Liverpool Heart and Chest Hospital
NHS Foundation Trust

Operational Plan Document for 2015-16

Liverpool Heart & Chest NHS Foundation Trust

1.1 Operational Plan for 2015 - 2016

This document completed by

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The attached Operational Plan is a refreshed plan for 2015/16 which has updated the strategic and operational plans agreed by the Trust Board in 2014. The Trust can confirm that:

- **The Operational Plan is an accurate reflection of the current shared vision of the Trust Board having had regard to the views of the Council of Governors and is underpinned by the strategic plan;**
- **The Operational Plan has been subject to at least the same level of Trust Board scrutiny as any of the Trust's other internal business and strategy plans;**
- **The Operational Plan is consistent with the Trust's internal operational plans and provides a comprehensive overview of all key factors relevant to the delivery of these plans; and**
- **All plans discussed and any numbers quoted in the Operational Plan directly relate to the Trust's financial template submission.**
- **Sustainability declaration**

1.2 Strategic Context

Background

Liverpool Heart and Chest Hospital NHS Foundation Trust (LHCH) is a single site centre providing specialist services in cardiothoracic surgery, cardiology, respiratory medicine, including cystic fibrosis and diagnostic imaging in the hospital, and increasingly in a community setting. The Trust serves a population of 2.8 million people with a catchment area spanning Merseyside, Cheshire, North Wales and the Isle of Man with an increasing rate of national referrals for highly specialised services such as aortic surgery.

Introduction

The Trust's Operational Plan for 2015/16 has been prepared in accordance with Monitor's guidance issued in December 2014. It is set in the context of the changing local and national commissioning frameworks and is aligned to the NHS Five Year Forward view. The Plan recognises the challenges and opportunities facing the Trust, in particular, the financial plan and constraints, quality priorities, activity level assumptions and the importance of building a sustainable workforce required to continue to deliver quality services in 2015/16 and beyond.

The Trust is confident that it has the resilience to meet these operational and financial requirements and deliver sustainable high quality services to patients.

The overarching strategy is based on some modest growth assumptions and a 4% productivity and efficiency improvement to ensure future sustainability of services. The financial plan gives a realistic position to deliver a Level 3 Continuity of Services Risk Rating (CoSRR) in 2015/16.

Financial and Operational Performance 2014/15

	2014/15 Plan	2014/15 Forecast
EBITDA	£7.4m	£6.4m
Normalised Net Surplus	£0.48m	£0.10m
Cash balance	£8.7m	£12.3m
CIP	£5.8m	£4.9m
Capital investment	£5.6m	£5.1m
CoSRR	4	4

Whilst LHCH has delivered overall a Continuity of Services Risk Rating in 2014/15 in line with plan at level 4 (lowest risk) there have been variations within the plan which have not adversely impacted on the risk rating and are key to the on-going financial sustainability of the Trust. Total operating revenues at year end stood at £117.9m against a plan of £111.0m. This over performance was materially driven by non-elective income at £1.6m above plan (6%) reflecting activity levels at 6% above plan, device income above plan at £2.6m (27%) reflecting increased activity levels (12% above plan) as a consequence of changing NICE guidance in September 2014 essentially lowering the threshold for ICD implantation. Outpatient performance was robust in 2014/15 at £0.7m above plan reflecting a significant increase in referrals to LHCH. The work undertaken to improve our private patient offer resulted in private patient income at £3.6m increasing £0.7m (25%) above plan. In 2014/15 support provided by LHCH to other providers via service level agreements (SLAs) resulted in above plan income performance of £0.7m. Strong clinical and non-clinical income performance in 2014/15 resulted in additional activity related expenditure but still enabled LHCH to mitigate CIP slippage of £0.9m and additionally facilitated investments in quality, notably critical care staffing at £0.4m.

Going forward into 2015/16 there are significant elements of activity related income performance from 2014/15 that are recurrent in nature and have consequently been built into the financial baseline.

During 2014/15, as part of a national drive to reduce the number of patients waiting in excess of 18 weeks the Trust has delivered a planned non-compliant Referral to Treatment (RTT) admitted patient care position during Quarters 2 – 4. The Trust will continue to reduce this backlog in Quarter 1 2015/16 but return to RTT compliance from July 2015.

Refresh of the Five Year Strategic Plan

The Board of Directors has held several sessions to review its 5 year Strategic Plan to test whether the assumptions made are still accurate and whether the implementation and development plans are still on track. The Board has worked with a number of external stakeholders and commissioners to broaden thinking on strategic challenges, key risks and further horizon scanning using a Strengths, Weaknesses Opportunities and Threats (SWOT) analysis process. The Trust has a strong local reputation for excellence and is participating fully in NHS England's Commissioning of Specialist Services review and the Healthy Liverpool Programme developing the options to deliver sustainable quality care for the future. The Trust has also given a greater priority to building collaborative partnerships with local acute and specialist hospitals to deliver seamless, quality care. Overall the Board believe that the strategy is still valid but certain areas have been refreshed to ensure our direction of travel is aligned to national and regional policy including the Five Year Forward View, the Dalton Review of new options for healthcare delivery, the

Francis Whistleblowing report, changes to commissioning of specialist services and the emerging local health landscape. The strategy has been refreshed by working with senior clinicians and operational managers to test clinical and financial resilience and future operational sustainability assumptions.

Building the Right Culture to Succeed

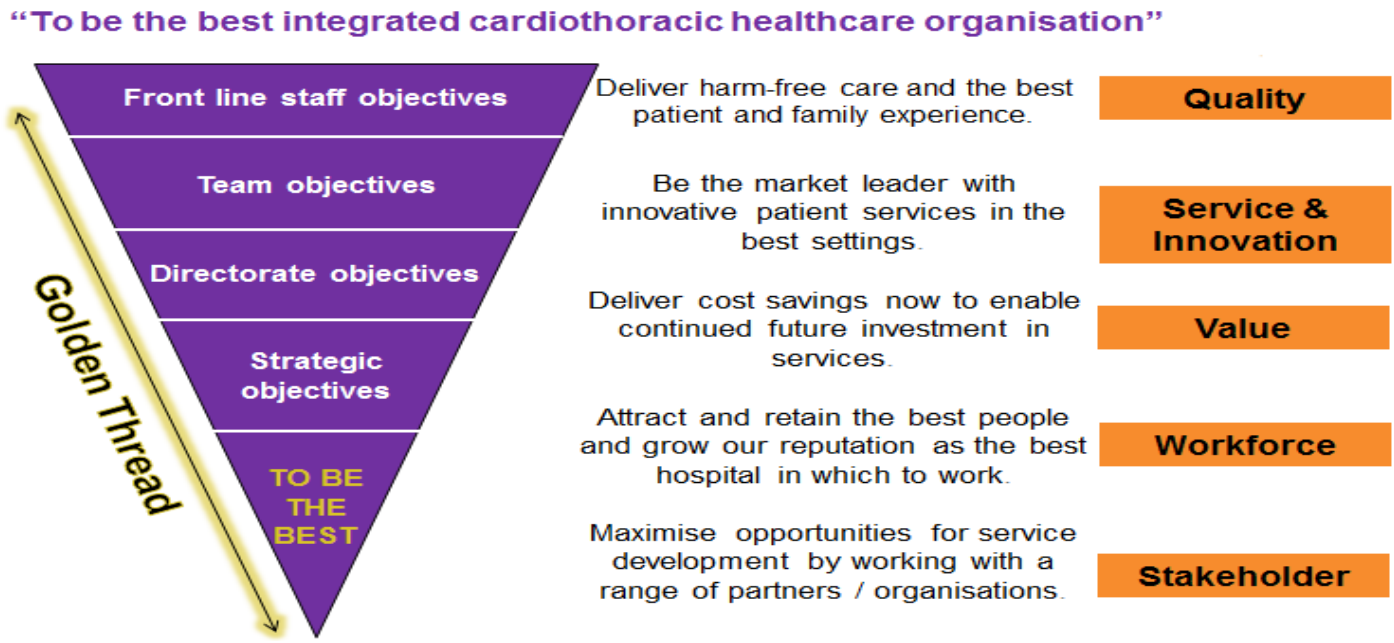
The Trust has a clear vision **'to be the best integrated cardiothoracic healthcare organisation'** and its mission is to provide excellent, compassionate and safe care for every patient every day.

