, promoting the use of digital and telemedicine.
- Develop partnerships with Universities, Industry and Patients.

2.6.2 Under & Post Graduate Education

The Trust will continue to review how it meets the needs of Under and Postgraduate Education within the changing tariff, working with partners to ensure training needs are identified within capacity plans and met within the new tariff regime. Educational sessions in job plans will be aligned to ensure they are reliably delivered.

2.6.3 Hospital Redevelopment and Estates Strategy

Capital Programme

The capital programme was modified in 2015/16 to reflect the financial position of the Trust. The 2016/17 programme is limited to essential work:

- Continuation of the theatre maintenance programme with the provision of a new Theatre in the Turnberg Building.
- Upgrades to the Patients Kitchen.
- Backlog maintenance and asset replacement based on risk assessed priorities including Medical Equipment and IM&T refresh provision.
- Estate compliance and resilience.
- Decant of Blocks A, C & D of the Clinical Sciences Building and refurbishment of Block B.

Options are being explored to support the re-provision of radiology equipment, including a managed service contract. Capital investment required for strategic developments will be subject to separate business cases and contingent upon commissioner support.

Estate Strategy
Work is ongoing in respect of planning for the additional capacity required to the deliver the Major Trauma and Healthier Together service reconfigurations. Specific requirements include capacity in ED to manage a larger high acuity workload, Diagnostics, Theatres, Critical Care and surgical beds.

The Trust is working closely with partners in Salford to ensure there is efficient use of the community premises and that, as part of the ICO, neighbourhood hubs are developed. Clinical teams are working to identify which services can be provided within these hubs, with a particular focus long term conditions.

Carbon Energy Fund
The Trust has entered into a 15 year contract with Vital Energi, with building work progressing in 2016/17. This will provide improvements to the hospital estate infrastructure and resilience, deliver greater energy efficiency, with associated financial benefits to the Trust, whilst avoiding the need for the Trust to commit capital investment.

2.6.4 IM&T and Innovation Strategy

The SRFT IM&T team and key clinical leads are engaged in National and Greater Manchester programmes to advance technological developments in patient care and business analytics. This includes:

- Providing leadership in the Greater Manchester Devolution agenda to establish a programme to deliver the developments in patient records, interoperability and digitisation.
- Assisting NHS England with the Wachter Review to shape the future development of the government digital health policy and funding mechanisms. .
- With the AHSN, develop the new Datawell platform working with Lumira and IBM on advanced technologies such as Watson. The Trust has also agreed to be the first Datawell accelerator project along with The Christie.
- Clinicians and IM&T team working with the AHSN and WWL on the Mobilise programme to fast track digital developments from SMEs in Greater Manchester.
- Working with North West E-Health exploring a number of research studies with new partners and assisting with and increasing number of new research concepts.
- Leading the technology aspects of the re-procurement of PACs Imaging technology and vendor neutral archive (VNA) for a consortium of Trusts in Greater Manchester.
- Working with NHS England on the development of Digital Maturity assessments and roadmaps.
- Piloting and testing of the tool sets provided by NHS England leading development of the Great Manchester Roadmap to deliver the Personalised Care 2020 agenda.
- SRFT are represented on the NHS England Open Source Board to support open data standards and open source developments leading to the adoption of technologies which enable standard definitions of data and enable interoperability.

Within the Vanguard programmes:

- Supporting the ACC and ICO Vanguards. The work to date has included planning for social care integration, looking at models for converging Allscripts instances and data analysis for the Vanguard programme. The analytics team will be focused on mining the clinical data in EPR to inform evidence-based standardisation of care pathways.
- Providing the resources to implement optimised Capacity Utilisation via the Control Centre.
- Focusing on Reliable implementation of standards and removal of unwarranted variation through Clinical Order sets, data standards and interoperability standards.
- Improve the efficiency of transactional processes through Digitisation of workflow.
- Improving patient involvement in decision making and scheduling of care through Digital Patient Activation and co-production.

