Homerton University Hospital NHS
NHS Foundation Trust

Annual Plan 2010/11

May 2010

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1. Chief Executive's Review

1.1 Summary of 2009/10

The Homerton exists to serve the people of Hackney and train the next generation of health professionals. We must never lose sight of this. As I will describe later, we have a fantastic opportunity to make great strides this year and beyond with what is potentially the most significant change to the trust and the population we serve in recent years.

In terms of the year just ended, 2009/10 was dominated by Health for North East London (H4NEL), the review of acute hospitals undertaken in the north east London sector. This required our time and attention and will continue to do so as the process continues. We are fully committed to working with the sector to provide the optimal services for our patients in whichever setting is the most appropriate.

So how effective were we this year?

For the people we serve, we were yet again able to provide them with evidence that the Homerton is a well run and effective hospital, gaining "excellent" both for service quality and use of resources in the Care Quality Commission's (CQC) ratings published this year. We were one of only a small number of hospitals in the country to achieve this two years running.

We continued to perform well against the key national targets for A&E wait times and 18 weeks from referral to treatment, with patients benefiting from some of the shortest elective wait times in London.

Last year we also saw an increased focus nationally and locally on quality and safety, and this we welcomed. Hospital death rates are reported using the HSMR; the Homerton's ratio of <100 is one of many indicators used to provide us with assurance that our care is safe and effective.

Our performance against other key quality and safety targets such as MRSA and C-Difficile demonstrated our continued improvement in the provision of high quality standards of care. At the end of the year we had just 9 cases of hospital acquired MRSA and 24 C Difficile, compared with 11 and 55, respectively, in 2008/9.

As with all hospitals, we were subject to an unannounced inspection of our hygiene standards by the Healthcare Commission in 2008/09. The report issued following a further review in 2009/10 confirmed our effective implementation of a number of recommendations made during the visit. This is reassuring.

We do however recognise that there are areas for improvement. The Trust has not met the 62 days urgent referral to treatment of all cancers target for last year. This was principally due to the current urology pathway which clinically determined that patients should wait 6 weeks for their MRI scan. Following significant consultation with our clinicians and external advice from various agencies, changes to the pathway have been made which gives us confidence that we will meet the required standard in 2010/11.

Along with all NHS hospitals we publish our first full Quality Accounts this year. This annual report sets out the quality and safety of the services we provide together with our priorities for improvement over the short to medium term.

Other events within the hospital that patients will notice

A number of other important changes took place at the Homerton in 2009/10.

Our major building programme has gone to plan, with the opening of the first stage of the new **Mother and Baby Unit** now complete and in use, with final handover and completion

anticipated in August 2010. The new unit will comprise expanded and fully refurbished neonatal intensive care units with 8 additional cots, giving a total of 24 cots providing neonatal intensive care services for hospitals across the North East London Perinatal Network and Essex.

We made significant progress in increasing the level of Same Sex Accommodation within the hospital during 2009/10. We plan to address the outstanding areas of non-compliance in the current year.

We were designated as both a specialist **Stroke Unit and Trauma Centre** for London, establishing our key role in the provision of these important services for patients. The year has also seen rapid expansion in two of our specialist services – surgical obesity and fertility. We are now one of the country's major centres for obesity treatment (surgery).

The new Chronic Obstructive Pulmonary Disease (**COPD**) community service began in operation in July 2009. The objective is to provide a more integrated service for patients, helping to facilitate admission avoidance and early discharge from hospital. Feedback from the service has been particularly positive with low rates of re-admission for this particular group of patients.

From this year, GP's can sit with a patient in their consultation room and, using an electronic system, book an appointment for that patient to see a specialist at the Homerton at a time that is convenient for the patient. We do not have all GP's and specialists linked yet but will do so in time.

The Homerton featured favourably in the national press on a number of occasions. August 2009 was the deadline for hospitals meeting the **European Working Time Directive** which restricts the number of hours doctors can work. This led to much national attention on the Homerton as we had achieved this all important requirement in 2007 ahead of other hospitals.

As the **2012 Olympic and Paralympic Games** approach, we have been very fortunate to be supported by a number of the Olympic sponsors. We have been the recipient of a major gift from the General Electrics Company in the form of additional specialist equipment to support our mother and baby services. Coca Cola have funded an exciting welfare and fitness programme for our staff. We are hugely grateful to both companies for their support.

In addition, we have through our fundraising work, secured a number of very generous grants towards our Positive Lives campaign, a fundraising initiative aimed at providing additional high quality facilities for HIV patients visiting the hospital.