In order to achieve this vision the Trust must build on this strong foundation to: -

- Become the network leader providing clinical excellence across its portfolio of services
- Deliver the 5 strategic objectives encompassing quality, service and innovation, value, workforce and stakeholder engagement

These 5 strategic objectives have been communicated and cascaded through the appraisal process from Board level to frontline staff.

Objectives diagram



Trust Values and Leadership Development

The Trust values have also been refreshed in the last 12 months following feedback from staff to reflect those set out in the NHS Constitution and focus on 4 main areas.

Detailed behaviour statements sit below the values which will be used at recruitment and throughout the appraisal process to enhance staff engagement and develop the right culture and behaviours to fulfil the Trust's vision.

The Trust has approved the development of a Collective Leadership Strategy based on the work undertaken by the King's Fund and the NHS Leadership Academy. Work on implementing this strategy will commence in 2015 and will support changes in operational governance structures and key leaders which have been implemented to drive a stronger Clinical Leadership model.

Key Strategic Risks and Opportunities

Strengths

In order to respond to changing patient needs and ensure future sustainability of services the Trust recognises that it cannot be an island of excellence and must build stronger clinical and organisational relationships to deliver care in a more integrated way.

The Trust's strengths lie in its strong market share and presence, its proven track record of delivery, of quality, governance and financial targets, its reputation for excellence and innovation and ability to attract and retain high calibre staff.

Risks

As a specialist provider with a defined portfolio of services the Trust recognises the challenges of service reconfiguration, increased competition for services, a reduction in number of specialist places for doctors in training, a national shortage of qualified nurses, local competition for qualified staffing resources plus tariff deficiencies and tight financial constraints. The growth in emergency activity that the Trust is experiencing, together with the increasing complexity and acuity of patients is placing a greater strain on sustainable delivery of elective activity and in particular the 18 week RTT. The Trust is mitigating these risks through working proactively and collaboratively with health economy providers to develop integrated models of care and RTT compliance from July 2015.

Opportunities

There are opportunities for growth through the ability to position LHCH as prime cardiology provider and network lead across Cheshire and Merseyside and to develop integrated pathways of care through enhanced partnership working with local acute hospitals, many of whom are experiencing difficulties in recruiting cardiologists and delivering cardiology services that meet clinical standards. There are also opportunities for growth in community services and private patient market share which are being proactively pursued.

1.3 Progress against delivery of the strategy

The Trust will continue to deliver against its 5 year Strategic Objectives through this robust operational plan and the 2015/16 Key Performance Measures which will enable the further improvement of patient experience and outcomes whilst meeting access to treatment standards. The plan is strongly aligned to the NHS Five Year Forward View and the Trust recognises the need to further develop collaborative working with other providers, meet changing local and NHS England commissioning requirements and by building an engaged and motivated workforce, whilst at the same time ensuring sustainable and efficient delivery of services.

The following pages set out the 2015/16 strategic objectives and KPIs, quality priorities, operational, workforce and financial planning assumptions to ensure delivery of the plan.

Each Strategic Objective has a detailed and credible work-plan for 2015/16 to deliver the strategy. Details of the high level objectives and the 2015/16 KPI deliverables are: -

(i) Quality and Patient experience

'To deliver the highest quality, safest and best experience for patients and their families by providing reliable care' through:-

- Reducing pressure ulcers by a further 30%
- Reducing falls by 20%
- Increasing Friends and Family Test recommendations as a place to treat from 99% to 99.3%
- Delivering milestones of the sign up to safety plan
- Refreshing of the Quality Strategy to reflect patient driven priorities.

(ii) Service Development and Innovation

'To develop our service portfolio and business by expanding our current service models and developing innovative models of care' by: -

- Extending 7 day service provision to best meet patient's needs including expanding the Acute Coronary Syndrome (ACS) transfer service to include Saturdays and introducing increased radiology weekend working
- 100% day case rate for complex devices procedures where clinically suitable
- Developing our aortic, electrophysiology (EP) and Adult Congenital Heart Disease (ACHD) service models
- Win the tender for the extended Knowsley Chronic Obstructive Pulmonary Disease (COPD) service in collaboration with 3 secondary care providers
- Explore further opportunities for tele-health and tele-medicine deployment
- Achieve the Clinical Research Network recruitment target for research
- Improve contribution to genomics research – 100,000 genome project recruitment.

(iii) Value *'To maintain financial viability and enhance service delivery through transactional and transformational change'* through:-

- Deliver the 2015/16 Cost Improvement Programme of £4.5m (4%)
- Utilise Patient Level Information Costing to remove unnecessary clinical variation
- Agree and implement care pathways in collaboration with local acute hospitals
- Deliver the Programme Management Office (PMO) transformational service plan
- Reduce Cardiac Surgery length of stay to procedure average.
- Ensure the hospital bed base is subject to optimal clinical pathways of care improving occupancy rates from 82% to 85%.

(iv) Workforce

'To be the best NHS Hospital Employer by 2019' by: -

- Improve staff survey 'Recommend as a place to work' score by 10% (69% to 76%)
- Increase overall staff engagement score by 10% (3.92% to 4.31%)
- Reduce total bank and agency spend by 10% from 4% to 3.6% of total pay bill spend
- Improve attendance to deliver maximum sickness target of 3.6% from 3.85%
- Improve education and training opportunities for trainee doctors.
- Implement the new clinically led divisional structure and leadership development programme.