Within the Trust the priorities include:

- Re-platforming and upgrade of the Salford Integrated Record (SIR) to the Allscripts DB Motion platform to provide enhanced shared record capability across the Salford Health economy.

- Digitisation within the TASR programme working with other public sector bodies to “activate” the local population to use technology. In 2016/7 the focus will be to publish mobile apps for Apple and Android enabling them to work with SMEs in Greater Manchester to deliver digital and within SRFT to ensure that integration assurance, intellectually property issues and compatibility issues can be under the control of the Trust.
- Upskilling of staff including
  - A Commissioning Digital Course being provided as a collaboration between SRFT, SMEs and DAC Beachcroft.
  - Development of expertise in FHIR (Fast Healthcare Interoperability Resources) a new standard for advanced interoperability for healthcare.
  - Healthcare data scientists.
  - Broadening the role of the data quality team to ensure accuracy of data capture.
  - Ongoing development and training of the clinical coding team.
- Agile training to support the latest iterative digital development methodologies.
- Implementation of Encoder software.
- Implementation of a new Child Health system.
- Upgrade to both ICD10 and OPCS coding systems.
- Development of Business Objects on-line reporting.
- Ongoing review of reporting products to pursue single source and consistency of application across the organisation.

2.6.5 Corporate Social Responsibility & Public Health Strategy

The Sustainable Development Strategy for the Health, Public Health and Social Care System 2014-2020 was launched in 2014. It describes the vision for a sustainable care system by reducing carbon emissions, protecting natural resources, preparing for extreme weather events and promoting healthy lifestyles.

The Trust is committed to delivering this strategy locally by improving the health and wellbeing of patients and staff, ensuring that it contributes positively to the lives of local people, and the environment and society in which they live. Our ‘Live Well, Work Well’ strategy sets out the ways in which we are currently working to address issues such as health inequalities, employment opportunities, sustainability and environmental impact.

The strategy plan illustrates our commitment to maximising the contribution we can make to preventing illness, increasing wellbeing and supporting the City of Salford.

3. Salford Royal NHS Foundation Trust: Financial Plan 2016/17

Our operational plans for 2016/17 forecast:

- An operating surplus of £6.9m.
- A normalised net deficit, after costs of financing and depreciation, of £4.3m; and
- A deficit excluding depreciation on donated assets of £4.1m.

Our financial plan for 2016/17 has been set in the context of an offer from the 'general element' of the National Sustainability and Transformation Fund of £11.4m; the conditions of which link this to delivering an income and expenditure control total of a £4.1m deficit (excluding depreciation and receipt of donated assets).

Our acceptance of the Sustainability and Transformation funding is made on the basis that:

- Agreement can be reached with the specialised commissioner in respect of national CQUIN that allows us to secure CQUIN funding, deliver the required improvements and continue to do this with a level of financial return that is consistent with prior years. Currently, the level of risk to our plan associated with the 2016-17 specialist CQUIN is in the region of £2.0m.
- Our hosted services are excluded from the control total in line with advice received from NHS Improvement.
- Any limitation of capital expenditure will, as a minimum, allow providers to spend a minimum of depreciation less costs of loans and PFI.

Total income and expenditure in the organisation will rise significantly in year. The most significant driver of this is the plan for Salford Royal to become the Integrated Care provider for Salford from 1st July 2016, bringing adult social care and mental health within a single supply chain.

The national efficiency factor included in tariffs for 2016/17 combined with reductions in transitional income, cost pressures exceeding national estimates and stretch targets included in the sustainability offer require year 2 of our Better Care @ Lower Cost (BCLC) programme to deliver £20m of cost efficiency gains in year. Phasing of our programme towards the second half of the financial year reflects risks in our opening BCLC plans.

The financial plan for 2015/16 includes a number of risks with a sensitivity range of +£4.0m (improvement) and -£16.5m (deterioration). These include significantly delivery of our Better Care @ Lower Cost programme and the implications of changes to the Specialised Services CQUIN which were announced in March 2016.

To maintain safe and effective services, we are planning to spend capital of £6.6m on maintenance of our operating theatres, replacing essential surgical and IT equipment, managing risk and meeting regulatory standards. We also plan to spend a further £2.0m on projects to decant and make safe our Clinical Sciences Building.

