Salford Royal NHS
NHS Foundation Trust

University Teaching Hospital

safe • clean • personal

Annual Plan 2011/2012

23rd May 2011

Contents

Section 1: Summary of Performance in 2010/11

1.1 Chair and Chief Executive's Summary

1.1.1 This report marks the end of another successful year for Salford Royal NHS Foundation Trust. And the start of a new year as a new organisation, incorporating Salford Community Health services.

1.1.2 The Trust continues to drive continuous improvement in the way services are delivered and is committed to provide safe, clean and personal care.

1.1.3 Standards of care continue to improve, with a sustained focus on reducing mortality rates, reducing harm and improving reliability of care.

1.1.4 This financial year has seen significant progress in the Trust's hospital redevelopment project with the opening of the Heart Care Unit, Clinical Trials Unit and a series of ward reconfigurations in preparation for transfer to the Hope Building.

1.1.5 Further details of progress in delivering the Trust's service and financial plans for 2011/12 are contained within section 2 and 6 of this report.

Section 2: Strategy & Service Plans

2.1 Vision and Values

2.1.1 The vision and values to which Salford Royal NHS Foundation Trust aspires were set out in the 2009 service development strategy and remain relevant for 2011/12.

2.1.2 The Organisational Development Strategy developed in 2010/2011 will be implemented incorporating the new clinical leadership and divisional management structure, the performance framework and the shared aims and values work which will be a fundamental part of the appraisal process and development of staff

2.1.3 The Trust, delivers care for **Patients** by being:

- The safest hospital in the country as measured by mortality and harm rates.
- Viewed as the leading hospital for Quality Improvement and the hospital of choice for patients in the North West.
- Focused on improving the patient experience, requiring respect, compassion and the right attitude to patients as our customers.
- Ensuring the highest standards of environmental cleanliness.

The Trust's approach is captured in the commitment to provide care that is 'safe, clean, personal'.

2.1.4 Supports **Professionals** by being:

- Attractive to staff, ensuring people have pride in working for the Trust, feel their contribution matters and want to deliver to their fullest potential.
- Supportive of clinical staff, enabling them to access appropriate education and training, to give of their best and be accountable for delivering safe and effective care.

2.1.5 Works with **Partners and the Public**:

- Respected by partner organisations – people will want to do business with Salford Royal.
- Promotes and upholds high standards of conduct in line with public service values of accountability, probity and openness.
- Works in partnership with primary care providers to give first class care to the people of Salford, promoting health improvement and integrating services.
- Supported by an active membership, people who are genuinely interested in seeing the Trust succeed and want to be involved in shaping the organisation's future.

2.1.6 An innovative, successful **Organisation** that is:

- Highly productive and understands its cost base in order to improve efficiency and generate surpluses for future stability and investment.
- Entrepreneurial, seeking out new opportunities to deliver excellent care and be successful commercially.
- Able to develop its position as a specialist provider of tertiary services.
- Successful in using information to take better decisions, monitor performance and drive improvement.
- Recognised for its contribution to the education of health care professionals and for innovative Research and Development (R&D).

2.1.7 Using Foundation Trust flexibilities to react quickly to changing challenges and opportunities

2.2 External Environment

2.2.1 The national healthcare environment has changed significantly, largely associated with the Coalition government and the changes it has set out in the white paper. Structurally the NHS landscape will see significant changes: abolition of SHAs and PCTs by 2013, with PCTs clustered in the shorter term, potential migrating into commissioning support organisations providing support to emerging GP consortia. The NHS Commissioning Board will hold GP consortia to account, with Public Health England and Local Authorities responsible for public health commissioning, and the latter having oversight of local commissioning plans through Health & Wellbeing Boards.

2.2.2 There are a range of national policy changes that will impact on the environment within which SRFT operates. These include:-

- A greater focus on competition: both *within the market* (Any Willing Provider) and *for the market* (tenders);

- Increased emphasis on patient choice, largely supported by the extension of the Any Willing Provider policy to a much broader range of clinical areas (e.g. community services, diagnostics, maternity, inpatients);
- An increased focus on outcomes though the national outcomes framework;
- The requirement for all existing Trusts to have secured FT status by April 2013, with take-over or merger required for those that can not pass this threshold. An emerging failure regime for provider organisations;
- Removal of the private patient income cap for FTs;
- Changes to the tariff: short term adjustments, increased use of best practice tariff, potential for competition on price.

2.2.3 From April 2011 the Trust has taken responsibility for the vast majority of community services provided by NHS Salford.

2.2.4 Transfer of community services, primarily to acute and mental health Trusts, as well as the establishment of a Community Foundation trust and some Social Enterprises;

2.2.5 PCTs will be clustered from June 2011, probably on a single Greater Manchester footprint, sharing some functions and responsibilities;

2.2.6 Changes in the acute sector: Trafford seeking an FT partner, the future of Pennine and Tameside uncertain, potential for greater collaboration on a sector basisFrom April 2011 the Trust has taken responsibility for the vast majority of community services provided by NHS Salford.

Further details of the financial implications of external factors are detailed in the Finance section 6 and refer to

- Tariff changes
- Changes in Non patient related NHS Income (Education, R&D, Provider to Provider SLA's etc)
- PFI Income & Costs
- The Unitary Payment (UP)
- Specialist Commissioners
- Unscheduled Care
- Making It Better
- CNST
- Cost pressures within budget setting

2.3 Service Plans for 2011/12

2.3.1 The Service Plans for 2011/12 are presented under the same priority themes identified as 'The Salford Royal way' in the 2010/11 Plan and consistent with the service development strategy 2009-2014.

2.3.2 The Strategic themes include Quality Improvement, Safe cost reduction, Organisational Development and Integration and Collaboration, Underpinned by Compliance with Mandatory Standards and the Implementation of Enabling Strategies These are detailed further below

Strategic Theme	Principal Objective
1. Pursuing Quality Improvement to become the safest organisation in the NHS	1.1 Maintain the relative risk of mortality to be within the top 10% of acute Trusts in the NHS
	1.2 Improve the reliability of care to be the safest organisation in the NHS
	1.3 Improve patient experience to maintain indicators in the top 20% nationally
2. Safely reducing our costs by 15% over 3 years	2.1 Safely reduce costs by £18m
	2.2 Redesign Unscheduled care
3. Supporting high performance and improvement	3.1 Improve Staff Contribution to Corporate Objectives & Values
	3.2 Implement the new Management & Clinical Leadership Structure
	3.3 Implement the Membership Development Strategy
4. Improving care & services through integration & Collaboration	4.1 Realise the benefits of service integration within the Salford Health economy
	4.2 Integration & Collaboration within the North West Sector
	4.3 Collaborate within Greater Manchester & beyond
	4.4 Service Developments
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
	5.6 Buildings & Facilities Standards
	5.7 Public Health 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 Strategy
	6.5 Corporate & Social Responsibility & Public Health Strategy

Theme 1: Pursuing Quality Improvement to become the safest organisation in the NHS

2.3.3 A new three year Quality Strategy has been launched for the period 2011-2014 to build on the foundations of the original 2008-2011 Quality Improvement Strategy. The aim continues to be '*the safest organisation in the NHS*'.

2.3.4 The principal aims of the strategy are to reduce mortality and harmful events and to improve the patient experience

2.3.5 The Trust aims to provide safe, clean and personal care to every patient, every time. To achieve this activity is organised under 4 themes:

- Leadership;
- Measurement;
- Building staff capability; and
- A targeted portfolio of projects

Maintain the relative risk of mortality to be within the top 10% of acute Trusts in the NHS

2.3 6 Reliable care is at the centre of the quality strategy, delivered to all patients, every time. The Salford Standard Workplan, will be implemented to ensure that there is consistency in care delivery across the working week, this includes;

- all non-elective patients being reviewed by a consultant within 12 hours of admissions
- improved access to emergency and urgent theatres
- improved access to diagnostics

2.3 7 The mortality review process will be extended with each division reviewing all deaths using IHI methodology.

Reduce harmful events to be the safest organisation in the NHS

2.3.8 The Trust is adopting the *Safety Thermometer* tool developed by the Department of Health in order to detect and track harm over time. Senior nursing staff will audit patients monthly to monitor specific harms; pressure ulcers, falls, catheter related urinary tract infections and venous thromboembolism.

2.3.9 This methodology will apply a consistent approach across the hospital and it will also provide senior staff with an opportunity to intervene and educate whilst maintaining a visible presence on the wards.

2.3.10 The Institute for Healthcare Improvement's Global Trigger Tool will be maintained to review 20 randomly selected patient records per month. The review identifies 'triggers' or clues as to whether a harmful event has occurred and whether this actually led to patient harm.

2.3.11 The Institute for Healthcare Improvement developed the concept of "bundles" to help health care providers to reliably deliver the best possible care for patients undergoing particular treatments with inherent risks and a number of these care bundles will be implemented this year

2.3.12 The pressure ulcer project will be implemnted using the Breakthrough Series Collaborative model involving up to 15 wards. The outcomes planned are

- A reduction in hospital acquired pressure ulcers
- identification of best practice and learning from top class performers

- Increased staff knowledge and awareness of the prevention and management of pressure ulcers
- A Pressure Ulcer Change Package to be rolled out across the organisation

2.3.13 The surgical site infection project is focused on work with theatres staff, recovery staff, surgeons, and surgical wards to implement the surgical site infection bundle.

2.3.14 The sepsis project has already commenced with systems for management of severe sepsis being tested with a group of pilot wards.

2.3.15 The Trust is also working collaboratively with Bolton and Stockport hospitals in respect of sepsis management by meeting regularly and sharing learning. The processes developed by the pilot wards will be spread throughout the hospital once testing has been completed

2.3.16 The Falls Steering Group will lead the falls project which will focus on creating a robust system of intentional rounding ensuring safe, reliable care for patients. The Trust aims to secure an 18% reduction in the rate of falls.

2.3.17 The readmissions project will focus on wards with the highest readmission rate. The project will involve all stakeholders including care homes and GP surgeries. Reducing the number of patients who are readmitted will impact on all of the Trust aims. The less time patients are in hospital the less risk they are of being harmed. Therefore reducing readmitted patients has the potential to reduce harm and mortality and significantly improving patient experience.

2.3.18 The Venous Thrombo-embolism project aims to have 95% of patients to be assessed and receiving appropriate prophylaxis in all areas of the hospital.

2.3.19 The Catheter Related Urinary Tract Infection project is part a clinical quality academy programme and aims to reduce the length of time catheters are in place and develop a group of interventions that will help prevent CAUTI which will then be adopted across the organisation.

2.3.20 The Patient Activated Safety Team is an initiative that will be expanded across the organisation to all areas of the hospital once testing is complete.

Improve patient experience to maintain indicators in the top 20% nationally

2.3.21 The experience patients have is of utmost importance and it is the Trusts ambition that we make that experience the best that it can possibly be. The priorities are to

- Respect patients' values, preferences and expressed needs
- Coordinate and integrate care across boundaries of the system
- Provide the information, communication, and education that people need and want
- Guarantee physical comfort, emotional support, and the involvement of family and friends

2.3.22 It is the Trusts ambition that we will deliver a series of projects that will make Salford Royal's patients describe us as their first choice of care provider based on the quality of the their experience

The real-time tracker will enable more comprehensive coverage and timely feedback from patients across the organisation. Action plans to address emerging themes will be developed and implemented

Theme 2: Safely reducing our costs by 15% over 3 years

Implement a programme of projects which safely reduce costs by £18m and in unscheduled care by at least £7.2m recurrently by 2013/14

2.3.23 A cost improvement plan has been agreed to reduce costs by £18m in 2011/12 across the new organisation.

2.3.24 Three project boards established in 2010/11 will oversee the programme focusing on reducing workforce, waste and corporate costs.

2.3.25 The safely reducing costs workforce group is not restricted to reducing staff numbers, but by reviewing skill-mix, adopting new ways of working and developing new roles. Examples which have been planned for 2011/12 include:-

- Developing practitioner roles to reduce pressure on medical time.
- Introduction of digital dictation and voice recognition.
- Introduction of paper-less processes (EDMS).
- Reviewing skill-mix to enable less-skilled/unskilled tasks to be undertaken at a lower level (e.g. support for professional/scientific grades).
- Changing the way Out-of Hours services are provided as well as seeking the introduction of common new rates of payment to replace a variety of existing systems.
- Increasing the number of non-medical prescribers.
- Working in partnership with other organisations to ensure optimum use of resources e.g. Salford City Council, University of Salford, 'Royals Alliance'.

2.3.26 Service reconfiguration offers the opportunity to review staffing levels and this will be explored with the internal reorganisation of anaesthetics and theatre services and those externally driven such as the implementation of the Making It better recommendations

2.3.27 Retirements offer the opportunity to review establishments and replace staff on lower grades

2.3.28 The waste board is overseeing a series projects to manage demand and implement lean methodologies to improve patient pathways and productivity. Projects include

- Theatre reorganisation focusing on reduction of fallow lists and increased efficiencies
- Move to (seasonal) 5 day wards (spinal)
- Recurrent impact of ward reconfiguration

2.3.29 The corporate workstreams include

- Make procurement savings (eg prosthetics/implants)
- Sterile services – change shift patterns

2.3.30 In Neurosciences and Renal Medicine there will particular pressures due to change in tariff and the challenge will be to significantly improve productivity in preparation for these tariff changes to achieve profitability

2.3.31 For surgical services there are initiatives planned to improve further the pre and post operative management of patients to provide safer care and greater productivity

2.3.32 With the removal of the private patient cap will open up opportunities and a strategy for Private patient services will be developed.