(v) Stakeholder Engagement

'To develop productive relationships and work in partnership with key stakeholders to deliver excellent care' through: -

- Implementing the cardiology 5 year strategy to become the network leader for Cheshire and Merseyside
- Establishing further joint working including posts in Electrophysiology (EP) Procedures, pacing and imaging
- Increasing LHCH outreach in secondary care through an Integrated Care Model (ICM)
- Enhancing the ACS service offer in relation to timeliness of access
- Implementing the branding and marketing plan
- Becoming a partner of choice in the Healthy Liverpool collaborative care programme.

Productivity, efficiency and Cost Improvement Programme (CIP)

LHCH Board of Directors continues to be committed to managing its financial resources prudently and effectively, enabling the continued provision of high quality services, delivered by the exceptional teams at LHCH and from within a good infrastructure base. It is vital the Trust remains financially viable and continues to provide the services already delivered and to develop new services to improve the health of the population of Merseyside, Cheshire, Wales and beyond. The financial strategy has again been informed by the economic environment the Trust is working within.

The Trust recognises and has debated the challenges it is facing at strategic planning Board sessions but continues to see the opportunities that can present to strengthen the Trusts position in delivering the LHCH vision 'to be the best integrated cardiothoracic healthcare organisation'. The detail provided as part of the

operational annual plan supports the view that the Trust will continue to be successful and that commissioner focus on service quality notably through specialised service specifications, with LHCH being fully compliant, and patient choice playing to the strengths of the Trust.

LHCH Board of Directors whilst fully cognisant of the pressure on NHS resources and the need to deliver both transactional and transformational efficiencies is clear that this cannot be achieved at the risk of diminishing the quality of clinical services to patients.

LHCH fully recognises the need to move from a historical perspective of delivering efficiency through;

- "trading out " via additional income under PbR
- In year ad hoc measures including holding of vacancies and top slicing of budgets

to a position where growth is only included where it is realistic, based on patient demand, fully understood and deliverable. Where growth is evident, the Trust will continue to discuss this with commissioners at the earliest opportunity, on the basis of "no surprises". Growth included in the plans for 2015/16 has funded additional marginal and stepped costs and provides a modest contribution to the overall efficiency requirement. This will require that LHCH moves to a more transformational approach in order to deliver sustained clinical, operational and financial improvement.

In designing the LHCH programme of transactional and transformational change the focus of attention has been to look primarily at the way in which services are delivered and to look at ways of re-designing them to improve the quality of service provided.

Divisions are encouraged to benchmark from a clinical quality and use of resources perspective the way services are provided at LHCH compared to elsewhere and to identify and execute delivery of agreed improvements. The development of annual efficiency plans commenced with the business planning process in November and will be a continuous process.

This involves a refresh of the LHCH medium term plan/strategy. Plans are developed at departmental level with business finance teams supporting the clinical and non-clinical teams in the CIP identification process. Departmental plans are then aggregated into Directorate Plans, which are discussed and either approved or rejected at quarterly directorate business & governance meetings. These meetings are attended by Clinical Leads, General Managers, Service Line Managers and Ward Managers.

The financial plan caters for the need to deliver £4.5m of efficiencies and as at end April LHCH has identified some 78% of this (£3.5m).

Using patient-level information and costing systems (PLICs) data in conjunction with a focus on delivering added value from suppliers some £1.7m is planned to be delivered via the standardisation of products and through delivering improved value on supplier contracts. This represents an efficiency challenge of circa 3.6%.

Critical to the delivery of the CIP challenge are the transformational schemes currently under development including:-

- Pathway redesign circa £0.2m;
- External review programme £0.3m;
- Workforce transformation £1.0m;
- Revenue generating schemes of £0.4m.

The above work streams are well informed and are supported by appropriate project initiation documentation and the established governance structures and processes in place at LHCH including the Programme Management Office (PMO) approach which has supported delivery of efficiency in 2014/15 including carrying out Quality Impact Assessments of CIP Schemes.

LHCH 2015/16 Capital Programme

Building upon the work undertaken to identify the key infrastructure investment requirements to ensure the continued provision of a high quality estate and infrastructure and to ensure patients are treated in best in class facilities the 2015/16 capital investment programme is detailed below.

Programme	2015/16 £m
New Cystic Fibrosis unit	1.1
Critical Care additional beds	0.4
Outpatient Department redevelopment	0.4
Estates Front Entrance	1.0
Estates infrastructure	0.5
IT investment	0.8
Replacement medical equipment	0.8
Contingency	0.3
TOTAL	**5.3**
Depreciation	**(5.4)**
Contingency	**0.1**

The Trust is finalising the investment in a new ward for cystic fibrosis (CF) patients in 2015/16 to ensure first class accommodation is provided to meet the new national service specification for adult CF patients.This facility has been designed in conjunction with patients.

A review of bed capacity undertaken in 2014/15 has confirmed the need for four additional critical care beds and six ward surgical beds. The plan provides the capital and revenue resourcing to finance these. Future proofing against acuity growth and additional isolation facilities will require Board and clinical debate in 2015/16.

LHCH has a relatively new estate reflecting the need to invest a £0.5m in estates infrastructure expenditure for 2015/16.Investment in IT continues in 2015/16 reflecting the need to replace the telephony system.

A small amount of contingency has been reserved to mitigate the risk of any unplanned capital expenditure requirements e.g. medical equipment failure etc.

1.4. Plans for Short Term Resilience

The 2015/16 plan aims to deliver the Trust's quality and governance objectives as a further step towards our vision 'to be the best'. The operational plan aligns infrastructure, workforce, finance and culture to ensure patient care requirements are met to the highest standards whilst developing and motivating our staff. All aspects are risk assessed with clear accountability and responsibility designated through a robust appraisal process thus providing assurance on short term resilience.

1.4.1 Quality Priorities

The Trust has reviewed its Quality Strategy and has set out ambitious quality improvement KPIs for 2015/16 focusing on improving Patient and Family Experience, Staff Experience and the implementation of the Sign up to Safety national programme.

Patient and Family Experience:-

LHCH is recognised for the delivery of excellent patient and family experience evidenced by good results in the national patient survey and its internal measurement in line with the six steps of the Trust's patients and family experience vision. Listening to patients through the following provides a real focus on patient needs:-

Shadowing: Shadowing involves a committed empathic observer following a patient and or a family member throughout a selected care experience. The Trust will continue to encourage shadowing during 2015/16 to provide opportunities for employees to observe the care being delivered in the hospital. Shadowing will also be included as part of the new Cardio Thoracic degree course. All student nurses will be invited to carry out a shadowing exercise to give a broader perspective from independent people coming into the organisation.

Patient and family engagement events: The Trust will facilitate four open listening events with patients and families in 2015/16.

Friends and Family Test (FFT) - The KPI for 2015/16 is to increase the FFT response rate to at least 40% and to include day case patients and outpatient and community services.

Transparency project:-LHCH is one of 19 Trusts who are displaying harms from falls, pressure ulcers, VTE and catheter associated urinary tract infections. The Trust is currently delivering 97% harm free care with ambition to further improve this.