The cash to support capital expenditure, costs linked to our PFI and repayment of loan principal will be met from internally generated funds. Modelling of operating cash flows, depreciation and working balances indicates we are able to manage £22m of risk in cash terms (i.e. before our cash balance is equivalent to two days of operating expenditure).

Summary Income and Expenditure	2015/16 Recurrent - SRFT	2015/16 Recurrent - Hosted	2016/17 Plan - SRFT	2016/17 Plan - Hosted
	£m	£m	£m	£m
Clinical Income	462.4	0.0	570.2	0.0
Non-clinical income	21.3	10.1	31.2	16.7
Total Income	483.7	10.1	601.4	16.7
Expenditure	-477.8	-10.1	-581.4	-16.7
EBITDA	5.9	0.0	20.0	0.0
Below EBITDA expenses	-23.3	0.0	-24.3	0

Deficit	-17.4	0.0	-4.3	0.0

Activity

Our contracts for 2016/17 largely consolidate 2015/16 outturn volumes.

In a number of specialties we have agreed developments that will increase activity and income and these are described further later in this section. Our 2016/17 contracts also include the estimated impact of health economy Better Care Fund assumptions which lower plans for emergency admissions. The following table sets out the main changes from 2015/16 plan to 2016/17 plan.

		Elective and Day Case	Non-elective	Out-patients	A&E	Community
		Spells	**Spells**	**Attendances**	**Attendances**	**Community**
	2015/16 plan	47,266	37,936	460,998	95,535	601,170
Classification changes	Mohs	1,616	0	-1,616	0	0
	Anti-coagulation	0	0	-9,862	0	9,862
	Sub-total - classification	**1,616**	**0**	**-11,478**	**0**	**9,862**
Currency changes	Stereotactic Radiosurgery (fractions to spells)	-201	0	0	0	0
	Podiatry (AQP to contacts)	0	0	0	0	-1,867
	Sub-total - currency changes	**-201**	**0**	**0**	**0**	**-1,867**
Service changes	Renal 'One Stop' clinic	0	0	-828	0	0
	Decommissioning of Weight Management	0	0	0	0	-742
	Better Care Fund investments to reduce non-elective admissions	0	-1,000	0	0	0
	Major Trauma (FYE of UHSM)	0	0	0	510	0
	Neurology Triage	0	0	9,200	0	0
	Sub-total - service changes	**0**	**-1,000**	**8,372**	**510**	**-742**
Developments	MSK CATs	0	0	0	0	12,953
	Urology CATs	0	0	0	0	1,307
	Gastroenterology	1,133	0	0	0	0
	3rd VT bed (Neurology)	50	0	0	0	0
	Sub-total - developments	**1,183**	**0**	**0**	**0**	**14,260**
Adjustments to baseline - capacity & demand	All specialties	2,474	1,393	856	3,540	0
	Sub-total - adjustments to baseline	**2,474**	**1,393**	**856**	**3,540**	**0**
	Total adjustments	**5,072**	**393**	**-2,250**	**4,050**	**21,513**
	Grand total	**52,338**	**38,329**	**458,747**	**99,585**	**622,683**

Contracts with Commissioners

We have agreed the financial and activity terms with Salford CCG and 38% of associate CCGs for 2016/17 resulting in an overall agreement of 77% by value. Negotiations have been required to establish agreed baselines, principally in respect of agreeing the plans for costs of pass-through drugs and devices and we expect all discussions to conclude and result in a signed contract with the remaining associate CCGs.

Negotiations with the specialist commissioner have been more challenging. Whilst activity baselines have been agreed and good progress is being made in closing the gap between our respective recommendations of the level of 'pass through' drugs and devices costs that should be included in our opening contract, the contract is not agreed.

The key elements of the 2016-17 contract that remain under negotiation include:

- Reaching agreement on payment for and delivery of the specialist CQUINs. The specialist CQUINs are a challenging portfolio of requirements which were announced at a late stage during the planning round and come with less income that we expected.
- Reaching agreement on 2016-17 QIPP schemes and also agreeing that activity and cost is removed from our contract once agreed and implemented and not as a lump sum financial reduction to the opening value.