2.3.33 The unscheduled care cost reduction target was set crudely on the overall QIPP target reduction of 15%

2.3.34 The integrated care redesign programme was launched with two clinical events in March and May 2010, which set the financial context. These events aimed to encourage clinical engagement and partnership working, develop ideas for possible redesign/savings and identify projects to progress. Several areas were prioritised to be progressed and three business cases were developed:-

- New Urgent Care Model (A&E and assessment units)
- GP Access
- Optimising Pathways (frequent flyers/frail elderly & end of life care)

2.3.35 The projects are highly interdependent and include

- Elements of community services integrated into a new Urgent Care Centre, which will also subsume some of the current functions of SRFT's A&E department.
- Other community based services that offer urgent care interventions will have access points integrated and have clear pathways between their services and the Urgent Care Centre.
- A Trauma and Resuscitation centre will provide specialist urgent care services for patients with a high level of intervention.(resuscitation, cardiac arrest and unconscious patients).
- Patients that can be appropriately managed through self care or by their GP will be redirected away from urgent care services.

2.3.36 The projects supporting the new urgent care model in Salford include

- Closure of the walk in centres, reduction in attendances, condition pathways reducing admissions to assessment units
- Optimising pathways for end of life care
- Implementing the assertive outreach pilot for patients who frequently present with alcohol, self harm or drug to reduce admissions by at least 10%.
- Additional Mental Health A&E Liaison
- Improved use of intermediate care

Further work is required to identify further savings in unscheduled care

Theme 3: Supporting high performance and improvement

Improve Staff Contribution to Corporate Objectives & Values

2.3.37 An Organisational Development Strategy has been developed to pull together the ongoing streams of work to develop the organisation to address the challenges ahead.

2.3.38 The development of a set of core values will support the Trusts Quality Improvement aims and sets out expectations as to how staff should behave towards each other and to patients. All members of staff at Salford Royal Foundation Trust are expected to be:

Patient and customer focussed:

- Communicates to all relevant parties in an holistic, timely manner
- Anticipates and delivers on patient needs

- Cares for the patient and their families as well as for Salford's reputation

Supportive of continuous improvement:
- Responds well to change and embraces initiatives
- Open to new ideas and encourages forward thinking
- Takes ownership for continuous learning and self development

Respectful:
- Strong focus and personal accountability on actions and results
- Takes responsibility for own actions
- Accounts for wider pieces of work rather than limited job description duties

Accountable**:**
- Acts as a team player; Recognises and rewards others
- Fosters a participative work environment
- Respects policies & procedures & resources

2.3.39 The strategy highlights the commitment to the development of a safety culture. The main elements of a safety culture being:
- Open and frequent communication
- High functioning multidisciplinary teams
- 'Just' culture (understanding of system vs. individual errors)
- Robust error reporting systems that 'close the loop'
- HR practices that support a culture of safety
- Leadership:
- Focus on never events
- Willingness to address bad behaviours
- Accountability for improvement and safety at all levels
- Measurement for improvement

2.3.40 The focus for the next three years is to embark on a series of projects aimed at fostering a culture of safety. These initiatives include training and coaching in teamwork and communication, Executive Safety WalkRounds, and the integration of quality improvement into every day workings of the Divisions.

Implement the new Management & Clinical Leadership Structure

2.3.41 The organisation will be restructured from April 2011 to create four clinical divisions and the directorate of Women's & Children's services until November 2011

The new divisions consist of
- Division of Salford Healthcare which includes the hospital directorates of emergency, acute medicine and long term conditions together with the majority of community services, including community nursing services, intermediate care and the care homes practice. The Division also includes a directorate for Children's services. The Directorate structure within the division align hsoital and community services so that integration can be progressed

- Division of Surgery. This includes all aspects of General surgery, Oral surgery and Urology and incorporates community continence services. Gynaecology services will transfer to this Division after Making It Better Implementation in November 2011.

- Division of Neurosciences and Renal Medicine. These services are mainly focused on a sector/Great

Manchester footprint and include Tier 2 services for Headache and Epilepsy

- Division of Clinical Support & Tertiary Medicine. This division includes diagnostic services, critical care, allied health professionals, outpatient & record services and includes community based services.

2.3.42 The configuration of the new Hope Building will enable high dependency and intensive care to come together as an integrated Critical Care unit and the clinical and management structure has been adjusted to enable this change with the development of new staffing models and supporting governance structures.

2.3.43 The management of theatres is also changing to align theatre teams to surgical specialties. Three groups will be established, general & urological surgeries, orthopaedics and neurosurgery. The new structures should facilitate the improved efficiencies in theatre.

Theme 4: Improving care & services through integration & Collaboration

Realise the benefits of service integration within the Salford Health economy

2.3.44 The vertical integration of Salford Community Health, has been concluded and services subject to a one year community contract with NHS Salford. This will be followed by a three year integrated contract.

2.3.45 The Business transfer agreement provides a commitment to a long term relationship with the intent that contracts are extended excepting specific circumstances (for example significant performance failure, national direction, service decommissioning).

2.3.46 A Section 75 provider-to-provider agreement with Salford City Council is in place for Intermediate Care services. This provides a joint commitment to coordinate intermediate care services and sets out "host" responsibilities for SRFT in managing two of the Council's social care services (Homecare Enablement Team and Social Care Team).

2.3.47 Following review by the Cooperation and Competition panel the Salford Care Homes Practice has also been included within the transfer agreement.

2.3.48 Following transfer of services on 1st April 2011 the second phase of the integration focused on transformation has commenced and a clinical engagement event planned in May will prioritise the actions for the service review and redesign. The priorities will be to;

- Develop integrated services for adults and children in Salford which supports people out of hospital whenever it is safe, effective and efficient to do so **Imp 2.1 Saf**
- Develop a new integrated service for elderly people, end-to-end, including primary, community based and hospital based services – preventing hospital admission wherever possible.
- To deliver the new urgent care model as outlined in the unscheduled care section above, with a new model of emergency hospital services, supported with better access to primary and out of hours care outside the hospital

- To refresh the outpatient Improvement plan taking account of community services and in preparation of the required service redesign required prior to moving into the Hope Building.

- Integrate hospital and community electronic and paper health records and address the issues of storage

Integration & Collaboration within the North West Sector

2.3.49 The Board of Directors has endorsed proposals for establishing a joint working arrangement with Royal Bolton Hospitals FT and Wrightington, Wigan and Leigh FT. The purpose of this collaboration, (sometimes referred to as "The Royals' Alliance") is to explore ways in which the Trusts can collaborate to reduce costs for clinical and non-clinical services and/or improve quality and sustainability of services.

2.3.50 The focus for service integration has been mainly on Pathology to date. The three Trusts have set a challenge to develop an integrated model for Pathology services that will deliver revenue savings of at least 20%, based on the potential identified by the Carter Report.

2.3.51 The impetus for cost reduction has been strengthened by PCT Commissioners who have indicated that they require providers to reduce their charges for GP direct access pathology tests by at least 20% in line with the expectations of Carter.

2.3.52 The proposal is for centralised laboratories for Microbiology and Cellular Pathology with smaller laboratories for these specialities at the remaining sites. For Blood Sciences there would be a centralised main laboratory

2.3.53 Further areas for collaborative working are being explored including urology services, ophthalmology, cardiology, and interventional radiology.

2.3.54 There are also plans to explore joint working in supporting services including estates, IM&T and transport.

Collaborate within Greater Manchester & beyond

2.3.55 Following the final decision in February 2011, NHS North West agreed that the MIB programme met the four tests laid down by Secretary of State and plans for 2011/12 are therefore focused on;

- Sustaining high quality services to women & their babies, whilst managing the transition of services to others hospitals in the network

- Confirming the arrangements for the retention of a Midwifery Led Unit and ante/post natal service delivered through a Central Manchester Foundation Trust with service level agreements for hosted services by Salford Royal

- Transfer of the Gynaecology service to the Division of Surgery and into the new facilities in the Hope Building.

2.3.56 In 2010/11 a Greater Manchester Strategy for Dermatology was pursued with mixed engagement from provider Trusts and commissioners. The changing shape

of Community service provision will have made service model more complex.

2.3.57 The focus for 2011/12 will be to strengthen the brand of Dermatology and review development opportunities. This will be achieved by reviewing the configuration of services and identify opportunities including private sector provision

2.3.58 Manchester Skin care services will be integrated into SRFT with a further review of service model to ensure services are efficiency managed

2.3.59 2010/11 saw changes in the commissioning arrangements for Neurology services across Greater Manchester with the majority of outpatient services provided in hospitals across the conurbation transferring to SRFT. 2011/12 will see this project completed with the transfer of Central Manchester services from 1st April and later in the year at a date to be confirmed with NHS Stockport and Stockport NHS Foundation Trust. Models of care for Neurology inpatients will also be explored

2.3.60 A further development of stroke services will take place with the development of a 7 day TIA clinic at Salford Royal.

2.3.61 The Maples neuro-rehabilitation unit will be reviewed to ensure within the constraints of the facility the capacity is used to its maximum. An option appraisal will be undertaken to explore the opportunities to provide local intermediate rehabilitation capacity in support of improving patient flow through the acute hospital services.

2.3.62 Renal dialysis capacity is being kept under review and the Trust will be working with Commissioners and the Pennine Trust to plan the re-provision of the Rochdale dialysis unit in response to notice being served on the existing facility

2.3.63 Commissioners plan to tender for additional dialysis capacity in Oldham and SRFT will provide the medical input for the service

2.3.64 The service model for the Upper Gastrointestinal surgery service with Pennine trust will be reinforced7with the development of EUS services.

2.3.65 Service developments in intestinal failure, including the new bowel lengthening service will be pursued in line with the national commissioning group contract plans

2.3.66 The Urology department will continue to work closely with South and Christie Trusts to ensure compliance with Improving Outcomes guidance.

2.3.67 The Trust will develop services in support of the Greater Manchester Trauma model

2.3.68 The Trust will extend existing service level agreements for Vascular surgery to support the Trauma model and provide Vascular and interventional radiology services.

2.3.69 Functional Neurosurgery capacity will be extended with the development of deep brain stimulation services.

2.3.70 In partnership with the Christie Trust the radiotherapy centre will open at SRFT. Stereotactic radiosurgery services will develop over a three year period providing more local services for patients

2.3.71 The Trust will review acquisition opportunities as they arising using the criteria agreed by the Board of Directors

Theme 5: Demonstrate compliance with Mandatory Standards

(Including Clinical & Quality, Financial, Information Management & Technology, Workforce, Building & Facilities and Public Health Standards)

2.3.72 There are an increasing number of national, local and contractual standards detailed in the appendix to the Annual Plan. These are assigned within the organisation in line with the assurance framework to be managed by service lines, directorates and divisions.

2.3.73 Assurance on compliance will be received through the divisional and corporate assurance committees

Theme 6: Implement Enabling Strategies

Deliver the Research & Development Strategy

2.3.74 The Research and Development Strategy will be reviewed in 2011/12 to respond to the changing financial and NHS and University environments.

2.3.75 The plan will consider how investment can be restructured with partners to provide mechanisms to deliver the strategy

2.3.76 Public Health Research capacity will be developed in collaboration with NHS Salford by hosting a hub of research groups and organizations at SRFT.

2.3.77 The strategy will include the development of staff to enhance governance and conduct of studies and support quality improvement work. Key performance indicators will be developed to monitor the deliver of the research programme

2.3.78 e-health will be further developed with a focus on GP engagement to ensure functional projects such as foresight are exploited

2.3.79 Salford Royal's role within MAHSC will be further developed in respect of Public Health research, and systems will be streamlined with MAHSC partners. The partnership will also be used to develop the infrastructure to support clinical trials

2.3.80 The clinical trials unit opened in 2010/11 and with enhanced staffing has seen and increase in activity. Further appointments will be made to enhance capacity and develop capability so that business opportunities with commercial and NHS organisations can be pursued.

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Deliver Under & Post Graduate Teaching

2.3.81 Standards for Undergraduate Medical Education are set by the University and sector and monitored under the a series of domains to ensure Patient Safety, Quality Assurance, delivery of the curriculum, appropriate educational resources & capacity, Equality Diversity & Opportunity, Staff recruitment & selection and support & development of student, tutors & local faculty.

2.3.82 Post Graduate Medical Education will be provided in accordance with PMETB Standards In order to achieve this consultant job plans have been reviewed to ensure the scheduled teaching sessions are delivered as

planned and teaching takes place as part of the normal consultant work programme. Outcomes are measured by exam results and student feedback. Review of Educational SPA's, supervisors and tutors will be encompassed within the appraisal system

2.3.83 Training for Nurses and Allied Health Professionals will be delivered with placements in hospital and community services. Outcomes will be monitored by results and feedback from students

Deliver the Hospital redevelopment Strategy

2.3.84 The focus of the redevelopment plans in 2011/12 will be finalising operational policies, equipping and commissioning plans for Hope Building , safely transferring services and realizing the benefits of the new facilities.