Care Partner programme:- This programme involves asking family's members/carers at admission if they would like to be involved in the care of their relative. This is a key part of the Trust's care programme that will be further developed in 2015/16.

Dementia:-LHCH is committed to delivering better outcomes for patients with dementia. Managing the care of patients with dementia is a significant part of the work of all clinical staff.

Building a Safety Culture:- In order to encourage staff to raise concerns LHCH has signed up to the Nursing Times 'Speak Out Safely' campaign. In addition, a daily Safety Huddle, led by the Chief Executive, has been introduced which is attended by clinical and non-clinical leaders from across the Trust who are encouraged to raise concerns in relation to safety or quality for patients or staff. A culture survey was carried out in August 2014 and work is underway with teams to take forward the improvements they have identified.

Mortality Review Group:-This group is a formal sub-group of the Quality Committee with a remit to review deaths, major harm events and cardiac arrests. This process has been strengthened during 2014/15 by including nursing reviews of all deaths in addition to the medical review. The next steps for 2015/16 are to ensure that improvements and outcomes from the changes in care/practice implemented from the learning can be articulated and cascaded across the Trust.

Care Quality Commission (CQC): The Trust received an unannounced responsive visit from the CQC in February 2014. The final report was received in April 2014 which highlighted two minor and one moderate concern about staffing within the Surgical Intensive Care Unit (SICU). The Director of Nursing and Quality has led a programme of improvement to understand the staff experience concerns. A robust action plan containing key deliverables and milestones was developed with staff and a follow up visit in September 2014 found the Trust was compliant with all standards.

In the draft CQC intelligence monitoring report of May 2015 the Trust is at Band 5 with one elevated risk identified around readmission rates. This relates to patients who are readmitted to other hospitals following treatment at LHCH. The Trust is working with local hospitals to understand whether any further action is required.

Sign up to Safety

LHCH is recognised for the delivery of excellent patient and family experience supported by the results in the national survey and the six steps of the patients and family experience vision.

In addition to the quality ambitions articulated in the 2014/15 quality plan the Trust has recently completed the national "sign up to safety" campaign with key actions as follows:

Action Area One

Develop a reliable care bundle to improve documentation of care by 50% by 2017. Adherence to this bundle will then be audited to identify where timely care has not been given and to improve upon this. This will enable the development of improvement cycles to be embedded in practice. The reliable care bundle will consist of a set of 'always' events which will be:

1. All patients will be reviewed daily, Monday to Friday and at weekends as required by a Senior Clinician, Registrar or Consultant, with clear medical plans documented.
2. The modified early warning score will be recorded with each set of observations calculated correctly and escalated to a senior clinician to review the patient with confirmed documentation.
3. There is clear documentation when a patient is transferred to another ward or home and information shared on transfer/discharge.
4. The Trust will develop the use of the electronic information to be used in real time to help identify care required for patients and improve timely delivery. Clinical leaders will be able to monitor this information on whiteboards in each clinical area.

Action Area Two:
Improving the Safety Culture within the organisation - In 2014 a Trust wide safety culture survey was conducted. From this information the Trust established a baseline data from staff responses and has been working with clinical leads to support staff in implementing improvement plans.

1. The Patient Safety Group will review the improvement plans and offer direction on taking them forward. They will monitor the outcomes from the actions identified and carry out a further safety culture survey each year with the expectation of seeing an increase in improved scores to >60%.
2. Triangulation of the results from the annual staff survey and the staff FFT for job satisfaction, feedback from incidents and staff happy with the standard of care being given to patients will be added to the action plan to improve the safety culture.
3. Improving incident reporting by 50% by 2017 by reviewing the current software system and carrying out a specification procurement exercise early in 2015 to improve the reporting system and continuing to promote the 'Speak out Safely' campaign

The feedback and learning from incident reporting will be included regularly in the monthly Team Brief and in communications to all staff groups.

LHCH Quality Account Priorities 2015/16:-

National, Regional, Local and Trusts priorities have been considered by LHCH when determining Quality Account priorities for the coming year. There is a requirement to choose at least one of the priorities put forward by stakeholders and governors groups. Engagement events were held in February 2015 with stakeholders, governors, and Health Watch to ascertain their priorities as follows;

Priorities for improvement

Priority One: Improve the timeliness of inpatient discharge from hospital

Timely discharge for in-patients to ensure they have everything in place for a safe and timely return to their place of discharge by 12 noon. Feedback from patients suggests discharge delays are a result of delays in take home drugs. The aim is to have at least 10% of patients discharged before 12 noon and for this to increase throughout the year.

Priority Two: Family and carers to be offered the opportunity to be a care partner.

This is pivotal to excellent care. The Trust's aim is to enhance the relationships with patients' carers and families by providing them with the right level of support to provide aspects of care to their loved ones whilst in hospital. The aim is to increase the numbers of carers actively involved in the care given by March 2016.

Priority Three: Patients, families and carers to be able to speak out safely.

The Trust encourages all patients, their families and carers to speak out in a safe and comfortable environment when they feel the need to do so. It is important to recognise that patients, families and carers may wish to speak out safely regarding aspects of care, or other matters and that they are supported to do so safely. As a learning and patient family centred hospital the Trust wants to know when things are unsatisfactory so that changes can be made to improve the experience.

Priority Four: Safe quality care for the most vulnerable groups of patients.

Identifying and ensuring that vulnerable patients receive the best in high quality, safe care in accordance with their needs. It is important to recognise that some patients have specific care needs due to their clinical conditions. The Trust will ensure that all specific care needs are identified and acted upon.

Key Quality Risks and Mitigation

Clostridium Difficile

The target for the incidence of C Difficile is 4 for 2015/16. LHCH aims for continuous improvement recognising that this will be challenging.

Carbapenemase-Producing Enterobacteriacea (CPE)

The bacteria, Carbapenemase-Producing Enterobacteriacea (CPE), has become resistant to conventional antibiotics and has been identified in hospitals in the North West. LHCH, as a tertiary centre, is particularly vulnerable due to transfer from surrounding hospitals. The Trust will require the screening of patients prior to transfer, and will aim to isolate any patient whose clinical status is such that a delay for screening would compromise patient care. In addition, regular screening of critical care patients will also be undertaken.

The containment of multi-resistant bacteria will be a challenge to the NHS over the coming years. The Trust will refresh its infection control policy by June to ensure LHCH has the right physical estate and best practice is in place to deliver world class infection prevention control.

Trainee Doctor Rotations

The Trust has experienced challenges in recruiting junior surgical trainees. In 2016, the "Broadening the Foundation Training Programme" national initiative will place more junior doctors into primary care placement with the impact of less time in a Trust. These factors pose a risk to the staffing levels in surgery. To mitigate this, the Trust is enhancing medical education and training strategy and work is on-going to redefine a multi–disciplinary medical workforce to deliver the key goals of high quality training and clinical care. Several additional Advanced Nurse Practitioners have been recruited to support the junior doctors' work and a detailed mitigation plan is in place to minimise the risk to patients during this transitional period.