We have appropriate escalation arrangements in place to try and resolve the outstanding issues locally and agree a contract before the deadline.

Financial Assumptions
Income Assumptions

Volume

Better Care Fund
As part of the Salford Integrated Care for Older People Alliance, agreement has been reached to reduce targets for non-elective admissions in the 2016/17 plans linked to Better Care Fund implementation. This reduces activity by 1,000 spells and income by £1.0m. The CCG has invested in neighbourhood multi-disciplinary teams and expansion of community nursing services to facilitate demand management for acute services.

Stereotactic Radiosurgery
Following conclusion of a national tender exercise, we have retained our contract to provide stereotactic radiosurgery but will be required to count the activity differently and deliver for a reduced tariff.

Demand
Activity and financial plans include increases in PbR excluded drugs and devices of £12.1m for which there is matched expenditure. Of this total, £4.1m relates to our requirement for commissioners to purchase 2015/16 forecast outturn with a further £8.0m assessed as projected growth in year. The projected growth has been discussed with commissioners involving our respective pharmacists with agreement on the amounts to be included in opening contracts still to be agreed.

Strategic Developments
The significant service development planned for 2016/17 is the Integrated Care Organisation (ICO) with a planned start date of 1st July 2016.

Our plans also include income of £0.9m from commissioners to finance the costs of a £40.2m loan (£15.0m forecast drawdown in 2016/17 with the balance of £25.2m in 2017/18) to enable building work to start on a new surgical centre for major trauma and high risk general surgery. The business case is being developed for the capital build in line with the business cases for Healthier Together and Major Trauma Implementation. The clinical activity flows from these developments are not expected to start until 2018/19.

Other Service Developments
A number of other service developments have been included in the plans that amount to £4.4m; notably the success in winning tenders to repatriate work from the private sector to provide Care, Assessment and Treatment Services (CATS) for musculo-skeletal and urology activity.

Price Assumptions

Transformation and Sustainability Fund
Our plans include £11.4m of Sustainability Fund in 2016/17. No Transformation Funding has been assumed in our plans.

Other: PFI
The plans assume continued PFI transitional support of £0.7m via NHS England based on the agreement negotiated at financial close for tapering transition to be funded until 2016/17. This has been confirmed.

Other: Education and Training
Health Education North West has confirmed the reduction to education and training income as part of the planned transition to a tariff based system is £1.3m. This has been included in the plan. Increases to income associated with agreed increases to provision of medical and dental training has also been included.

Vanguard
Funding has been requested for Salford Royal and its partners for the PACS ICO (£12m) and Healthcare Group (£18m). These allocations are not included in our financial plans for 2016/17 as neither is confirmed.

The tables overleaf summarise the main movements in clinical and non-clinical income from 2015/16 recurrent budget to 2016/17 plan.

		Total	Volume	Price
	Clinical Income	**£m**	**£m**	**£m**
	2015/16 Recurrent Budget	462.4	0.0	0.0
Funding	Sustainability Fund	11.4	0.0	11.4
Inflation	PbR Tariff uplift	3.8	0.0	3.8
	PbR drugs and devices (pass through) inflation	2.7	0.0	2.7
	Education Tariff reduction	-1.3	0.0	-1.3
Developments	ICO Development	79.2	79.2	0.0
	MSK and Urology CATS Developments	1.9	1.9	0.0
	Neurology 3rd VTE bed	0.3	0.3	0.0
	Rheumatology scleroderma	0.3	0.3	0.0
	Contribution to costs of MTC build	0.9	0.9	0.0
	Other developments (< £250k each)	0.9	0.9	0.0
Commissioner reductions	Stereotactic Radiosurgery	-1.0	-0.7	-0.3
	Reduction to non-elective (Better Care Fund)	-1.0	-1.0	0.0
Baseline Activity Changes	Underlying change to clinical activity plans	-0.7	-0.7	0.0
	PbR drugs and devices additions	9.8	9.8	0.0
	Education activity increase	0.6	0.6	0.0
	Sum of changes	**107.8**	**91.5**	**16.3**
	Total 2016/17 plan	**570.2**		