2.3.85 Services transferring into the new facility in autumn include Renal Medicine, Critical Care, Urology, Gynaecology, Short stay surgery, Intestinal Failure, The Emergence village (Emergency Assessment, A&E (incl new plain film/CT) Medical High dependency and the Neurosurgery/ENT beds currently in A3.

The Bereavement centre, the Patient Advise and Liaison service, Age Concern, Spiritual care and the Communication Centre (switch) will also transfer. The Cancer & You centre will transfer later in the financial year. Administrative functions will also be relocated from vacated and demolished areas. Plans are being developed for the vacated areas including B4, Maternity, Renal Dialysis, Accident & Emergency/ECDU, EAU, ICU, NHDU and SHDU. There will also be some service reconfiguration in other parts of the hospital including

- The transfer of Stroke rehabilitation from the Ladywell to Irving building
- Transfer of MIU to H3
- Transfer of the Nurse led discharge unit to L1
- Refurbishment of Eric Rawlings ward for haematology
- The move of the Diabetes centre
- The move F2 to MIU and then into L1

Plans for 2012 include

- reconfiguration of the Turnberg building Level 0, 1 and 3, with potential to improve day surgery facilities
- centralisation of Dermatology
- reprovision of catering and patient kitchens
- refurbishment of main outpatients
- refurbishment of the Clinical Sciences Building
- Landscaping of the site
- Provision of the Midwifery Led Unit
- Improved Single Rooms/Bathrooms

Deliver the IM&T Strategy

2.3.86 The priorities for 2011/12 include

- The Upgrade of PAS hardware to Itanium and Upgrade PAS software to V4.1
- Considering EPR upgrade & procurement
- Implementation of V1.6 of ICM to provide Electronic Ordering & Results acknowledgement
- Completion of the roll out of EMPAR Electronic prescribing
- Developing Pathology systems with links within the sector (labs at Wigan & Bolton)
- The production of plans to Integrate SCH & SRFT systems over the next 3 years

- Continuation of the implementation of scamed medical records

Deliver the Corporate & Social Responsibility & Public Health Strategy

2.3.87 The recently agreed strategy identifies three priority areas for action in 2011/12

The Patient & Staff Health & Well Being objectives include

- Undertake Alcohol screening & referral in pre-operative assessment
- Training of staff on brief intervention & referral to smoking cessation services
- Reduced Accidental injuries in children
- Support Infection Control measures in hospital and community

The social responsibility element of the strategy includes

- Development and Implementation of the Volunteering strategy
- Increased community engagement
- Work placements and career opportunities
- Engagement with the membership in respect of service developments and redesign

2.3.88 The sustainability and environmental impact part of the strategy builds on the work done so far and has set further targets to

- Reduce and recycle waste
- Reduce energy use
- Reduce carbon emissions
- Implement the Green travel plan
- Increase the use of local and fair-trade goods

2.4 Leadership & Governance

2.4.1 In order to effectively implement the Trust's objectives, each clinical and non clinical team have interpreted the objectives of the organisation and agreed Divisional and departmental objectives.

2.4.2 In turn, it will be important that these are translated into team and personal objectives. A plan to roll this out as part of the exercise with GE Healthcare is in place.

2.4.3 The Service Review and Appraisal Processes will provide the framework to monitor progress against objectives.

2.5 Risk Analysis

2.5.1 The Trust reviewed its Assurance framework for 2011/12 to ensure that all elements of the organisational objectives and risks are managed by Assurance Committees on behalf of the Board of Directors.

2.5.2 The sub-committees of the Board are:

- Executive Risk & Assurance Committee

Executive Governance Committees

- Quality & Safety Committee
- Patient & Staff Experience Committee
- Finance & Information Committee
- Clinical Effectiveness Committee

- Strategy Advisory Group
- Hospital Redevelopment

2.5.3 The Trust has established systems and has processes in place to manage and mitigate significant risks:

- Trust Board review of Board Assurance Framework, risk register and action plans.
- Audit committee scrutiny of controls in place.
- Review of serious incidents and learning by the standing committees.
- Review of progress in meeting Care Quality Commission Standards through service reviews and the board's assurance committees.
- Internal Audits of effectiveness of systems of internal control.

2.5.4 In setting its development plans for 2011/12, the Trust has reviewed residual risks from the 2010/11 Assurance Framework to ensure these are addressed within its objectives.

2.5.5 The issues below identify the risks that the Board of Directors considers to be of particular significance. There maybe other risks or uncertainties not yet identified by the Trust that could impact on future performance.

Quality Improvement
Risk:
If staff fail to follow agreed hygiene protocols, then achieving low infection control targets may be at risk.

Initial risk assessment identified and Impact and Likelihood, before implementing management action, to be:
Impact is high, likelihood is medium.

Management: Control
Established policies, procedures and audits of compliance are in place and standards and performance targets are expected to be met.

Safely Reducing Costs
Risk:
There is a risk that the planned cost reductions associated with unscheduled care will not be achieved.

Initial risk assessment identified and Impact and Likelihood, before implementing management action, to be:
Impact is high, likelihood is high.

Management Control:
Joint project management arrangements with NHS Salford. Engagement activities to communicate the changing service models.

Section 3: Declarations and Self Certification

1.1 Self Certification

3.1.1 Separate templates are included with the Annual Plan submission, as required but are also set out below including the signatures of the Accounting Officer and the Chairman.

1.2 Board Statements

Clinical quality

The Board is satisfied that, to the best of its knowledge and using its own processes and having had regard to Monitor's Quality Governance Framework (supported by Care Quality Commission information, its own information on serious incidents, patterns of complaints, and including any further metrics it chooses to adopt), its NHS foundation trust has, and will keep in place, effective arrangements for the purpose of monitoring and continually improving the quality of healthcare provided to its patients.

OR

The board is satisfied that, to the best of its knowledge and using its own processes (supported by Care Quality Commission information and including any further metrics it chooses to adopt), its NHS foundation trust has, and will keep in place, effective arrangements for the purpose of monitoring and continually improving the quality of healthcare provided to its patients;

and the board certifies that actions will be taken in order to be in a position to make the statement 1a by the time of the trust's quarter two submission.

1.2.1 The board is satisfied that, to the best of its knowledge and using its own processes, plans in place are sufficient to ensure ongoing compliance with the Care Quality Commission's registration requirements;

and

1.2.2 The board is satisfied that processes and procedures are in place to ensure that all medical practitioners providing care on behalf of the NHS foundation trust have met the relevant registration and revalidation requirements.

Mandatory Standards

1.2.3 The board is satisfied that it expects its NHS foundation trust to be able to continue to provide the mandatory services specified in Schedule 2 and Schedule 3 of its Authorisation

Service performance

1.2.4 The board is satisfied that plans in place are sufficient to ensure ongoing compliance with all existing targets (after the application of thresholds), and compliance with all targets due to come into effect during 2011/12.

Risk Management

1.2.5 Issues and concerns raised by external audit and external assessment groups (including reports for NHS Litigation Authority assessments) have been addressed and resolved. Where any issues or concerns are outstanding, the board is confident that there are

appropriate action plans in place to address the issues in a timely manner;

1.2.6 All recommendations to the board from the audit committee are implemented in a timely and robust manner and to the satisfaction of the body concerned;

1.2.7 The necessary planning, performance management and risk management processes are in place to deliver the annual plan;

1.2.8 A Statement of Internal Control ("SIC") is in place, and the NHS foundation trust is compliant with the risk management and assurance framework requirements that support the SIC pursuant to the most up to date guidance from HM Treasury

1.2.9 The trust has achieved a minimum of Level 2 performance against the key requirements of the Department of Health's Information Governance Toolkit;

and

1.2.10 All key risks to compliance with their Authorisation have been identified and addressed.

Compliance with the Terms of Authorisation

1.2.11 The board will ensure that the NHS foundation trust remains at all times compliant with their Authorisation and relevant legislation;

1.2.12 The board will ensure that the NHS foundation trust will, at all times, have regard to the NHS constitution;

1.2.13 The board has considered all likely future risks to compliance with their Authorisation, the level of severity and likelihood of a breach occurring and the plans for mitigation of these risks;

1.2.14 The board has considered appropriate evidence to review these risks and has put in place action plans to address them where required to ensure continued compliance with their Authorisation;

and

1.2.15 For an NHS foundation trust engaging in a major joint venture, or any Academic Health Science Centre, the board is satisfied that the NHS foundation trust has fulfilled, or continues to fulfil, the criteria set out in Appendix D4 of the Compliance Framework.

Board roles, structure and capacity

1.2.16 The board maintains its register of interests, and can specifically confirm that there are no material conflicts of interest in the board;

1.2.17 The board is satisfied that all directors are appropriately qualified to discharge their functions effectively, including setting strategy, monitoring and managing performance, and ensuring management capacity and capability;

1.2.18 The selection process and training programmes in place ensure that the non-executive directors have appropriate experience and skills;

1.2.19 The management team have the capability and experience necessary to deliver the annual plan;

And

1.2.20 The management structure in place is adequate to deliver the annual plan objectives for the next three years.

Elections

1.2.21 The board confirm that all elections to the board of governors were held in accordance with the election rules, as stated in the constitution.

David N. Dalton
In capacity as Chief Executive and Accounting Officer

James J. Potter
In capacity as Chairman

Signed on behalf of the Board of Directors, and having regards to the views of the governors.

Section 4: Foundation Trust Membership

4.1 Membership

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4.1.1 Implementing the Membership Development Strategy to increase a representative membership and ensure engagement in service development and redesign is a principle objective within the Trust's 2011/2012 Annual Plan

4.1.2 We believe that involving members, public and patients in decisions leads to increased patient satisfaction, more positive outcomes and improved relationships with patients. Our members provide a means by which the Trust can engage with the communities it serves with regard to their views of its services and their needs and wishes in respect of future development.

4.1.3 The Strategy is supported by an annual Membership Engagement Plan, detailing planned initiatives for membership recruitment and engagement. Additionally, the development of key performance indicators ensures the objectives of the Strategy are effectively monitored. The Membership Engagement Plan confirms the Trust's commitment to engaging members and the wider patients and public in the design, planning, delivery and improvement of our services.

4.1.4 The table below highlights the Trust's actual and target membership figures for 31st March 2011:

Constituency	**Actual 31st March 2011**	**Target 31st March 2011**	**Target 31st March 2012**
Public – Salford Residents	8,642	8,500	9,100
Public – Out of Salford	4,849	3,000	4,600
Staff	4,844	4,500	5,900
Totals	**18,335**	**16,000**	**19,600**

4.1.5 Following implementation of planned recruitment initiatives throughout 2010/2011 the Trust has exceeded all public membership targets. Targeted recruitment initiatives will be planned for 2011/2012 however; the main focus for 2011/2012 will be engagement with members and aligning member and patient and public engagement as set out in the Membership Development Strategy.

4.1.6 The following tables analyse the current and estimated membership figures for a number of indicators to highlight areas of representation.

Public constituency	**2010/2011**	**2011/2012 (Estimated)**
At year start (April 1st)	9,615	13,491
New Members	4,214	709
Members leaving	338	400

At year end (March 31st)	13,491	13,700
Staff constituency	**2009/2010**	**2011/2012 (Estimated)**
At year start (April 1st)	4,979	4,844
New Members	456	1,056
Members Leaving	591	0
At year end (March 31st)	4,844	5,900

Public Constituency	**Number of members 31st March 2011**	**Eligible membership**
Age (years)*		
0-16	148	44,043
17-21	605	16,578
22+	12,103	163,040
Ethnicity**		
White	12,354	207,764
Mixed	130	2,172
Asian or Asian British	455	2,975
Black or Black British	276	1,182
Other	99	1,967
Socio-economic grouping		
ABC1	6,752	63,859
C2	2,566	24,049
D	3,109	33,674
E	1,064	11,228
Gender		
Male	5,766	112,907
Female	7,725	110,754

Eligible membership data supplied by Membership Engagement Services – March 2011
* Excludes 635 unset
** Excludes 177 unset

Membership Information

4.1.7 The Trust sets out its objectives to increase a representative membership and ensure engagement in service development and redesign within the Membership Development Strategy. The Communications and Marketing Sub-group of the Council of Governors worked in partnership with the Trust's Membership Engagement Manager and supporting members of the Board of Directors to develop a Membership Engagement Plan (MEP) 2011-2012 to support this Strategy. Within the Strategy the Trust is committed to engaging people who are easy to overlook within our membership constituencies.

4.1.8 Some key recruitment successes during 2010/11, that will continue throughout 2011/12 include:

- **Membership recruitment at the GATEway Event; an event hosted by the Trust to support the local community and provide guidance, advice, training and employment information**
  Approximately 300 members of the local community were recruited by promoting membership at this event.

- **Membership recruitment at Salford Garden Party; a city wide event hosted by Salford City Council including a large range of public, private, community and voluntary organisations**

Approximately 90 members of the local community were recruited by promoting membership at this event.

- **Governor Forum Pilot; a forum to promote two way communications between Governors and their constituents**

4.1.9 In response to results of the Annual Membership Survey, which stated members would like the opportunity to meet with their Governor in a local community setting, a pilot Governor Forum took place. Over 20 members of Little Hulton and Walkden constituency attended the forum and all said they would attend another forum. This pilot will continue in 2011/2012.