1.4.2 Operational Requirements

As part of the annual planning process for 2015/16 the Trust has carried out a full review of its activity and capacity plans for the coming year and the resources required to successfully deliver the plan.

Activity Planning

The Trust has carried out a comprehensive review of activity trends over the past 5 years and reviewed performance during 2014/15 to inform the plan for the new financial year. The planning guidance sent by both Monitor and NHS England has been followed and the current backlog of elective activity has been included as part of the 2015/16 submission. The changes to the 5 domains of the NHS outcomes framework have also been reviewed as part of the planning process.

The Trust utilised capacity and resource planning tools provided by NHS England to assist in the planning process.

The main trends from this review have identified:

- An increase in elective surgical referrals of 6%
- Urgent cardiac surgical referrals up by 5.4%
- Elective surgery is down by 4%
- An increase in the number of elective cases which occupy a theatre for the full day
- An increase in elective electrophysiology referrals of 13%

This change in referral patterns has resulted in a backlog of patients waiting over 18 weeks and this is being addressed by an increase in capacity to ensure both our emergency and urgent care demands can be met as well as consistently delivering the 18 week RTT targets.

The backlog, along with some modest assumptions for growth in the areas where we have seen consistent increases, means that there is a need to deliver an additional 215 cardiac and aortic surgical cases and 180 cardiology and EP cases during 2015/16.

The table below shows the forecast outturn for 2014/15 and the activity plan for 2015/16.

	Planned Activity 2014/2015	Forecast Outturn 2014/2015	Plan 2015/2016
In-Patient			
- elective	*8,666*	*8,374*	*8,703*
- emergency	*4,211*	*4,510*	*4,481*
Out-Patient			
- new	*22,477*	*24,543*	*24,204*
- follow Up	*43,558*	*45,993*	*45,690*

18 Week Referral to Treatment

As described earlier in the plan the Trust has confirmed that it will not be compliant with this target until July 2015. Firm plans are in place to provide additional recurrent capacity and short term support from other longer term providers of cardiac surgery will actively reduce the waiting list. There is a potential risk from further delays in recruitment and the mitigation for this is to continue to outsource work to two other providers as required until full staffing levels are achieved.

62 Day Cancer Pathway

As a tertiary care centre, patients can be referred to LHCH well into the 62 day pathway; we continue to work with District General Hospital (DGH) partners to ensure a timely referral but throughout 2015/16 will work in accordance with the cancer networks agreement on breach allocation recognising breaches as LHCH when referred prior to day 42 of the pathway; referrals after this will be assigned to the referring Trust.

Capacity Planning

To support the delivery of the plan this year and recurrently the Trust has increased capacity in the following:

Accommodation

As part of the planning process for 2015/16 we have undertaken a comprehensive review of our required bed stock using a new bed-modelling tool. This modelling has highlighted a need to increase critical care beds by 4 and surgical ward beds by 6 to resource the additional demand.

As well as providing a robust baseline of the bed requirements to deliver the 2015/16 plan the bed model will help to benchmark performance on length of stay and help inform future service improvement projects to enhance efficiency utilising benchmarking data provided by the National Cardiothoracic Benchmarking Collaborative (NCBC).

The catheter laboratory and theatre schedules have been reviewed to ensure that capacity is available to deliver the additional procedures within current facilities. This will be achieved by utilising the hybrid theatre for the EP procedures.

Modernised Workforce

A key part of delivering the annual plan will be the successful recruitment of the additional workforce required to deliver additional clinical sessions. The additional staffing required includes medical, nursing, allied health professionals and administration staff. Divisional teams have completed workforce plans and the Trust's senior leadership structure has been changed to enhance clinical leadership.

The main challenges include the recruitment of consultant anaesthetists, perfusion staff and the recruitment and retention of critical care nurses. The Trust is also facing the additional challenge of recruiting trainee medical staff following the changes to training rotations and we are currently working with the deanery to explore ways of minimising the impact of the changes on out of hours and weekend medical staffing rotas. Our objective to be 'the best NHS employer' will be focussed on recruiting and retaining a jighly skilled and motivated workforce. A key element of this is the Trust's implementation of Listening into Action which will enhance staff engagement and involvement.

Safe Staffing Levels

As part of the workforce planning the Trust is looking at new ways to fill vacancies and retain staff and new ways of working to mitigate the gaps from unfilled vacancies. One example of this is the recruitment of additional trainee perfusionists to grow our own internal team of staff in the future due to a national shortage of trained professionals. Additional Advanced Nurse Practitioner (ANP) and Surgical Care

Practitioner roles are being developed and extended to support the trainee medical staffing model to meet the current shortfall in staffing numbers and ensure consistency of service is being maintained.

Assurance on levels of nurse staffing is presented to the Board of Directors at regular intervals. To determine the appropriate staffing requirements, the Trust will continue to utilise the safer nursing validation tool and professional judgement to determine the staffing requirements for each area. Updates on compliance are produced for the Board of Directors and published monthly as per national requirements. In addition, this information is displayed on electronic boards at the entrance of each ward which is updated each shift.

Flexing Capacity

As a tertiary centre, a key requirement is to support the local health economy with winter and system resilience planning through the timely transfer of patients waiting in local Trusts for treatment. The pathways for acute coronary syndrome (ACS) transfer patients' has been improved and transfer times have reduced. There are further opportunities to improve this and as part of the Healthy Liverpool programme the Trust is working with healthcare partners to improve the current pathway.

Over the past 2 years, the number of surgical operating sessions per week allocated to urgent transfer patients has increased but this is now impacting on the elective service, in 2015/16 we are increasing surgical capacity will be increased to manage the change in demand.

As part of the ability to flex activity the Trust has also reviewed opportunities to extend the normal working week to provide more 7 day working capacity. The Trust will introduce routine Saturday sessions in the imaging department during 2015/16, extending this to include Sunday working in 2016/17 and will extend the 5 day ACS transfer service to 6 days working per week.

Service Changes

In 2013 NHS England undertook a review of Upper Gastrointestinal Cancer (GI) service position and issued a formal tender notification; this has been suspended but the process has resulted in a stronger collaborative working between LHCH and the Royal Liverpool and Broadgreen University Hospitals (RLUBHT) and a recognition that an enhanced service for patients can be achieved by moving the surgical element of the care pathway to the RLBUHT site. From 1st September 2015 Upper GI surgical care (~60 cases) will be delivered using a @LHCH model on the RLBUHT site with the aim of transitioning to a full transfer by March 2016.

Informatics – Enabled Healthcare

LHCH was an early adopter and launched its Electronic Patient Record (EPR) system in June 2013 with a rolling programme of system improvements as part of a "cycles of change" process. Key developments for the coming year include extending the system for community services, improvements to the pharmacy elements and improving the timely transfer of information such as discharge summaries to local health economy partners. Additionally the outdated telephony system will be replaced.