		Total	Volume	Price	Hosted
	Non-clinical Income	**£m**	**£m**	**£m**	**£m**
	2015/16 Recurrent Budget	**21.3**			**10.1**
Funding	Contributions to TASR costs from charitable funds	0.6	0.0	0.6	0.0
	Education 'Hub and Spoke' charges to other providers	0.6	0.0	0.6	0.0
Developments	ICO non-NHS income	8.4	0.0	8.4	0.0
	Pathology - GMIS and Synlab	0.4	0.4	0.0	0.0
Baseline Activity Changes	Reduced contribution to energy costs from reductions to tenancy agreements	-0.2	-0.2	0.0	0.0
	R&D commercial trial income	0.2	0.2	0.0	0.0
	Reduction to contribution from CCG for Stroke ODN	-0.1	0.0	-0.1	0.0
16/17 Planning	Changes to plans to reflect 16/17 forecast				6.6
	Sum of changes	**9.9**	**0.4**	**9.5**	**6.6**
	Total 2016/17 plan	**31.2**			**16.7**

Other: Non-Recurrent Income is forecast to increase from 2015/16 outturn in the 2016/17 plan as a result of receiving Sustainability Funding. The table below identifies the non-recurrent income in each of the financial years.

Non-recurrent income description	2015-16 £m	2016-17 £m
Sustainability Fund of £11.4m	0.0	11.4
CCG System Resilience Funding (A&E)	0.6	0.0
CCG transformational support	1.5	0.5
CCG contribution – Older People's Pool	1.0	0.0
CCG Community EPR support	0.5	0.0
PFI transitional funding (tapering)	0.9	0.7
National capital to revenue transfer	0.4	0.0
Total	**4.9**	**12.6**

Expenditure Assumptions

Inflation
Pay awards and changes to the national insurance rebate have been included in the financial plans based on national agreements. Non-pay inflation has been applied in line with Monitor's estimates with some specific pressures having a differential uplift applied. CNST costs have increased by £2.6m (40%).

Agency Spend
The plans include agency spend of £8.2m for 2016/17 which is just below our agency and locum cap total of £8.5m notified on 17th March.

Transformation Reserve
The financial plans contain a budgeted sum of £3.6m to manage costs of transformational projects required to deliver the financial plan including investment to enable delivery of our Better Care Lower Cost programme. £2.6m of this has been included in the plan as agency and locum expenditure.

Hosted Services
The Trust hosts a number of projects where financial transactions are reported in the Trust's accounts but are not part of the Trust's operational financial performance. The annual plan has been prepared on the basis that the hosted services will not spend their historic cash balances during 2016/17 which amount to £12.3m i.e. hosted services will break-even in year. If the hosted services do take decisions to spend some of their accumulated surpluses, these transactions will be reported during the year, and will deteriorate the overall financial position but the impact will continue to be excluded from (normalised) the operational results of the Trust (and therefore our control total) as they have been in previous years.

The table below summarises the main movements in expenditure from 2015/16 recurrent budget to 2016/17 plan.