4.1.10 A key responsibility of the Council of Governors is to contribute to the long-term strategic direction of the Trust. Via the Strategic Direction Subgroup of the Council of Governors the Trust works closely with Governors to inform future plans. In 2010/11 the Strategic Direction Subgroup had a key role in the identification of relevant stakeholders and groups within the community with whom the Trust must engage to inform the future plans of the Trust this included Community Committees, Salford Disability Forum, Salford LINk and Salford Carers Partnership Board, in addition to the wider Foundation Trust membership. Over 1000 Level 2 and 3 members contributed to the formulation of the Trusts Annual Plan 2011/2012 via an annual membership survey. During 2011/2012 the Council of Governors will work closely with supporting members of the Board of Directors to lead engagement and inform the development of the Trusts Plan 2012/13.

4.1.11 In addition the Council of Governors will lead a variety of engagement activities in order to gather the views of the constituencies and members they represent. In response to the National Patient Survey results the Trust developed an action plan, from which the Quality Subgroup of the Council of Governors identified two areas for direct membership engagement in 2010/11. One area selected was improving the quality of patient information. Over 30 members attended a Governor led Patient Information Workshop which considered and discussed different sets of patient information. Feedback from the event is being used to establish key guiding principles for the production of written Trust documentation and a checklist of key considerations to form part of the final sign off process in order to publish documentation. In 2011/12 targeted engagement activity will be carried out to ensure that patients and public contribute to the design, planning, delivery and improvement of services taking place as a result of the integration of community services.

4.1.12 The Council of Governors is profiled to reflect the Trust membership. The current membership is outlined below:

Name	Constituency/ Organisation	Term of Office Ends (End of Annual Members Meeting)
Public Governors		
Mrs Valerie Ivison	Claremont, Weaste and Seedley	3 years (2013)
Mr Michael Bamberger	East Salford	3 years (2013)

Mrs Diana Tyldesley	Eccles	3 years (2013)
Mr Brian Myles	Irlam and Cadishead	3 years (2011)
Mrs Jean Whittaker	Little Hulton and Walkden	3 years (2011)
Mr Peter Halliwell	Ordsall and Langworthy	3 years (2013)
Mr Roy Harding	Swinton	3 years (2011)
Mrs Rosemary Steven	Worsley and Boothstown	3 years (2013)
Mr Peter Rose	Out of Salford	3 years (2013)
Mr Michael Harnor	Out of Salford	3 years (2011)
Dr Michelle Byrne	Out of Salford	3 years (2011)
Ms Anita Bradbury	Out of Salford	3 years (2013)
Staff Governors		
Dr Ronan O'Driscoll	Medicine	3 years (2013)
Mr Robert Heywood	Clinical Support Services	3 years (2011)
Mr Iain Anderson	Surgery	3 years (2011)
Mr Craig Wood	Corporate and General Services	3 years (2013)
Appointed Governors		
Dr Brian Hope	NHS Salford	3 years (2011)
Councillor John Warmisham[1]	Salford City Council	3 years (2011)
Dr Jeremy Tankel	General Medical Practitioner	3 years (2011)
Professor Nick Grey	University of Manchester	3 years (2011)
Professor Celia Hynes	University of Salford	3 years (2011)

4.1.13 Having been appointed at the March 2010 Council of Governors meeting, Mrs Rosemary Steven and Mr Roy Harding took up office as the Lead Governor and Deputy Lead Governor respectively as at 1st June 2010.

4.1.14 Elections were held during 2010/11 for the following constituencies:

Full Name of Constituency	**No of Candidates**	**No. of Votes Cast**	**Turnout**	**No. of Eligible Voters**
Claremont, Weaste and Seedley	3	342	37.50%	912
East Salford	4	219	30.20%	725
Eccles	3	357	27.70%	1291
Ordsall and Langworthy	1	Uncontested		
Worsley and Boothstown	1	Uncontested		
Out of Salford	6	939	23.20%	3936
Medicine	1	Uncontested		
Corporate and General Services	1	Uncontested		

4.2 Council of Governors

4.2.1 SRFT is locally accountable to its members through a Council of Governors (CoG). The CoG is responsible for representing the interests and views of NHS Foundation Trust members and partner organisations in the governance of the Foundation Trust.

4.2.2 Statutory responsibilities of the Council of Governors include:

- Appointment (and removal) of the Chair and non executive directors and determining their remuneration and allowance
- Approval of the appointment of the Chief Executive
- Appointment or removal of the Trust's external auditor
- Providing their view to the Board of Directors on the Trust's forward plans
- To review the Trust's membership development strategy
- To respond to the Board of Directors when consulted and to undertake functions as requested by the Board of Directors
- To make recommendations for the revision of the Trust's Constitution

4.2.3 The Council of Governors has a collective responsibility to disseminate information about the Trust, its vision and its performance to the constituents or organisations that appointed them. Equally, the CoG plays a vital role in communicating the views and comments of the membership to the Board of Directors to ensure that members contribute to the forward plans of the organisation.

Section 5: Financial Plans

5.1 Introduction

5.1.1 The purpose of this section is to set out the assumptions used to prepare the financial plans contained within the submission templates. This narrative will set out the position on all elements of the financial plan and provide commentary (where applicable) relating to any areas of uncertainty or risk.

5.1.2 The plan has been constructed to include the services transferred in as part of the Transforming Community Services agenda from NHS Salford (services referred to as Salford Community Health or SCH), along with the extant Salford Royal services. The narrative will set out the position for both elements and will also provide a summary of the overall position that is supported by the analysis set out in the Annual Plan templates.

5.2 Contractual Position

5.2.1 *Activity*
The Trust has been in negotiation with Commissioners relating to the 2011/12 activity they wish to commission from the Trust. The basis of the plans is the forecast out turn for 2010/11 which is pro rata to a full year on a straight line basis from April to October 2010 data. This is then adjusted for any known changes from either Trust or PCT instigation. An analysis of the major movements is set out below the table.

	Plan 2010/11	Forecast Out turn 2010/11	Proposed Plan 2011/12
In-patients			
Day Case	28,145	28,868	29,274
Electives	12,429	11,521	11,665
Non Elective	42,532	45,409	39,341
Out-patients			
New	88,997	85,065	91,294
Follow Up	226,858	227,342	238,684
CATS Activity	18,903	20,345	20,183
Other	1,540	556	556

Movements from Forecast Out-turn to 2011/12 Plan

Day Cases (28,868 spells to 29,274 spells – 406 increase)
- Urology - 235 – The development of Lithotripsy services.
- Allergy Challenge 96 – Transfer of service from CMFT.

Elective (11,521 spells to 11,665 spells – 144 increase)
- Neuro surgery additional 165 – This is to ensure that the numbers of patients waiting on the waiting list are minimised.

Non Electives (45,409 spells to 39,341 spells – 6,068 reduction)
- MIB Net Movement – -5,800 part year effect (October 11 service transfer)

Out-patients New (85,065 attendances to 91,294 attendances – 6,229 increase)
- Neurology Outpatient centralisation 4,721 – This is the second stage of the integration of Neurology peripheral clinics under SRFT management.

- Neurosurgery WLI demands 595 - This is to ensure that the numbers of patients waiting on the waiting list are minimised.
- Pennine Dermatology 1,065 – This is the impact of SRFT taking on the activity consequences of the Manchester Skin services from Manchester PCT following TCS integration in Manchester.

Out-patients Follow Ups (227,342 attendances to 238,684 attendances – 11,342 increase)

- Neurology Outpatient centralisation 7,491- This is the second stage of the integration of Neurology peripheral clinics under SRFT management.
- Pennine Dermatology 2,817 - This is the impact of SRFT taking on th activity consequences of the Manchester Skin services from Manchester PCT following TCS integration in Manchester.

5.2.2 *Process for agreeing contracts 2011/12*

The process for agreeing contracts for 2011/12 began in September 2010 with NHS Salford issuing their commissioning intentions and SRFT responding to these proposals along with their own proposals in terms of changes to local tariffs, service redesign and proposals for new services.

During December 2010 discussions were held with service management teams to capture anticipated changes to services for 2011/12. At the same time agreement was reached with commissioners that the foundation for the 2011/12 contract should be the month 7 forecast outturn. During January and February adjustments were made to that baseline based on proposals put forward by both the commissioners and SRFT.

5.2.3 *Agreed Position*

SRFT

Within the overall income of circa £354 million (for existing SRFT services), there is circa £263 million that is subject to PCT Commissioner "sign off". To date £245 million has already been signed up, with the remaining PCT's indicating that "sign" will be before the end of April. To date no issues have been flagged by the Other PCT Commissioners who are indicating sign off will take place before the end of April 2011. Negotiations continue with NSCAG principally relating to the contribution to the PFI, an update on progress will be provided in the May 2011 update paper.

Salford Community Health

The primary currency of activity within the transferred services is face to face contacts (or equivalents). Within the contracts agreed with Commissioners there are circa. 600,000 face to face contacts (or equivalents) that are planned to be delivered. Appendix xx to this report sets out in further detail the level of face to face contacts (or equivalents) by service. Individual Services each have there own contractual framework (e.g. Block / Cost and Volume etc.) but this is managed within the overall contract ceiling of the 1% cap and collar across the whole of the transferred services.

The Business Transfer Agreement (BTA) signed with NHS Salford for the transfer of Salford Community Health Services includes an agreement to underwrite any income loss suffered from any Associate PCT refusing to sign up to the agreed cross boundary flows activity charging. Of the £568K un-signed only Manchester PCT (£318K) have indicated any issue with the agreement, and negotiations will be held between NHS Salford,

Manchester PCT and SRFT to resolve this issue (which is neutral to SRFT income).

Once activity had been agreed, the tariffs were applied in line with PbR guidance. From the agreements reached with Commissioners relating to activity levels for 2011/12 when these are priced at tariff this reduces the Trusts income by circa £5 million (price variance).

Whilst the Operating Framework for the coming years will not be published until later in the financial years it is anticipated that there will continue to be downwards pressure on tariffs through changes made (and deflationary adjustments) to National and Local Tariffs. The planning assumption underpinning the plans for 2012/13 and 2013/14 is that impact on the Trust will be the same as that felt in 2011/12, therefore a reduction of £5.5 million has been assumed to be the income loss suffered buy the Trust in 2012/13. However, given that the Trust has assumed a modest increase in Pay Costs of 1% (see section xx), this has been assumed to be funded by an smaller reduction in tariff income for 2013/14 of circa £3.5 million (or 1% of tariff and non tariff income).

5.2.4 *CQUIN and Contractual Arrangements*

The new quality and nationally specified events indicators incorporate new healthcare acquired infection targets, new referral to treatment time measures, new A&E indicators and new indicators on the elimination of mixed sex accommodation. In addition the list of "never events" has been expanded. In the event of a "never event" commissioners will recover the cost of the procedure from the Trust and no charge will be made for any corrective procedure or care.

In addition to the new quality indicators, the CQUIN goals have been refreshed for 2011/12. These are currently being refined with the commissioners but include goals relating to safety (e.g. the AQ indicators and unintentional injuries in under 5's), effectiveness indicators (e.g. VTE assessments and infant feeding), patient experience indicators (a range of surveys) and innovation indicators (e.g. increasing home haemodialysis). As in 2011/12, CQUIN accounts for 1.5% of all contract income.

A Reserve of £500K has been set aside within these plans for the consequences of delivery of the CQUIN targets, whilst there are no plans in place to spend this Reserve it was felt prudent to set aside a sum for any unforeseen requirements. Once the targets have been agreed and delivery plans are in place this Reserve (or any uncommitted element) can be released into the un-committed Reserves.

Given the continuing development of CQUIN and national contracts (principally the penalties structure) the Trust has decided to reserve a further £500K in each of the years 2012/13 and 2013/14. These are not "badged" against any specific expenditure items at this stage but are merely reserves that can be called upon should the Trust suffer as a result of failed CQUIN schemes or the consequences of poor performance for yet to be defined penalties within future national contracts.

5.2.5 *Contractual Agreements with Commissioners*

The Trust has provided a full breakdown of what contractual activity is felt to be appropriate based upon the methodology set out above. Contracts have been signed with the majority of Commissioners (insert %age and £ value) with the remaining indicating that there are

no issues of principle outstanding and the process of sign off will be completed by the end of May 2011.

Re-Admissions
The Department of Health has issued guidance (original in the Operating Framework and some further subsequent guidance) on the handling of readmissions. There are two main sections to the Emergency Re-admissions following an Elective Case and secondly Emergency Re-admission following a Non Elective Case. The approach to each of the two varies as follows.

Emergency Readmission Following an Elective Case
The Trust has approximately 1,000 cases that fall into this category that has a value of circa £1.2 million, with approximately 600 relating to NHS Salford with a value of circa. £800k. The guidance suggests that this resource should be ring fenced for eliminating re-admissions, with the consequences of this arrangement being added to the National Tariffs in 2012/13. The negotiation of this element of the work is yet to be completed, but the value at play with NHS Salford is circa. £500K.