Research & Innovation (R&I)

The Trust prides has an active research and innovation department as part of its overall strategy.

The Research and Innovation Strategy recognises current research strengths and addresses how the Trust can become more successful in:

- The development of an academic staffing strategy. Two appointments have been made; one in respiratory medicine and another in lung cancer which have been made jointly with other institutions to foster collaboration
- The delivery of an internationally acclaimed clinical trial, HEAT PCI, which employed new recruitment methodologies resulting in 100% enrolment of relevant patients onto the trial over a 22 month period. The results demonstrated the superiority of a cheaper anticoagulation agent which has led to changes to the European guidelines on percutaneous intervention and cost savings across the globe
- The establishment of new clinical services in cardiomyopathy and cardio-oncology

- The appointment of a Clinical Lead for Research and Innovation.

The Trust is also working in collaboration with the North West Coast Academic Health Science Network and is a key player within Liverpool Health Partners to maximise opportunities for research and innovation across the North West.

The R&I strategy has been refreshed for 2015/16 with an ambition to increase trials, patients recruited and grant income.

Key Operational Risks and Mitigation

The Trust has identified the following key operational risks to the delivery of the plan for 2015/16:

Recruitment to agreed extra posts

The delivery of the workforce plan is crucial to deliver the step changes in activity required in the 2015/16 plan and reduce waiting times for patients and to meet the 18 week RTT targets recurrently. There are a number of posts that present recruitment challenges within the staffing plan which will require innovative ways to deliver our workforce for the future.

To mitigate the lead-time required to establish the required additional capacity the Trust is working in partnership with other providers to deliver additional cardiac surgery procedures for patients who have been offered the choice of location for their procedure. This will allow time to recruit the staff required.

Changes to referral patterns

Another key risk is further change to referral patterns including urgent and elective work, patient activity and niche specialist care, have seen strong growth over the past 2 to 3 years and, in the case of EP, for the last 5 years. The growth in Aortic cases has been consistent and the catchment population demand for Trans Aortic Valve Insertion (TAVI) is higher than the current commissioned numbers. The additional capacity will provide some flexibility for growth and partner provider capacity will be utilised if necessary.

The mitigation plan if activity were to decline would be to reduce the workforce model using staff turnover and the reduction of additional sessional payments to achieve this as a first option.

Summary

Having completed a robust review of activity and capacity planning for 2015/16 the Trust has developed an Operational Plan that will deliver a stepped change in capacity to meet growing demand. The Trust is working proactively with commissioning colleagues at NHS England regarding the pressures the Trust is facing against the backdrop of limited financial funding to ensure a sustainable service can continue to be provided in the coming years.

1.5 Financial Forecasts

The Trust's financial plan has been developed in line with the revised annual planning timetable set out by Monitor in March 2015. The plan has been discussed by the Board throughout its progressive iterations; with Board approval prior to the submission of the draft operational plan on the 7th April, and the final submission on the 14th May 2015. The plan has been formulated on the basis of;

- The application of Payment by Results (PbR), utilising rules under the Default Tariff Rollover (DTR) as set out by Monitor and NHS England in its letter sent to providers on the 18th February 2015
- Financial assumptions have been agreed with secondary commissioners. Dialogue is continuing with tertiary commissioning colleagues and whilst recognising the financial challenges being faced NHSE are aware of the need to ensure a financial plan is agreed that delivers adherence to NICE guidance on access to specific treatments and ensuring patients are seen and treated to meet the NHS Constitution waiting targets. Whilst positive discussions have been held and commissioners are aware of the key drivers contained within the Trust's financial plans the NHSE contract remains unsigned

- Whilst contracts with commissioners of acute services to the value of £15.4m have been signed with Liverpool CCG as the lead commissioner, on behalf of itself and associate CCGs an initial contract offer is still awaited from Wales and further discussions are required in respect of services commissioned by NHSE. The position based on the formal offer received from NHS England indicates a gap in the region of £2.0m, which is driven by activity backlog RTT income. The Trust has shared detailed plans, and engaged with NHSE throughout the contract negotiation process, with the intention of avoiding unplanned over performance in year. The Trust is confident that the position will be settled in its favour either through contractual agreement, or through the delivery of actual outturn activity in year. LHCH and NHS England have agreed to a joint review of backlog activity to be complete by early June. The contractual gap risk has been mitigated by NHS England paying additional £0.3m per month until the review is completed
- Detailed internal activity modelling and planning culminating in the production of internal divisional financial, service and performance contracts.

The Trust's financial strategy is to maintain a minimum level 3 continuity of services risk rating (CoSRR) throughout 2015/16 under the current risk assessment framework. In order to achieve this objective, the Trust recognises the need to continue the identification and delivery of increasingly challenging efficiency requirements, and has included plans for the delivery of a CIP of £4.5m (4.0%). Against this target the Trust has identified work streams to support the delivery of £3.5m of the overall requirement, leaving a residual value of £1.0m to be identified. The Trust recognises this as a key area of risk, and while the plan incorporates a £1.0m CIP risk reserve; the Trust will continue to provide organisational focus, with the objective of mitigating the risk without recourse to this reserve by the end of quarter one.

The Trust has undertaken an assessment of key risks, incorporating both upside and downside scenarios to the baseline plan. The total value of downside risks considered in the plan total £2.3m, and include; the potential shortfall in delivery of CIP (£1.0m); price volatility in respect of energy (£0.1m) and the potential for commissioning penalties in year e.g. RTT (£0.1m). A total of £2.4m possible mitigations have been identified, and these include; a risk reserve of (£1.0m); an escalation in cost control ranging from a freeze on recruitment and discretionary spend – to the further management of discretionary pay costs (£1.0m); increased levels of income beyond those prudently included in the plan – and specifically in respect of private patients and outpatients (£0.2m); and other smaller items (£0.1m).

The application of mitigating actions will be applied depending on the extent to which any downside issues materialise, and whilst the Trust will seek to exercise robust cost control as a matter of routine, the use of vacancy freezes as an example will be avoided unless necessary. In addition to the mitigations identified, the Trust has also identifies a range of upside opportunities which have been recognised, but not included in the plan (£0.6m), these largely relate to service development opportunities not included in the baseline plan e.g. through the application of myocardial revascularisation guidelines (£0.2m).

The Trust recognises the challenges it is facing but sees opportunities to strengthen its position through extending integrated models of care. The detail provided in the operational plan will ensure that the Trust continues as a going concern supported by commissioner focus on service quality.