		SRFT Total	Volume	Price	Hosted
	Expenditure	**£m**	**£m**	**£m**	**£m**
	2015/16 Recurrent Budget	-477.8			-10.1
Inflation	Pay and price inflation including drugs and PFI	-13.4	0.0	-13.4	
Developments	ICO Development	-87.6	-87.6	0.0	
	MSK and Urology CATS Developments	-1.9	-1.9	0.0	
	Neurology diagnostic imaging (linked to activity) & 3rd VTE bed	-0.7	-0.7	0.0	
	Rheumatology scleroderma	-0.3	-0.3	0.0	
	Gastroenterology expansion (linked to activity)	-0.6	-0.6	0.0	
	Salford Health Care ward funding (linked to activity)	-1.0	-1.0	0.0	
	Radiology equipment investment (lease)	-1.0	-1.0	0.0	
	Other developments (< £250k turnover each)	-1.2	-1.2	0.0	
Budget Pressures	Neurosurgery medical staff	-0.6	0.0	-0.6	
	Oldham Renal Unit costs	-0.7	0.0	-0.7	
	CNST contribution increase	-2.6	0.0	-2.6	
	2015/16 BCLC	-10.9	0.0	-10.9	
Baseline activity changes	PbR drugs and devices additions including inflation	-11.1	0.0	-11.1	
BCLC	2016/17 recurrent BCLC	30.0	0.0	30.0	
16/17 Planning	Changes to plans to reflect 16/17 forecast				-6.6
	Sum of changes	**-103.6**	**-94.3**	**-9.3**	**-6.6**
	Total 2016/17 plan	**-581.4**			**-16.7**

Other Key Movements

Non-EBITDA expenses

Capital charge increases are forecast as a result of planned investment in a new surgical centre build, expected to be funded by commissioners and have been included in the financial plans.

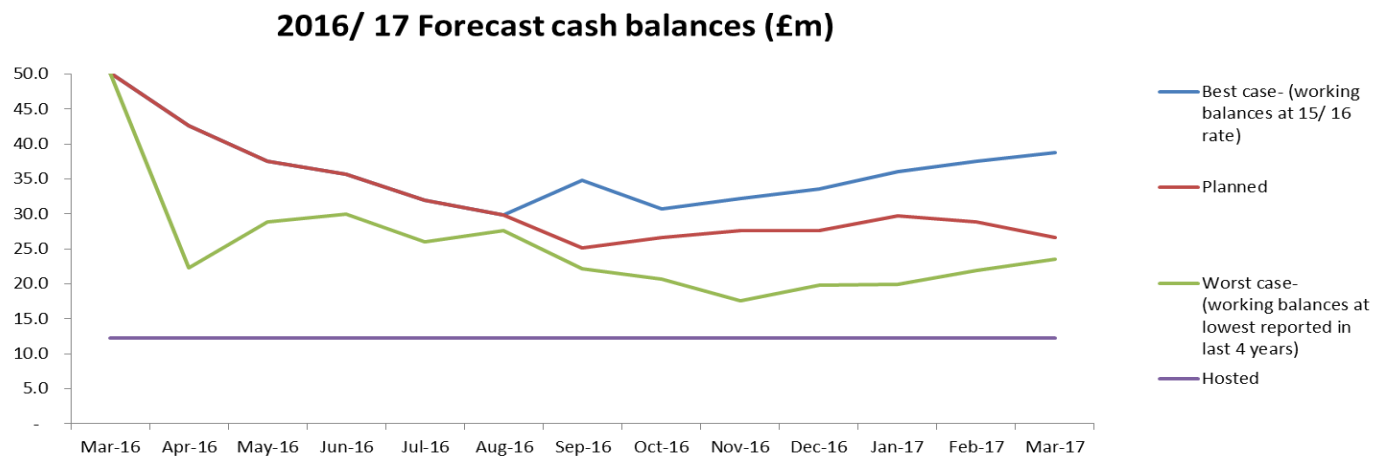
Capital Expenditure

Our plans include a capital programme that is focused on schemes to reduce significant risk to maintaining operational reliability.

Planned depreciation for the year is £12.4m with projected capital expenditure at £8.6m excluding costs to build a new surgical centre. Loan funding and expenditure of £15.0m is included in our plan for 2016/17 for a surgical centre new build.