Emergency Readmissions Following a Non Elective Case
The Department of Health guidance requires that the Trust improves its readmissions in this category by 25% from the baseline value. The baseline value for SRFT is circa 13% readmissions, which following a 25% reduction the Trust will be performance managed against this reduced target. The target level of readmissions is therefore 9.75%. The Commissioners will penalise Trusts where they fail to achieve the reduction, which will be a reduction in income equal to the value of the unachieved reduction. Whilst this will not a be a reduction in planned level of income at this stage careful performance management will be required to ensure the Trust is not penalised for non achievement, although it is possible that the final value of the reduction is not known until after the end of the financial year.

5.3 Income

5.3.1 *NW Specialist Commissioners*
The North West Specialist Commissioning Group have indicated that they wish to adopt the tariffs published by the Department of Health, the main changes to this relate to the transition to the new proposed Dialysis tariffs, which would be reimburse based upon the number of dialysis sessions undertaken rather than the numbers of patients within the programme that has been the case thus far. The impact that this would have on the Trust was included in the impact assessment of the new PBR tariffs (part of the overall reduction of £5 million included in the tariff reduction referred to above in section x).

Renal funding for PFI
The previous contracts signed with the North West Specialist Commissioners have included the agreement to fund the additional costs associated with the PFI. The additional circa £1.5 million has been included within the negotiations alongside the changes to PBR tariffs. The contract signed with North West Specialist Commissioners includes the additional £1.5 million relating to the agreements reached previously around the Hospital Re-development (PFI).

5.3.2 *NSCAG Position*
The previous contracts signed with the National Commissioning Group have included the agreement to fund circa £900K to support the PFI development. The NCG have indicated that they wish to review the costs of

the IFU service in the light of the increase in costs to enable them to understand the changes to fixed costs as a result of the move into the Hope Building. At this stage NSCAG have indicated no issues with the increase, they merely wish to understand the change in costs.

5.3.3 *Unscheduled Care*

The agreements reached through the Unscheduled Care Partnership Board will start to be enacted through the contracts for 2011/12, and consists of two main projects, the Urgent Care Centre and the Optimising Patient Pathways work. These two projects will liberate savings on costs inside of SRFT, with a compensating reduction in income paid by commissioners. The overall principal agreed is that neither party (SRFT or NHS Salford) should be financially disadvantaged through the period to enact the changes and therefore any timing differences between income reductions (due to reductions in patient footfall) and the reductions in costs as a result, will be subject to non recurrent transitional support. The following table sets out the overall position in 2011/12 that has been agreed with NHS Salford in this regard:

	£000's
Urgent Care Centre	
Full Savings Identified / PCT Contract Deduction	1,885
2011/12 Savings deliverable	289
2011/12 PCT Transitional Support / Contract Addition	1,596
Unscheduled Care Enablers / Optimising Pathways	
Full Savings Identified / PCT Contract Deduction	2,400
2011/12 Savings deliverable	250
2011/12 PCT Transitional Support / Contract Addition	2,150

5.3.4 *Education Levy*

NHS North West have indicated for some time that there will be a national system for reimbursing Trusts for its work as a Teaching Hospital, both Medical Students, Junior Doctors and Other Healthcare Professionals. Early assessments of the impact of these changes indicated that the Trust could suffer a reduction in its income of circa £4 million. The Trust participated in the consultation process undertaken by the Department of Health and presented a strong case to amend the planned methodology.

Subsequently NHS North West have indicated that any reductions in Education Levy funding will be subject to tapering arrangements and that no changes will be made to the 2011/12 Education Levy, whilst further work is done to refine the proposal. The Trust is anticipating that it lose out under the changes and has, therefore, planned for a reduction in Education Levy funding of £1 million each year in both 2012/13 and 2013/14.

5.4 PFI Income and Costs

5.4.1 *PFI Costs*

The implications of the PFI on the Trusts financial position are a major part of the strategy over a number of years. The following section highlights the various strands of costs and funding that are required for 2011/12 along with a comparison of the 2010/11 and 2012/13 requirements for these items. Given the PFI is classed as "On Statement of Position" (On Balance Sheet) following

the adoption of International Financial Reporting Standards (IFRS), the Unitary Payment is notionally made up of a series of transactions as follows:

Heading	**2010/11 Requirement £000's**	**2011/12 Requirement (estimated) £000's**	**2012/13 Requirement (estimated) £000's**
Real Change in Costs			
Unitary Payment	6,495	9,284	13,426
Cost Changes as a consequence of IFRS			
Service Payment	3,461	3,891	4,501
Interest Payable	1,352	3,566	5,346
Repayment of principal	52	1,827	3,468
Lifecycle costs	0	0	111
Prepayment of UP	1,630	0	0
Total	**6,495**	**9,284**	**13,426**
Charged to SOP			
Repayment of Principal	-52	-1,827	-3,468
Depreciation on PFI Assets	380	2,058	3,448
Impact on SOCI (I&E)	**6.823**	**9,515**	**13,406**

The 2011/12 estimated requirement is built up from the extant Consort Financial Model which is due to be re-run during 2011, but at this stage the potential impact that this would have on the Trust is unknown.

The Unitary Payment (UP) each year is uplifted by the Retail Prices Index movement between March and February (in this instance March 2010 to February 2011), the RPI will increase during the period by 5.5% and by a further 2.5% in 2012/13. This has the effect of increasing the cash payment made for the UP by £535K, but as this is spread across the transactions that are charged both to the SOCI and the SOP the impact on the SOCI, is circa. £480K.

Given that the Hope Building is due for completion in September 2011, it is good practise to undertake a "good housekeeping" re-valuation by the District Valuer, whilst the outcome of this re-valuation is unknown it is anticipated that this will reduce the value of the building and this will have a beneficial impact.

5.4.2 PFI Income Streams and Funding

PCT Double Running
As part of the wider affordability agreement for the Hospital PFI Salford PCT agreed to fund up to £3m of Double Running costs and to date Salford PCT have provided £2m of the agreed value (paid in 2007/08). Within the agreement struck with Salford PCT the funding would only be made available as and when required and given the financial positions of both organizations it was agreed that the remaining £1 m would be rolled over into 2011/12.

NHS Bank (SHA Bundle)
The Trust, as part of the PFI affordability agreement (and in line with Department of Health policy) will receive support from what was previously referred to as NHS Bank Funding, totaling £14.3m. The allocation of NHS Bank funding has now been devolved to each SHA as part of what are referred to as the Central Allocations. These allocations are awarded annually by the DH to SHA's and whilst they have been available each year so far it is unclear at this stage the extent to which the reduction in public sector funding will impact on the level of Central Allocations received by the SHA. NHS North West have paid for 2010/11 £4.7m of NHS Bank funding.

The following table sets out the original and revised funding profiles for NHS Bank Funding for information.

Financial Year	**Transitional support included - Annual Plan** **£m**	**Transitional support SHA Profile of payments** **£m**	**Impact on cash of the change in funding profile** **£m**
2009/10	0.0	0.0	0.0
2010/11	1.6	4.7	**+** 3.2
2011/12	2.9	3.8	**+** 0.9
2012/13	3.7	2.8	**-** 0.8

This revised profile is purely associated with the payment of the cash by the SHA to the Trust and any ups and downs in the profile of cash payments compared to I&E profile will be managed as deferred income to ensure a smoothing effect in line with the Trust's requirements. It is not anticipated that the funding will deliver any additional income benefit and therefore no additional surplus or deficit has been assumed as a result of the change in cash payment profile.

5.4.3 *Business Rates*
As a result of the handover and commissioning of the Hope Building the Trust will be liable for an increase in the rateable value of the Trusts property. It is estimated that this will increase the Trusts costs by £350K (Net) recurrently from 2012/13 onwards.

5.4.4 *Other Cost Changes*
There are a number of other changes to income and expenditure planned within the 2011/12 Annual Plan, the following sections set out the main changes:

5.4.5 *Business cases*
The financial plans include a number of business cases that have been approved and Commissioner support has been agreed as part of the 2011/12 contract setting process, these are as follows:

- Further expansion of Bariatric Surgery (income of circa. £1.0 million)
- Neurology Peripheral Clinic Management (income of circa. £2.5 million)
- Manchester Skin Care (income of £0.8 million)
- Upper GI Expansion (income of £1.1 million)

5.5 Cost Pressures

The financial plans include a range of additions to the recurrent budgets in 2010/11 that have been rolled forward into 2011/12. The main cost pressures are:

5.5.1 *Increase in VAT to 20%*
The increase in VAT announced by the government has been factored recurrently into the baseline expenditure budgets for 2011/12, which has been estimated at £1.0 million. No further changes to VAT rates have been factored into the Annual Plan assumptions.

5.5.2 *Clinical Negligence Scheme for Trust*
The Trust has received its subscription for CNST for 2011/12, which has increased further from that paid in 2010/11. After accounting for the part year reduction in subscription due to the changes to the Maternity and Neonatology service transfers the net cost increase for 2011/12 will be £0.9 million.

For the 2012/13 and 2013/14 plans the Trust has assumed the maintenance of the CNST ratings and associated discounts but have included a growth in the value of CNST subscription in each year of £500K.

5.5.3 *Drugs Costs*
The growth in Drugs spend within the hospital sector has risen year on year over the last number of years. This is mainly as a consequence of growth in the usage of drugs, price inflation and the consequences of the National Institute for Clinical Excellence guidance. The Director of Pharmacy, at the Trust, does a horizon scan each year looking at the likely changes in the above items will have on SRFT. Based upon this work the Trust has included £1.5 million (additional) in each of the 3 years of the annual plan.

5.5.4 *Medical Equipment Maintenance*
The Trust will continue to invest in medical equipment, both new and replacement, through both revenue and capital. Whilst the replacement element of this will have some offsetting cost consequences, it is anticipated that an increase in costs of medical equipment maintenance will be required, and as a result of this the plans include an additional £200K (additional) in each of the 3 years of the annual plan.

5.5.5 *Incremental Drift, Pay Awards and Clinical Excellence*
Based upon the analysis work undertaken during the budget setting process the Trust will incur significant additional costs as a result of the movement of the existing workforce through the Agenda for Change payscales (known as incremental drift). The value included within budgets for 2011/12 is £2.1 million for the existing SRFT workforce (see later section for the impact of SCH transferred staffing).

The Trust is at the beginning of a process of implementing a revised Appraisal process that not only takes account of the performance of the individuals but also the way that the individual displays through their work the values of the Trust. In addition restrictions on pay progression will be in place for staff who do not fullfill a number of criteria including absence and compliance with mandatory training. It is estimated that that this will reduce incremental progress by approximately 10%.

The Financial Plans include an estimate of the impact of pay awards, with both 2011/12 and 2012/13 reflecting the position whereby staff earning less than £21K per annum will receive £250 per annum increase in pay. For 2013/14 the pay expenditure has been increased by a 1% increase in pay costs, in the anticipation that public sector pay having had a number of years of largely pay freezes will move back to more modest annual increases in pay awards.

In addition the pay expenditure also includes £300K for the consequences of allocating Clinical Excellence Awards to Senior Medical staffing in 2011/12, with £180K to be allocated in both 2012/13 and 2013/14.

5.5.6 *NI Changes*
There are changes being made to the construct and values associated with employers National Insurance that will have an impact on SRFT, it has been estimated that the impact of these changes is circa £284K, and this has been included within the plans for the 2011/12.

5.5.7 *North West Specialist Commissioning Group*
The Trust has negotiated a non recurrent addition to the contract for 2011/12 to reflect agreed additions to local prices for elements of the Neurosciences and Nephrology Contract, reflecting the specific investments agreed with the NWSCG. An additional £4 million has been included within the Income plan for 2011/12, with the Expenditure within the Trusts committed Reserves until such time as the agreed expenditure plan is agreed.

5.5.8 *The Impact of Making It Better*
The Maternity and Neonatology Services will transfer out of Salford Royal during November 2011, the income and expenditure consequences of this change have been factored into the financial plans, and adjustments made to contracts with commissioner to reflect the changes in service provision.
The income plan has been reduced by £6.2 million and the Expenditure budgets reducing by £5.35 million, both reflecting the part year effect of the transfer in 2011/12. In line with the agreement with the Children's and Younger Persons Network on behalf of the Greater Manchester PCT's transitional funding of £1.25 million has been included within the income plan for 2011/12.
The full year effect of the service transfer is reflected in the 2012/13 and 2013/14 plans, with the appropriate level of transitional relief also factored into the income assumptions. However, in order that the Trust deals with the consequences of residual costs of the service during the transition period, once the transition funding is no longer available (after 3 years) the Trust must have dealt with the consequences of the residual costs, to achieve this a further £1 million is being added in each of the years 2012/13 to 2014/15 to the savings requirements to ensure that the full effect of the income reductions are covered by cost reductions.

5.5.9 *Delivery of Baseline Activity Levels*
Within the Income plan for 2011/12 is a further £1.6 million of income that relates to the delivery of activity within the baseline plan. The baseline budgets have been set to include costs to deliver this baseline level activity. Adopting a prudent approach the Trust has set aside a committed Reserve equivalent to the £1.6 million should any pressure on the front line service emerge relating to the delivery of the baseline level of activity.

5.5.10 *Capital Charges £500K*
Leave this in until we have finished the plans maybe not required.