The financial strategy prudently includes clinical income based on forecast at month 9 2014/15 at 2014/15 prices but references activity trends across service lines and point of delivery (POD) over the five year period 2009/10-2013/14 and the need to meet waiting times. Activity levels in 2014/15 were overall broadly in line with plan but specific significant over performance on some service lines e.g. pacing, driven by NICE guidance on device implantation thresholds at 10% above plan being offset by service lines such as respiratory at 21% below plan. The full year effect of the NICE guidance on device implantation (additional 66 devices) has not been included. The need to continue to deliver additional activity and capacity to return to sustainable RTT compliance in 2015/16 has been factored into the plan. However, as signalled to Monitor, the Trust will breach the RTT in Quarter 1 of 2015/16 due to the growth in emergency activity, patient complexity and acuity. The financial plan covers the need to treat an additional 395 patients to reduce waiting list numbers (215 cardiac surgery and 180 cardiology) with a consequent upside to the clinical income plan of £3.6m, materially falling to the main commissioner NHS England with expenditure associated with additional capacity to deliver this work of £3.9m.

As noted earlier in this section the Trust has chosen to utilise the default tariff rollover (DTR). Key to the Board's decision to opt for the DTR was the level of risk and uncertainty concerning the resetting of a 2014/15 baseline to reflect the significant impact on activity, costs and income associated with NICE

guidance in respect of Implantable Cardioverter Defibrillators (ICDs). The impact of the rules under the Default Tariff Rollover (DTR) have been built into the financial plan. Key risks to LHCH around the adjustment made between points of delivery notably from admitted patient care to A&E would have resulted in a loss of some £3.5m on a clinical income base of circa £110m under the enhanced tariff option (ETO), which together with the potential risk of being unable to rebase ICD activity - far outweighs the financial risk re loss of CQUIN income under the DTR. No in year change in tariff associated with DTR has been incorporated into the plan though if implemented this could result in the need for further additional CIP.

Robust performance of private patient income in 2014/15 has been consolidated into the private patient plan set for 2015/16 at £3.9m.

Expenditure is expected to increase in 2015/16 as a result of the Trust's CIP efficiency programme of £4.5m and inflationary pressures within the tariff consultation guidance, impact of changes to employers' superannuation contributions, the 2015/16 pay award and activity related costs(1.6% overall). The financial strategy caters for inflation of 2.5% for drugs and other non-pay inflation at 1.6%.

The summary income and expenditure position is detailed below:

	2014/15 Plan £'m	2014/15 Forecast £'m	2015/16 Projected £'m
Income	111.0	117.9	121.0
Expenditure	103.6	111.4	113.8
EBITDA	7.4	6.5	7.2
Normalised Net Surplus/(Deficit)	0.5	0.1	(0.3)
EBITDA Margin%	6.7%	5.5%	6.0%
Continuity of Services Rating	4	4	3

The 2015/16 plan shows an increase of circa. £10.0m from the 2014/15 planned position (£117.9m out turn) with the constituent elements including general growth of £5.2m based on 2014/15 outturn, additional income relating to waiting list / backlog activity necessary for the delivery of RTT targets £3.6m, coding and counting changes £0.5m, and other changes to the baseline position.

The deficit position included within the plan reflects the overall challenge the Trust faces in delivering efficiencies of £4.5m, whilst also incorporating unavoidable cost pressures, investment in quality and marginal / stepped costs in the delivery of planned increases to activity.

The Trust remains focused on the following areas to ensure delivery of the financial plan:

- Continued emphasis on the robust control of costs through strong internal controls underpinned by extensive communication and engagement within the organisation of the financial challenges faced by the Trust
- Continued development of a structured process for the delivery of efficiencies, coordinated through the project management office (PMO) to ensure that new frameworks for the reporting of CIPs, and guidance on the overall governance structures and processes are fully embedded and operational
- The maintenance of the clinical income base in conjunction with seeking opportunities for growth aligned with both patient requirements for specialist care and the Trusts vision to be the best integrated cardiothoracic organisation in the country
- The continued development and increased use of Service Line and Patient Level Costing Information systems to drive increased efficiency and reduce costs e.g. to remove clinical variation
- A tight control of the liquidity position and improved treasury management processes

Key Financial Risks and Mitigations

The key risks to the delivery of the financial strategy are:

- Delivery of a challenging 4.0% CIP target given historically strong performance and delivery with 2014/15 being the first year CIP was not delivered in full and recurrently.
- The introduction of a revised 2015/16 tariff for Trusts that opted for DTR.
- The potential for aortic activity to continue to increase over and above 2015/16 planned levels and the associated loss incurred on these procedures recognised by commissioners.
- The potential application of Standard Contract penalties in respect of readmissions, failure to meet RTT at speciality level and C Difficile.
- Inability to recruit resulting in high bank and agency costs
- The inability to reach contractual agreement with commissioner's specifically NHS England given scale of difference in the stated base value and Trust income assumptions. Risk mitigated by over performance be paid in full at PbR rates.
- Anticipated new cost pressures in 2015/16 are in line with forecast.
- The level of activity performance required within the financial plan set with regard to backlog activity is not recurrent necessitating the need to disinvest in posts etc in 2016/17. Risk is materially mitigated by turnover levels within clinical teams.

These risks are being actively managed. The financial plan for 2015/16 caters for £1.0m in respect of risk mitigation.

In order to achieve the financial strategy the Trust will continue to ensure that it has a firm control of the financial consequences of all its decisions ensuring that robust control of costs is maintained.

Capital Investment:- The annual plan submitted in April last year included a capital plan for the two year period 2014-15 to 2015/16, the plan for 2015/16 is set within this context. In terms of the capital programme, approximately £5.3m will be invested in 2015/16 including:

- Estate redevelopment £2.9m: The Trust will continue its modernisation programme of its wards and other patient facilities to ensure its facilities remain state of the art and offer the highest quality experience to our patients and families. This includes £1.1m for a refurbished cystic fibrosis ward. £0.4m for the reconfiguration of outpatients to improve patient flow, £0.4m for the expansion of critical care beds; and £1.0m is included for the development a new front entrance and enhanced patient reception facilities
- Medical equipment replacement programme of £0.8m. The replacement investment in equipment will enable the Trust to continue to deliver efficient and clinically safe services;
- Estates infrastructure/maintenance of £0.5m
- IT Investment £0.8m
- Capital contingency £0.3m

Liquidity:- Cash balances over the life of the plan stand at circa £7.0m with cash for CoS RR liquidity standing at £2.2m with consequent impact on liquidity days at circa -7 days.
In line with best practice LHCH prepares a short term cash flow forecast on a 13 week basis, going forward this will be shared with operational managers as key cash influencers to give greater visibility over the cash position to aid and influence decision making impacting on cash. Reports will also be incorporated within formal reports to assurance committees.

The Trust will continue to maximise options to improve the working capital management and further develop cash preservation initiatives during 2015/16.

The Trust is reviewing the merits of establishing a cash committee consisting of both finance and operational cash influencers to promote a stronger cash culture across the Trust and provide a forum for monitoring and tracking cash preservation initiatives.