Capital Programme		2016/17 Programme
		£m
Asset replacement	Provide EHO compliant Patients' Kitchen facilities	1.5
Asset replacement	The Trust has equipment and IM&T assets with an estimated replacement cost of £62m. A 10-year rolling replacement programme requires £6m annual investment	2.6
Asset replacement	Minor schemes and backlog maintenance	0.1
Clinical sciences building	CSB Decant and demolish	2.0
Community Premises	Minor schemes in Salford/ non Salford following accommodation review	0.1
Statutory Compliance	e.g. Fire / Health & Safety / Disability Discrimination Act	0.3
Theatres	Refurbishment of theatres including replacing all end-of-life plant	2.0
Surgical Centre	New build - commissioner led developments of Major Trauma and Healthier Together	15.0
	Total cost	**23.6**
Funded by:	Depreciation	**12.4**
	Loan funding for surgical centre	**15.0**
	Commissioner funding to finance loan for surgical centre (principal repayment element)	**0.8**
	Less : repayment of PFI and existing loan principal	**(3.7)**
	Less : repayment of surgical centre loan principal	**(0.8)**
	Total funding	**23.7**

Cash flow : The Trust is forecasting that it will be able to operate in 2016/ 17 utilising its own cash and without the need to utilise cash generated by hosted services. A downside sensitivity has been run which assumes the Trust's working balances (current assets and liabilities) reduce from the levels assumed in the plan to the lowest recorded monthly level in the last 4 years. Under this worst case scenario the Trust would still be able to operate without utilising hosted services cash balances.



Strategic Initiatives - Better Care, Lower Cost (CIP)

Consistent with the draft plans submitted on 8th February the financial plans require a cost reduction programme of £20m in year (£30m targeted recurrently), equivalent to 3.2% of total planned expenditure.

The delivery of the Better Care at Lower Cost programme is supported by the Project Management Office (PMO), which is accountable to the Productivity Improvement Board (PIB), a standing committee of the Board chaired by the Chief Executive. Each work stream is overseen by a steering group chaired by an accountable Executive Director.

The Better Care at Lower Cost programme structure will be refined for 2016/17, year 2 of the programme, to take account of lessons learned from 2015/16 and build upon the successes achieved including:

- Grouping work streams into five key areas with an aligned divisional focus to strengthen the linkage between divisions and themes and to provide the resource to divisions to ensure delivery against plans;
- Adding divisions as work streams to provide greater transparency of divisional contribution:

The programme will continue to be executive led and embed sustainable change, emphasising organisational responsibility and skills transfer. Year 2 will also focus on further development of themes established in 2015/16 around more efficient use of existing processes e.g. patient flow and theatre utilisation, as well as instigating transformational initiatives supported by technology to change the way we work.

The programme for 2016/17 is largely expected to be delivered within the boundaries of SRFT rather than through projects working across a wider organisational footprint. It is expected that efficiencies linked to transformation of services and economies of scale described in Greater Manchester Devolution planning documentation will not begin to make a contribution until 2017/18.

The target saving by theme and division is summarised below.

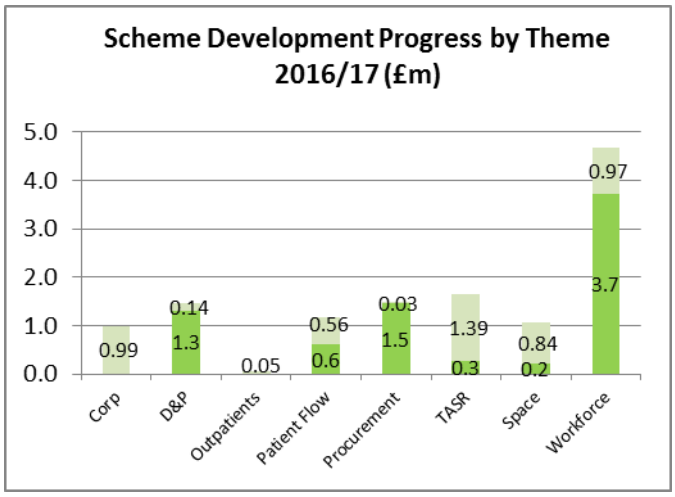
Theme	Total	Corporate	CSS & TM	S & NS	SHC
	£m	£m	£m	£m	£m
Volume Related Schemes					
Patient Flow - enabling					
Theatres	0.4	0.0	0.0	0.4	0.0
Out-patients	1.0	0.0	0.3	0.3	0.3
Lord Carter - General Surgery	0.7	0.0	0.0	0.7	0.0
Lord Carter - Emergency Care	0.7	0.0	0.0	0.0	0.7
Lord Carter - Orthopaedics	0.7	0.0	0.0	0.7	0.0
Lord Carter - Community EPR	0.7	0.0	0.3	0.1	0.3
Space Utilisation	1.0	0.0	0.4	0.3	0.3
Price Related Schemes					
Workforce	4.0	0.0	1.5	1.3	1.3
Corporate	2.0	2.0	0.0	0.0	0.0
Diagnostics and Prescribing	1.1	0.0	0.3	0.4	0.3
Procurement	2.0	0.1	0.6	0.7	0.7
Transactional divisional target	3.0	0.0	0.9	1.1	0.9
Transformational Schemes					
Technology Assisted Service Redesign	1.9	0.0	0.6	0.7	0.6
Vanguard	0.7	0.0	0.3	0.2	0.3
Theme Totals by Division	**20.0**	**2.1**	**5.2**	**6.9**	**5.8**