5.5.11 *IM&T*
The Trust continues to invest in its IM&T infrastructure, both in terms of its resilience and its ability to enable major service changes and therefore efficiency. Within the financial plans is an additional £250K per annum over the 3 years of the plans. Whilst the precise nature of these investments is yet to be agreed this will be through the Trusts assurance committee processes to ensure that

optimum value is obtained from these additional investments.

5.5.13 *Organisational Development*

As a consequence of a number of factors (mainly Vertical Integration and Service Line Management) the Trust has been investing in Organisational Development. This has involved the revision to the Management Structures, the Development of the Clinical Leadership within the Trust, and the ongoing roll out of the Goals and Objectives methodology. To support these initiatives £250K has been assumed as additional expenditure in each of the 3 years of the Annual Plan.

5.5.14 *General Non Pay Pressures*

Non pay expenditure rises each year due to ongoing inflationary pressures and the consequences of contractual agreements for items such as maintenance contracts etc. The 2011/12 expenditure includes increases in costs relating to contractual commitments of approximately £1.0 million, in addition to the other cost pressures set out in this paper.

It is felt prudent that an additional £1.4 million of non pay expenditure requirements is factored into the plans for 2012/13 and 2013/14, even though the precise nature of the expenditure to be incurred is yet to be identified.

5.5.15 *Reserves*

The Trust takes a prudent approach to overall financial management and sets aside a number of Reserves for both commitments that have not been allocated to front line budgets (possibly due to timing etc), along with a number of uncommitted Reserves, mainly related to the PFI affordability.

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Within the 2011/12 expenditure are a number of Reserves that have be factored into the quarterly expenditure profiles depending on the nature of the Reserve held. The following table provides a summary of the Reserves held by the Trust and the overall phasing applied to the Reserves within the financial templates.

	Reserves £000's
Quarter 1	4,565
Quarter 2	4,565
Quarter 3	4,565
Quarter 4	5,564
Total	19,259

5.6. Integration of Salford Community Health from NHS Salford

Monitor will be aware that the Trust submitted a self certification relating to the Transforming Community Services integration of Salford Community Health provider services into Salford Royal with effect from 1st April 2011. The financial plans include the full consequences of the services that have transferred into SRFT (circa 91% of the previous NHS Salford Provider

arm). The financial plans do not include any assets or liabilities within the balance sheet as the majority of these will remain with NHS Salford (further details are provided in sections below) based upon Department of Health guidance.

The agreement reached with NHS Salford relating to the transfer of SCH Services includes a range of issues that have been resolved relating to both service cost pressures and the delivery of the required margins. The following sections outline the agreed position on the main areas.

The following table sets out the summary position for the services that will transfer to SRFT from NHS Salford, both in terms of out turn for 2010/11 and also the planned levels for 2011/12 that are included within the Summary Integrated position set out below.

	£000's	£000's
	Out turn 2010/11	Plan 2011/12
Income	44,616.1	44,933.7
Expenditure	(43,969.8)	(42,832.2)
EBITDA	646.3	2,101.5
Retained Surplus	646.3	2,101.5

Within the Monitor returns is a reconciliation of the actual income and expenditure of the NHS Salford provider arm (for those services which are transferring) for 2010/11 compared to the agreed costs transferred over to SRFT as part of the agreement, along with a description of the major changes.

The following sections set out the major issues relating to the integration of Salford Community Health into Salford Royal.

5.6.1 *Cost Pressures – 2010/11*

The cost pressures are mainly in two areas: HIV Drugs and Orthotics / Other Medical and Surgical Equipment. The Sexual Health budgets have been re-aligned to recover the true costs of the services via newly agreed local tariffs, and the cost pressures associated with the HIV drugs will be funded based upon costs incurred. This effectively means that an additional £600K of budget is within the overall expenditure position.

5.6.2 *Cost Pressures Reserves – 2011/12*

During the budget setting process for Salford Community Health a number of new cost pressures have been identified. The following Reserves (in addition to the SRFT Reserves) have been created for the likely cost pressures in 2011/12.

The majority of the pressures Reserves relates to Pay Costs (increments, pay awards and NIC) totalling £505K. In addition the agreed investment in Health Visiting £100K is held in Reserves along with other cost pressures

totalling £394K, these will be added to the budgets once these have been agreed with the Service Teams.

5.6.3 *IM&T Investment*
The changes made to the funding of Connecting For Health (NPFIT) have meant that an additional £500K will be added to the Income of SRFT in 2011/12. It is likely that the costs incurred related to this investment will be of a capital nature, the additional £500K will be used as part of the surplus, therefore generating the cash to invest in capital assets.

5.6.4 *Fixed Assets*
The Department of Health have yet to confirm the process for the transfer of fixed assets (non property related) between PCT's and FT's. It is anticipated that this will be resolved during 2011/12, until such time arrives an additional £200K income will be added to the SRFT Income in lieu of Depreciation on the assets that in reality should transfer. Until such time as the assets do transfer, this will sit as additional income only above the EBITDA line, effectively contributing to both EBITDA and Surplus.

5.6.5 *Return of the Underspend from 2010/11*
Agreement has been reached with NHS Salford that the underspending for 2010/11will be given to SCH (SRFT effectively) in 2011/12. It is forecast that SCH will underspend by £750K in 2010/11 and this will be added as additional income to SRFT and will show as additional surplus in 2011/12.

5.6.6 *Management Cost Reductions*
PCT's have to reduce Management Costs during 2010/11 to 2012/13 and that this would be applicable to the Services that where to transfer to SRFT, including Corporate Services. The major area of risk identified during the due diligence process was the reduction related to IM&T. The agreement reached with NHS Salford is that funding will be provided to support the IM&T services over the coming three years but this would be subject to a sliding scale equal reduction each year as costs are liberated from the IM&T management costs. An additional £400K income has been assumed to offset the additional costs.

5.6.7 *Recurrent Increase in Contract Income*
NHS Salford have agreed that an additional £250K recurrent income will be made available to support the Trust to integrate the services into SRFT. There are no additional costs identified against this and this effectively is additional surplus.

5.6.8 *SCH Anticipated Financial Performance in 2011/12*
Over the recent years SCH has had a history of underspending against its budgets, with the forecast of £750K for 2010/11. With the addition of the additional pressures and investment monies set out in section 4 of this paper, plus the inherent level of underspending within the services it is anticipated that a level of underspending is likely to materialise in 2011/12. However, given that the levels of cost savings are higher than previously required, an estimate of the likely level of underspending has not been factored into the plan. This will be subject to regular review through the monthly financial reports to the Board of Directors meeting each month.

5.6.9 *SCH Balance Sheet*
Fixed Assets
The Department of Health continue to guide PCT's to not transfer Fixed Assets to Foundation Trusts. With regards

to the Fixed Assets (Land and Property) this is in line with the agreed position that the Trust will act as occupant rather than owner of properties etc.
There are a small number of Equipment Assets that ideally should transfer to SRFT (that have a remaining Net Book Value) but until the DH guidance changes these will be operated by the Trust under licence. Equipment Assets where there is no Net Book Value these will transfer ownership immediately to SRFT and the BTA includes details of these items.

Current Assets and Liabilities
The Heads of Terms and Business Transfer Agreement (BTA) both included provision that NHS Salford will remain responsible for all current assets and liabilities up to the 31st March 2010, with SRFT being responsible thereafter. This means that no Current Assets or Liabilities will transfer to SRFT.

Provisions
Until NHS Salford have completed their Annual Accounts for 2010/11 the value of any provisions (which are mainly relating to Injury Benefits) will not be fully known. Given that the Department of Health have embargoed the transfer of any assets or liabilities to FT's, an approach to the transfer of the any provisions (should they exist) needs to be agreed. The BTA includes an agreement for any transfers agreed between SRFT and NHS Salford will be on a neutral impact basis.

Overheads
There is one main area of outstanding work relating to the Overheads allocation and this relates to the final allocation of costs relating to the occupancy of the various properties occupied by SCH services. The budgeted expenditure and income both include an estimate of £5.7 million relating to the overall overheads, with an estimate of circa £3 million included for the occupation of properties.

The Business Transfer Agreement includes a clause that once finalised the Overheads income and expenditure will be amended to reflect the agreed values, therefore there is no risk to SRFT associated with this work. The financial impact of these adjustments is neutral on the financial plan.

5.7 Summary of Integrated Position 2011/12

With effect from the 1st April 2011 the existing SRFT services and the newly integrated Salford Community Health Services will be combined into the new SRFT management structure. The monthly reporting to the Board of Directors will be on the basis of the new management arrangements.

The following table presents the Integrated Income and Expenditure position for the whole Trust, based upon the latest agreed position, which is net of the Provider to Provider contracts previously shown as Income and Expenditure in SCH books, that SRFT already has expenditure budgets within the plan, this is principally Acute Allied Health Professionals.

Heading – 2011/12	**£000's**	**£000's**
Income	389,380.3	
Expenditure	(368775.0)	
EBITDA		**20,605.4**
Non Operating Income	336.0	
Interest Payable on PFI	(3,091.3)	

Depreciation	(7,371.8)	
Depreciation – PFI Assets	(2,292.9)	
Un-winding of discounts	(60.0)	
PDC Dividend Payable	(3,683.0)	
Impairments	(581.1)	
Contingent Rent	(509.1)	
Total Below EBITDA		**(17,253.2)**
Surplus for the Year		**3,352.2**

5.7.1 Overall SRFT Integrated Financial Plan 2012/13 and 2013/14

The following table sets out a summary of the overall financial position of the Trust for 2012/13 and 2013/14. This has been built up from the 2011/12 position along with the assumptions set out in this section of the Annual Plan narrative.

Heading	**£000's**	**£000's**	**£000's**	**£000's**
	2012/13		**2013/14**	
Income		375,734.0		368,085.0
Expenditure		(351241.0)		(341,198.0)
EBITDA		**24,493.0**		**26,887.0**
Non Operating Income	322.0		322.0	
Interest Payable on PFI	(4,398.0)		(5,501.0)	
Depreciation	(8,979.0)		(9,591.0)	
Depreciation – PFI Assets	(3,464.0)		(3,564.0)	
Un-winding of discounts	(60.0)		(60.0)	
PDC	(4,214.0)		(4,690.0)	
Dividend Payable				
Impairments	0.0		0.0	
Contingent Rent	(1,174.2)		(1,235.0)	
Total Below EBITDA		**(21,967.2)**		**(24,319.0)**
Surplus for the Year		**2,525.8**		**2,568.0**

5.8. Capital Expenditure

The planned level of capital expenditure for 2011/12 through to 2013/14 is set out in the table below.

	2011 / 2012 £000's	2012 / 2013 £000's	2013 / 2014 £000's
Capex Planned	15,911	18,040	5,055
North West e-Heath	331	0	0
Donated Assets Expenditure	200	200	200

The financial templates include "capex" at the levels set out in the table above and are affordable within the envelope of resources available to the Trust without the need to enter into any loan financing agreements in all years of the Annual Plan.

Attached as an Appendix, is a more detailed breakdown of the capital expenditure plans across the 3 years of the Annual Plan, along with some narrative as to the usage of the expenditure at scheme level.

5.9 Balance Sheet (Statement of Position)

The Trust have not assumed any major changes in the balances within the Statement of Position for 2011/12 through to 2013/14. The movements planned are as a result of the operational activities of the Trust, with the following main assumptions.

5.10 Fixed Assets

There are no additions to Trust Fixed Assets as a result of the Integration of Salford Community Health services, which is in line with current Department of Health guidance (received from NHS Northwest).

The value of Non PFI Fixed Assets (land and Buildings) has assumed to increase by 5% in both 2012/13 and 2013/14.

The Hope Building (Hospital PFI) will be commissioned in September 2011 when the Trust will commence operational running of the clinical services. There has been no assumption built into this financial plan relating to any movement in the valuation of the Hope Building.

5.11 Working Capital Facility (WCF)

The Trust has a WCF of £20 million, which expires on 31st July 2011, this represents around 20 days of operating expenses. Given the increase in the overall size of the Trust with effect from 1st April 2011 (due to the Integration of SCH) it is planned that the Trust will increase the size of the WCF requirement to around £25 million, which equates to approximately 25 days.

5.12 Overall SRFT Risk Rating

The financial results of the SRFT plans included within this Annual Plan submission have the following results relating to the Financial Risk Rating within the Compliance Framework. The Trust is planning a Financial Risk rating of 3 in each of the 3 years of the Annual Plan and the following table summarises the results included within the financial templates.

Heading	**2011/12 - Planned Financial Risk rating**			
	Achievement	**Risk Rating**	**Weighting Factor**	**Weighted Rating**
EBITDA Margin % age	5.3	3	25%	0.75
EBITDA Percentage Achieved	100	5	10%	0.5
Return on Assets % age	5.3	4	20%	0.8
I&E Surplus Margin % age	1.0	3	20%	0.6
Liquidity Ratio	22.7	3	25%	0.75
Overall Weighted Average				3.4
Rounded Rating				3

As can be seen from the above table the overall planned Financial Risk Rating for SRFT for 2011/12 is 3. This is in line with the planned level set for 2011/12 in the Annual Plan set in 2010/11.