Appendix 1: Financial Commentary

Summary

2015/16 will continue to be particularly challenging financially across the health economy and specifically for the Trust, in practical terms the key factors include:

- An overall efficiency requirement of 4.0% to be delivered in year;
- An increased stretch on commissioner affordability and in view of key areas of activity growth identified. While the Trust will be paid for activity undertaken in full, there is likely to be an increased focus on the development of QIPP / demand management schemes, together with the potential application of contract penalties. This is also likely to impact on the ability of commissioners to recognise deficiencies in the tariff and agree local variations to recognise growing activity in loss making specialties;
- The likely increase in levels of competition from local Trusts looking to develop less specialised services such as PCIs and EBUS; and
- Continued economic instability and the wider impact this has on the Trust's commercial environment.

The Trust recognises the challenges it is facing but sees opportunities to strengthen its position through extending integrated models of care. The detail provided in the operational plan will ensure that the Trust continues to succeed and that commissioner focus on service quality (national standards, NICE implementation and delivery of the NHS Constitution) remains a key strength.

The Trust's financial performance for 2014/15 is forecast to achieve a normalised net surplus of £0.1m against a plan of £0.48m. The below plan level of performance reflects the impact of higher levels of activity(and margins delivered) especially within cardiology experienced throughout the latter part of the year together with the slippage experienced on the CIP programme materially around pay at circa £1.0m and agreed planned investments. On the basis of the financial performance in 2015/16, the Trust is forecasting to achieve the planned CoSRR of 3, and recognises that through the worst case position with CIP contingency rolled out the Trust would maintain this. The cash balances available will enable the Trust to support its capital development programme in 2015/16 with investment at levels of depreciation.

The key assumptions in relation to the above are:

- Finalisation of the 2015/16 contract discussions in line with Trust expectations;
- Contracts with secondary commissioners, with Liverpool CCG as the host, have been agreed and signed in line with the agreed contracting timetable;
- Whilst discussions are continuing with NHS England, activity undertaken will be paid at full tariff under the DTR mechanism, income not agreed as part of the starting contract position has been mitigated by additional cash payments to support liquidity whilst agreeing RTT delivery levels.
- Whilst the Trust will work closely with NHS England in the development of the QIPP agenda, the schemes presented at this stage are very early in development, thus it is not anticipated that there will be a significant impact in year. Where there are known areas of impact the Trust will seek to build in transitional arrangements as appropriate. The Trust will work with commissioners to support the QIPP agenda.
- Whilst contracts with North Wales have yet to be agreed, the 2014/15 outturn which forms the basis of the 2015/16 contract proposal is only marginally different to the original plan for 2014/15, and so does not present any further pressures for the commissioner
- Further strengthening of the Trust's private patient business following robust performance during 2015.

Pricing:- The Trust has opted to utilise the default tariff rollover (DTR) which means that the Trust will continue to be reimbursed at 2014/15 tariff, with no deflator applied – but will forgo CQUIN payments during 2015/16. Key to this decision was the level of risk and uncertainty concerning the resetting of a 2014/15 baseline to reflect the significant impact on activity, costs and income associated with NICE guidance in respect of Implantable Cardioverter Defibrillators (ICDs) and growth in cystic fibrosis patients.

There are no assumed opportunities for price growth over the period of the plan.

Given that the DTR tariff arrangement has been implemented while Monitor considers the next steps in developing a more permanent solution, further work on the structure of the tariff is expected – although it is not clear when the outcome of this process will be concluded. The Trust will monitor developments regarding updates to tariff arrangements, and will seek to influence areas which the Trust consider to be inequitable e.g. the shift in funding between outpatients and A&E. At the same time the Trust will continue to put forward a case for more appropriate pricing for services which are not appropriately funded under existing tariff arrangements e.g. the aortic aneurysm service.

Service Developments:- The planned expansion of the pulmonary rehabilitation service (non-activity related) has been agreed and included within the plan, with additional income of £184k included at this stage, although the overall contract movement agreed with commissioners is £286k.

The Trust will seek to consolidate the position which has been established within the community by retendering for the continued provision of enhanced respiratory services for community services in Knowsley this follows the successful tender to retain Community CVD services. The development of these service areas is consistent with the Trust Strategic Objective to maximise market share, particularly within the community based on the excellent clinical outcomes, feedback from patients and evidenced reduction in A&E attendances.

The Trust will seek to build upon the robust private patient performance during 2014/15, and will aim to further develop this position over the next 12 months.

Income:-The Trust's planned income for 2015/16 of £121.1m compares to a forecast income in 2014/15 of £117.9m. The main elements of this increase include £3.6m, reflecting the need to treat an additional 395 patients to reduce waiting list numbers (215 cardiac surgery and 180 cardiology); increases in the number of Cystic Fibrosis patients (£0.3m); specific drug adjustments (£0.2m); coding changes (£0.5m) and a range of other changes which incorporate the detailed assessment of 2014/15 outturn against plan. The full year effect of the NICE guidance on device implantation (additional 66 devices) has not been factored into the baseline activity plan and remains under discussion.

The principal contract is with NHS England via the Cheshire, Warrington and Wirral (CWW) Area Team and totals £72.0m, although this value is still to be agreed.

There are two other major commissioner contracts, one with Liverpool CCG (the Lead CCG for the Cheshire and Merseyside area) for Secondary Care activity with a value of £15.4m has been agreed.

The other major contract is with North Wales. While the Trust has submitted a contract proposal which is broadly in line with the plan for 2014/15, a formal contract offer is awaited. The plan includes £14.9m as the assumed value for this contract. Whilst this reflects an increase on the final outturn position with Wales (£14.4m) it is broadly in line with the plan for 2014/15, and considered to be a reasonable assumption going forward.

Payment by Results:- As noted earlier in the section the Trust has opted for the DTR, which means that no tariff inflation has been applied. The financial plan caters for the loss of CQUIN of £1.7m as part of the agreement. This is offset by the continuation of the 2014/15 tariff and avoidance of impact of revised tariff deflator (circa. £3.2m) in conjunction with the Trust receiving full payment of drugs and devices activity.

Contracts:-The Trusts' main commissioners and contract values built into the plan for 2014/15 include:

Commissioner	
NHS England (Tertiary Contract)	£72.0m
Liverpool CCG (Secondary Contract)	£15.4m
Health Commission Wales	£14.9m
Isle of Man	£ 2.9m
Knowsley CVD Service	£ 1.9m
Knowsley COPD Service	£ 1.7m
Total Major Contracted Activity	**£108.6m**

Note; while the total value of the contract agreed with Liverpool CCG and its associates is £15.4m, at this stage £15.2m has been included in the internal plan, the difference being considered as an upside to the plan.

Activity:-The planned inpatient activity profile shows an overall increase of 415 spells (3.1 %) from the 2014/15 forecast outturn. This includes the delivery of an additional 215 surgical cases and 180 EP cases within Cardiology.

Outpatients show a small increase of 48 **(0.1%).**

Conclusion

Overall the Trust believes that it has a robust operational plan to meet the challenges and opportunities facing it in particular the financial plan and constraints, quality priorities, delivery of activity levels and building a sustainable workforce.