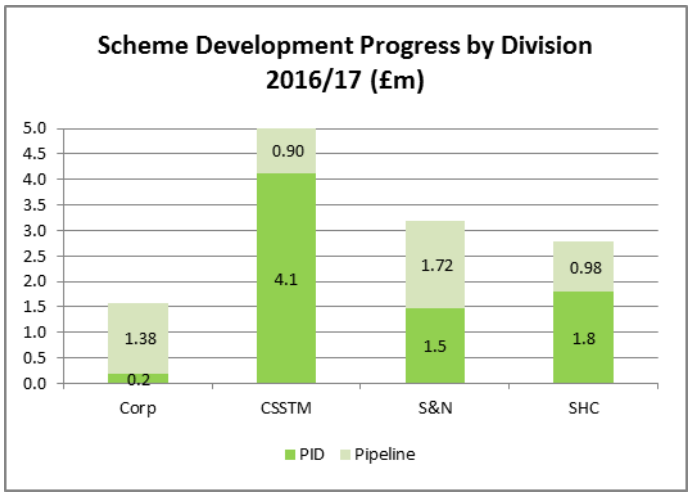
Opportunities for 2016/17 have been identified from our 'diagnostics phase' which collated information from a number of sources to provide focus on areas for improvement in relation to performance, productivity and cost reduction. These sources included:

- External sources such as the NHS Benchmarking Network, McKinsey and Albatross benchmarking, Dr Foster, Better Care, ESR and Trust annual reports;
- Information sharing with other Trusts on schemes developed and lessons learned;
- Internal performance and exercises such as the 'Perfect day in Theatres', SLR and reference cost analysis and the quarterly point prevalence exercise; and
- The Lord Carter Review.

As opportunities are identified they are detailed in pipeline documents and then further developed into project initiation documents. These include robust quality impact assessments, with each scheme being scored against defined criteria and monitored by appropriate KPIs.

Progress in identifying cost reduction schemes by theme and division are summarised below.





Risk Assessment

The 2016/17 plan has been prepared with the objective to be both challenging but deliverable.

There are risks and opportunities not included in our planned case that could emerge during the year which would require management and mitigation. The impact of the new contract for junior doctors has not been quantified so is not included below but may be a budget pressure in 2016-17. The downside risks to our planned case are significantly higher than the upside opportunity we have identified indicating the level of challenge we have included.

Upside and downside assessments of the key components of the 2016/17 income and expenditure plans are summarised below:

	Downside £m	Risk / Mitigation in planned position £m	Upside 3m
Underachievement of 2016/17 BCLC	-10.0	-5.0	0.0
Non-recurrent 2016/17 BCLC	0.0	4.0	0.0
Premium cost working required to deliver activity plans	-2.0	0.0	2.0
National CQUIN changes implemented	-2.5	-0.5	0.0
Under-delivery of PbR activity (+/-1%) - contribution	-3.5	0.0	0.0
Radiology equipment investment	0.0	0.5	1.0
Transformation reserve	0.0	1.0	1.0
Total	**-18.0**	**0.0**	**4.0**