Heading	2012/13 - Planned Financial Risk rating			
	Achievement	**Risk Rating**	**Weighting Factor**	**Weighted Rating**
EBITDA Margin % age	6.5	3	25%	0.75
EBITDA Percentage Achieved	100	5	10%	0.5
Return on Assets % age	4.6	3	20%	0.6
I&E Surplus Margin % age	0.7	2	20%	0.4
Liquidity Ratio	17.8	3	25%	0.75
Overall Weighted Average				3.0
Rounded Rating				3

Heading	2013/14 - Planned Financial Risk rating			
	Achievement	**Risk Rating**	**Weighting Factor**	**Weighted Rating**
EBITDA Margin % age	7.3	3	25%	0.75
EBITDA Percentage Achieved	100	5	10%	0.5
Return on Assets % age	5.2	4	20%	0.8
I&E Surplus Margin % age	0.7	2	20%	0.4
Liquidity Ratio	25.8	4	25%	1.0
Overall Weighted Average				3.45
Rounded Rating				3

5.13 Safely Reducing Costs

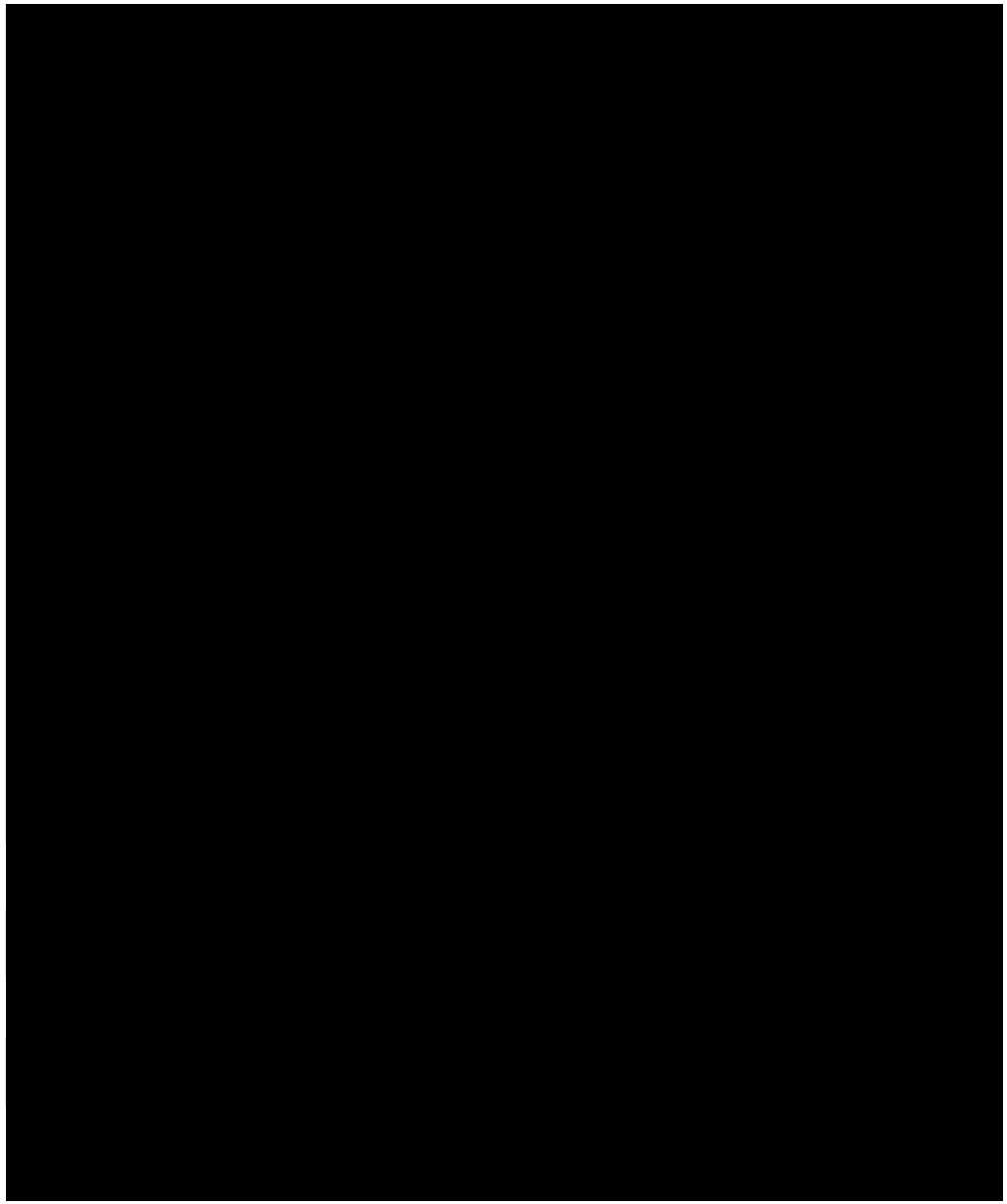
5.13.1 2011/12

Based upon the analysis and plans drawn up by the Trust the savings requirement for 2011/12 is £17.6 million for the whole Trust including the Integrated SCH Services. This is built up of £16.0 million from the extant SRFT services and £1.6 million from the Transferred SCH Services. Full details of the schemes that will deliver the required savings are included in the Appendix XX (Full Safely Reducing Costs Spreadsheet done by AC).

The following table provides a summary of the overall position relating to the delivery of the required £17.6 million of savings for 2011/12.

The Trust is continuing with its approach to cost reduction through its Safely Reducing Costs approach outlined in previous Annual Plan submissions and Quarterly submissions. The Trust has continued with its strategy of focusing on three main approaches, namely Workforce, Waste and Corporate Services, along with number of other Trust wide initiatives.

The following outlines the approach undertaken along with examples of savings in each heading, also attached at Appendix 4 is a full breakdown of the cost savings identified by the Trust for 2011/12.



5.13.2 Corporate Services

The Trust Board has targeted that Corporate Services reduce costs by 20% over a three year period (2010/11 to 2012/13). The approach taken has largely been targeting reductions in headcount within the Corporate Services Teams, following reviews and re-design of processes within the relevant areas. The budgets within the Corporate Services have identified savings of £3.3 million, with full details being provided within Appendix d

Of the £3.3 million identified this is made up of the following:

Department	£ Millions
Facilities	1.0
Finance	0.3
I.M&T	0.4
Human Resources	0.4
Trust Executive	0.2
Trust Wide	1.0
Total	3.3

5.13.3 Workforce Board

The Trust (inline with all NHS organisations) spends the largest proportion of its expenditure on pay and pay related items. The Workforce Board continues to look for ways to safely reduce the numbers of staff employed by the Trust whilst maintaining safe services. The main headings of savings identified are as follows:

Bed Reconfigurations and Patient Flow
The savings within this heading total £2.5 million

The Trust continues with its drive to improve the flow of patients around the hospital. Along side this is the work to rationalise the Unscheduled Care services within the Trust, which will facilitate the closure of a Care of the Elderly ward liberating cost savings of £0.9 m. In addition the work to re-design the Emergency Assessment facilities will enable a further reduction in costs of £0.5 million, mainly from reductions in staffing.

In addition the work to redesign the Critical Care Facilities will come to fruition when the Hope Building is commissioned and this will enable the Trust to reduce its ITU bed capacity by 1, which will enable a saving of £0.5 million to be realised.

Clinical Staffing Productivity
The savings within this heading total £1.3 million

As part of the development of the Clinical Leadership across the Trust more robust job planning is being undertaken and this has resulted in the reduction in the number of Programme Activities (and therefore cost of £0.5m) in various specialties across the Trust, without any residual impact on the amount of clinical care that is delivered.

The Trusts reliance upon the use of Waiting List initiatives continues to reduce and clinical productivity will be improved reducing the need for WLI payments, this will liberate a further £0.2 m of cost savings.

Pathways Improvements
Savings within this heading total £2.0 million, the following major items apply.

The development of the Comprehensive Stroke Centre is now fully up and running at the Trust and reviews of the working practises, pathways and staffing levels have

been undertaken. The Trust will continue to deliver high quality patient outcomes and will also be able to reduce its costs by £0.6 million.

Infrastructure Improvements
Savings in this heading total £2.4 million, the following major items apply.

The Theatres Team have been undertaking a range of improvements events using external consultants and benchmarks this has enabled changes to staffing levels and mix to release savings of £0.5 million whilst maintaining the level of Theatre capacity required to delivery the Trusts activity plans.

Out of Hours Pharmacy services have been redesigned to a model that better reflects the needs of the Hospital Out of Hours whilst liberating £0.3 million in costs savings.

Smooth delivery of the Out-patient clinics is a primary focus of the Out-patients team, re-organsiastion of the working practises and staffing levels will enable the team to provide the required level of clinics needed, but with a more appropriate staffing compliment and cover arrangements. This will produce costs savings of £0.4 million.

5.13.4 Waste Board

The primary focus of the Waste Board is the elimination of the waste (and streamlining of) processes that take place all across the Trust. This includes detailed analysis of patient flows and pathways as well as the interactions with both clinical and non clinical services. The main area of savings identified are as follows.

Clinical Supplies Efficiency
Savings within this heading total £1.9 million, the following major items apply.

The biggest non pay budget the Trust has is Drugs. The Trust is putting major emphasis on the management of drugs expenditure designed to ensure that clinical teams make the most appropriate but cost effective prescribing decisions. In addition the Trust will benefit from a number of patented drugs where generic alternatives will be available. These initiatives will liberate cost savings of £0.8 million.

The Theatre review work has also focused on the most appropriate use of products within the Theatres along with reviews of stock holding and logistics. This review work will deliver cost savings of £0.5 million without a reduction in the availability of products within the Theatres.

Rationalisation of Clinical Support Services
Savings within this heading total £1.1 million, the following major items apply.

The Trust's joint venture with Wigan, Wrightington and Leigh Foundation Trust has now culminated in the opening of the offsite Sterile Service facility in Bolton. This has enabled the Trust to secure high quality sterilisation, in a fully accredited solution, at a significantly reduced cost. This will deliver a cost reduction of £0.3 million.

Following the Integration of the Salford Community Health the Trust now manages, directly, the Allied Health professionals (Physiotherpists, Dieticians etc). Reviews of

skill mix and availability of the staffing will enable the Trust to liberate £0.3 million from this service.

Non Clinical Services Rationalisation
Savings within this heading total £0.1 million.

Other Cost Savings Identified
Savings in this heading total £1.1 million, there are no individual schemes that are over £100K within this section and full details can be found in Appendix XX.

Income Generation Schemes
Additional income included as part of the Safely Reducing Costs total £1.2 million, the following major items apply.

Within the Contract signed with commissioners for 2011/12, is an increase in the price charged for Neuro Respite Care, this will increase the Trusts income, without the need to increase costs. This will provide additional income of £0.2 million.

Additional Neurosurgical activity (165 cases) has been agreed as part of the Contract for 2011/12, this activity will be delivered at marginal cost, therefore liberating an increased margin of £0.4 million.

5.13.5 *Un-identified Balance in 2011/12*
There is an unidentified value of £0.9 million, which has yet to be identified into individual schemes but the overall bottom line budgets of the relevant Groups within the Trust has been reduced by this unidentified value.

5.13.6 *SCH Cost Savings Programme (Best Value/Safely Reducing Costs)*
The levels of Income and Expenditure agreed with Commissioners (Income) and Service Teams (Expenditure) require a level of cost savings to ensure that the required Margins are achieved. The level of savings required is £1.6 million.

Work to identify this level of savings has been ongoing and the required level of £1.6 million has been agreed and identified with the relevant service managers and the money has been removed from the relevant budgets.

The following table sets out a summary of the planned and achieved levels of cost savings within the Salford Community Health Services that are transferring to SRFT.

The Board of Directors will receive regular updates on the progress of the SRFT Safely Reducing Costs (SRC) programme (Year 2) and the £1.6 million identified for the SCH services will be included as part of the SRFT SRC update.

5.13.7 *Themes for 2012/13 and 2013/14 Safely Reducing Costs*
The Trust will continue with its Safely Reducing Costs agenda using the Assurance Framework set out previously. However, at this stage the broad scheme outlines exist for the areas where savings will accrue for

both 2012/13 and 2013/14. The following sets out the main areas of savings are to be targeted in 2012/13 and 2013/14. Attached as Appendix XX is a more detailed breakdown of the planned savings for 2012/13 and 2013/14.

Corporate Services £1.5 m (12/13) and £0.75 m (13/14)
The reviews within the Corporate Services Departments (Finance, IM&T, H.R., etc) will deliver the final stages of the 20% reduction targeted by the Board of Directors essentially aimed at reducing management costs. This is likely to be mainly reductions in staffing within the various teams, enabled by more appropriate use of technology and reform and redesign of the working practises.

Workforce £6.7m (12/13) and £5.1m (13/14)
The primary focus of the targeting in this will be related to the Reviews of Emergency Medicine Provision, Workforce Benefits Realisation associated with the Commissioning of the Hope Building (Hospital PFI), along with reviews of workforce across all areas of the Trust.

Waste £7.5m (12/13) and £5.5 m (13/14)
The eradication of waste across the Trust will continue as a major theme of the cost reduction agenda, with the primary elements relating to significant improvements in Procurement and the realisation of benefits from the Integration of Salford Community Health into SRFT.

The Trust is part of the Strategic Advantage Programme, which is a major plank of the QIPP approach within the North West. This programme will enable the NHS to provide leverage across the supply chain (but principally around market management) due to the deployment of committed volumes of both clinical and non clinical supplies enabling much more competitive pricing to be delivered from the supplier base. SRFT is one of 10 Trusts in the first cohort of Trust that will commit volumes across 5 product headings including Orthopeadic Implants and Sutures. This is in addition to the traditional approaches taken procurement savings and in addition to the work to streamline the logistics processes in place to support the Trusts procurement activities. This will enable the Trust to realise significant cost savings.

The Integration of the SCH services affords the Trust an opportunity to redesign the care pathways in place for patients across, what was traditionally different, organisational boundaries. The redesign approach will look to design significantly more efficient but safe pathways through which different groups of patients will be managed, both inside and outside of the hospital. Rigorous reviews of both clinical and non clinical services interfaces will be undertaken enabling significant economies of scale to be realised from the bringing together of the services under the management of one single organisation.

5.13.8 Risks and Mitigation

The Trust, like most NHS Foundation Trusts, is planning for an overall reduction in the value of income available to the Trust, at a time when costs are increasing. The 2011/12 Annual Plan is the second Annual Plan submitted by the Trust since the downturn in the economy and reduction to public expenditure has put significant pressure on the public sector to reduce costs. The plan submitted is a balanced plan that accounts for the major expenditure commitments that the Trust will have to deal with along with setting realistic targets for cost

reductions to enable the wider Trust Goals and Objectives to be delivered.

The following section set out the wider organisational risks faced by the Trust, these are not meant to be exhaustive or cover the detailed level of Risks within individual services, but give an overview of the likely areas where the Trust may come under pressure.

Risks

Targets delivery (MRSA etc)

The Trust has achieved the Care Quality Commission, Monitor compliance Framework and Contractual targets in 2010/11 and this is set out in the quarter 4 submission to Monitor. The progressive tightening of the performance requirements within the various targets that are set will inevitably require the Trust to continue to improve its performance in these areas. Whilst a Reserve has been set aside should the need to invest in any new initiatives, careful planning will be required to ensure compliance with targets.

Safely Reducing Costs

The delivery of cost reductions becomes more difficult as each year passes, with each service having to look afresh at how it delivers its services at lower cost. The planning for cost reduction through the periods covered by this annual plan is set out in section 5.13. In year delivery of the required savings will be closely monitored through the Finance and Information Committee as well as through the various safely Reducing Cost Boards, as well as at Board of Directors Meetings. It is possible that slippage could occur in the delivery of the Safely Reducing Costs Targets in year.

Integration

The Integration of the Salford Community Health services is documents within, both the financial narrative and the wider Annual Plan narrative. Given that the Trust does not have wider experience in the management and operational delivery of some of the services that have been integrated there is a risk that elements of these services will start to have performance difficulties that could result in either Financial or operational problems.

Delivery of Contractual Activity

The Trust has agreed contracts with the vast majority of commissioners which are based upon activity levels undertaken during 2010/11. There are a number of unknown factors that could impact on the delivery of these targets which could include a further out break of flu or another sustained period of bad weather. Whilst the Trust has contingency plans for dealing with these issues on an operational basis, the overall impact that these could have on the Financial Plans are unknown at this stage.

Changing Commissioning Landscape

The Trust has excellent relationships with the various commissioners built up over a number of years, but these are likely to change given the move to GP Lead Clusters and the development of the National Commissioning Board. Whilst these relationships are being built up the "good will" in place with existing commissioners will take time to develop with the new commissioners. It is unknown what the impact of this will be on the Trust but a proactive approach to this will allow the Trust to build relationships to avoid any un-necessary difficulties.

Mitigation
Should the Trust encounter any financial pressure due to the issues set out in the section above (or any others that are as yet unknown) a financial mitigation strategy is in place to help deal with any of these issues as they arise. The following sections set out the major elements of the strategy.

Reserves
As set out in section 4.17 the Trust has circa £19 million of reserves set aside within the plans. Of this £10 million is uncommitted at this stage of the planning process (even though an estimate of spend has been included within the quarterly profiles). Should any risks manifest themselves then the Trust will be able to utilise the uncommitted Reserves as a first call to deal with any problems.

Of the £9 million of committed Reserves, it would be possible for the Trust to slow down the implementation of plans to utilise these Reserves, which could free up a significant amount of resource should the need arise.

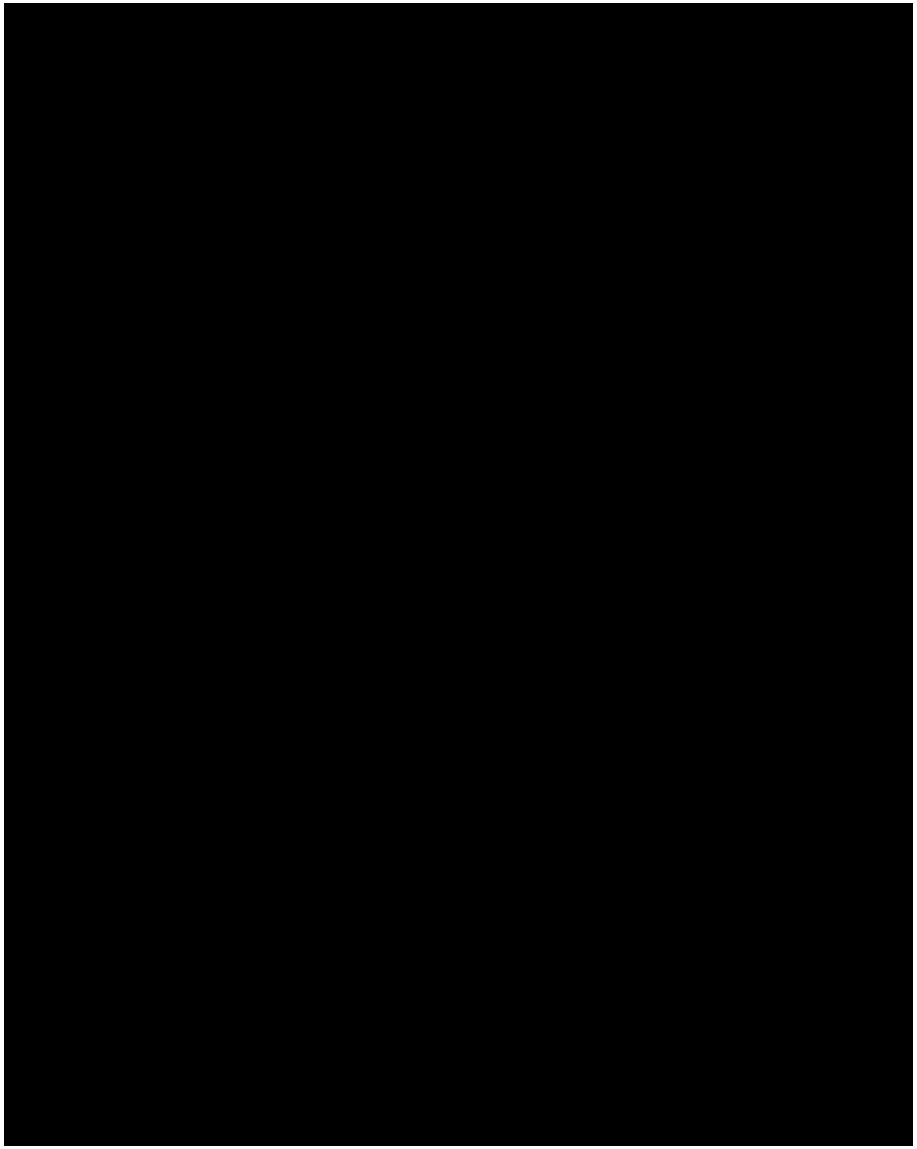
Expenditure Controls
Whilst the Trusts Standing Financial Instructions (and Scheme of Delegation) controls expenditure decision making across the Trust, further controls could be put in place to help limit any increases in costs should these arise.

Stop discretionary expenditure programmes
Should the need arise the Trust could impose restrictions on the use of discretionary spending budgets, such as Office Equipment, Furniture and Non Mandatory Works and Maintenance etc. Whilst it is not anticipated that this would be a permanent imposition it would enable the Trust to deal any unforeseen financial pressures.

Reduce capital spending
Should there be an adverse impact on the Trusts liquidity, as a result of financial pressures, it is possible that the Trust could slow down or even cancel elements of the capital programme until such time as the liquidity improves to enable these schemes to be afforded.

Further Safely Reducing Costs
Given that the Trust is actively planning the Safely Reducing Costs plans for the next year, a number of these schemes could be accelerated to liberate savings earlier than it was originally anticipated that these would be achieved. The operational delivery of these plans would need to be worked through but the requirement to achieve the financial plans would necessitate the need to bring forward the plans.

Appendix 1
Salford Community Health Services Planned Activity by Department



Appendix 2

Reconciliation of 2010/11 Out-turn to 2011/12 plans for Salford Community Health

This is a large spreadsheet that will be sent to Monitor as part of the Annual Plan submission.

Appendix 3

3 Year Capital Plan Financial Summary

Scheme	**2011/12 £M**	**2012/13 £M**	**2013/14 £M**
PFI Enabling	8.699	2.855	0.000
Post PFI Consolidation	0.176	0.754	0.000
Maintenance	2.167	2.449	1.720
Equipment	1.150	1.650	1.650
IM&T	1.983	3.850	1.186
New Schemes	1.197	6.000	0.500
PFI Build New Schemes	0.870	0.483	0.000
Total	16.242	18.041	5.056

PFI Enabling
In 2011/12 the £8.6m on PFI enabling includes £3.9m on equipment to support the new facilities and includes the purchase of a CT scanner and plain film x-ray.
The other schemes include £1m on asbestos removal for the old Victorian wards which are to be demolished as part of the PFI scheme; £2m on relocation of wards and offices not being transferred to the Hope Building but relocation required due to existing buildings being demolished
In 2012/13 the main spend is £2m on moving the patient's kitchen for better location for site wide provision of catering services with the change in the layout of the Hospital site.

Post PFI Consolidation
At each stage of completion of the PFI the Trust is required to update the way finding, signage and entrance's around the site. The budgets for 2011/12 and 2012/13 aim to ensure patients and visitors are directed easily around the site. £0.6m in 2012/13 will be used to reconfigure the old A&E to utilise the space vacated.

Maintenance
To enable the site to be maintained to the required standards and to ensure the facilities enable patients to have a safe, clean and personal experience. The schemes within maintenance are mainly recurrent capital schemes for lift upgrades, backlog maintenance, corridor upgrades and ward refurbishments.

Equipment
The Trust invests each year in replacement of medical equipment and a recurrent budget of £0.65m is set aside for this purpose. There is recognition that equipment will fail and break and that a reserve needs to be created to ensure funds are available if required. In 2011/12 the equipment reserve is £0.5m and increase to £1m from 2012/13.

IM&T
In 2011/12 the expenditure is split between a refresh budget (£0.348m), a 2nd server room (£0.910m) and a helpdesk system (£0.106m). The refresh budget is a recurrent capital budget to enable replacement and reinvestment in IM&T infrastructure to maintain service provision.

2nd server room - The current IT Server Room is a single point of failure for all IT systems across the Trust – and therefore a significant risk to the Trust. In the event of an electrical failure, cooling failure or catastrophe affecting this room then all IT systems across the Trust would be rendered unusable. To address this risk the Trust requires a back-up server room, providing a second instance of each of the 9 most crucial IT systems – thus allowing safe patient care to continue.

Helpdesk - The current IT Helpdesk system is now "end of life" and unsupported. A replacement must be bought to allow the service to safely continue. It is expected this will also improve the functionality available. We will be looking to do this in

partnership with any surrounding NHS Organisations who require a replacement Helpdesk system.

Refresh budget - As access to IT systems becomes ever more important to the provision of high quality, safe patient care – so the IT infrastructure and the IT devices used to connect to these systems become more important. In order to ensure that these are always fit for purpose it is important that we have a planned cycle for refreshing PCs, Servers and key elements of the network. Each type of asset has been assigned a 'life' and this budget allows a proportion of each of these types of equipment to be replaced each year

In 2012/13 the Trust is required to replace the PACs system as the current contract through Connecting for Health will cease. The current estimate for the replacement is £3.7m with the split being £3.2m in12/13 and £0.5m in 2013/14

New Developments
In 2011/12 the budget is for the completion of the Stroke Unit and Stroke Rehabilitation Unit
In 2012/13 The £6m is for the second phase of Dermatology which will move all of the remaining elements of Dermatology to the Maternity Building.
In 2013/14 with Dermatology vacating space in Turnberg the space will be reconfigured and utilised to bring existing staff off-site on to the site.

New Schemes within PFI Buildings
Since financial close of the PFI there have been a number of changes to the PFI scheme due to change in Trust requirements and expansion of services on the Trust site. To enable sufficient office accommodation to be provided on site the Trust is utilising vacant space in the Mayo building to create a 120 open plan office space at a cost of £0.7m in 2011/12.

The 2012/13 budget is for the creation of additional car parking space and a covered walkway across the new car parks for visitors to use.

Appendix 4
Full Scheme Analysis of the 2011/12 Safely Reducing Costs

This is a very large spreadsheet that will be sent to monitor in support of the Annual Plan submission.

Appendix 5 : Safely Reducing Costs for 2012/13 and 2013/14