1.2 Financial Performance

The Trust achieved an I&E surplus of £3.9m for financial year 2009-10, ahead of the original plan of a £1.9m surplus.

INCOME & EXPENDITURE

	2009-10 Plan £m	2009-10 Actual £m	2009-10 variance £m
Total operating income	173.6	178.5	4.9
Total operating expenses	(161.3)	(164.6)	(3.3)
EBITDA	12.3	13.9	1.6
Depreciation	(6.4)	(6.0)	0.4
PDC dividend	(4.0)	(4.0)	0.0
Net surplus	1.9	3.9	2.0
CIP	(5.7)	(5.6)	(0.1)
Cash balance held at year-end	13.7	16.5	2.8
Financial risk rating (FRR) score	3.0	4.0	

The improved position was driven by additional net income generated from higher than expected levels of activity, particularly for non-elective inpatients and outpatients. Activity and income from direct access diagnostic testing also increased above planned levels. Planned growth in specialist areas including bariatric surgery and fertility also materialised as expected.

Other key highlights included:

- year-end financial risk rating score of 4
- CIP savings of £5.6m delivered
- cash balance at year-end of £16.5m
- Significant capital investment of £9.8m

1.3 Acknowledgements and thanks

Pauline Brown, Director of Nursing and Governance, left the Homerton at the end of 2009/10. Pauline spent 10 years at the trust, playing a significant role in raising the quality of care provided to our patients, our successful foundation trust application, and developing the our robust systems of governance. I would like to thank Pauline on behalf of the whole organisation for her fantastic contribution to the trust, the nurses and matrons, and the patients we serve. We wish here well for the future.

1.4 Look ahead

NHS City and Hackney (formerly City & Hackney PCT) has agreed in principle to transfer its **community health services** to the Homerton by 1 April 2011. We believe this is one of the most significant and exciting opportunities we have had to transform the range and quality of services provided to our local population for many years. There is a lot of work to do both in the run up to and following the transfer however it is one of our top priorities for the coming year and something we are absolutely committed to making a success.

The recommendations from **H4NEL** have been consulted upon and the implications are currently being worked through. We are not expecting a significant change to the services we provide as a consequence. However the review reinforces plans to move work from hospital to community settings, and highlights the reality of the changing commissioning intentions, models of delivery, and the economic climate for all hospitals.

We have been very open about the preliminary discussions we are having with both Whipps Cross University Hospital NHS Trust and Newham University Hospital NHS Trust. We are completely committed to a joint programme of work, supported by NHS London and local Commissioners to establish whether there is merit in pursuing some form of **closer management alliance** between the three organisations over time. The discussions are ongoing, entirely consistent with H4NEL, and primarily about pooling resources and expertise at management level.

These factors have to be considered carefully. The Homerton's future is not entirely in its own hands – we have to work with those that fund and regulate us and those that set policy to ensure a sustainable and secure model for the provision of health services for the people we serve. I am confident that this will happen but we must be open to change.

Part of the Homerton site is currently leased to East London Foundation Trust. Mental health services have changed radically recently and different facilities are now required by the service. It is likely therefore that they will vacate the Homerton site, probably in 2013, giving an important opportunity to think about the **Homerton campus** and what service could be moved or developed here. This will be picked up as part of the development of an **estates strategy**.

Further details of the strategic vision for the organisation and our key priorities can be found in the following chapter of this document.

2 Vision and key priorities

2.1 Our Vision

The core components of our strategic vision have remained consistent throughout our Foundation Trust existence: to serve the people of Hackney; to provide a defined range of specialist services; to be thriving and sustainable; to improve performance continuously; to be characterised by modern high quality systems and processes enabled by innovation and technology; and with a comprehensive supporting infrastructure and buildings.

These core principles remain valid for us and have been further developed in conjunction with our Board, clinical leaders, and Governors to reflect the opportunities and challenges that lie ahead.

Our resultant core objectives for 2010/11 and beyond are summarised below:

1. To not lose sight of our core mission and purpose – that is to provide high quality and safe services to the people of Hackney and surrounding areas – whilst we give intensive and focussed attention to determining the appropriate strategic path for the organisation.

2. To respond effectively to the changing economic and healthcare environment, ensuring the hospital remains clinically and financially viable, and at all times producing evidence that our services are safe and effective.

3. To look after our workforce through a time of potentially very significant change, ensuring that their enthusiasm for serving the people in our care does not waiver.

2.2 Key Priorities

Under these broad headings we have updated our key priorities for the short to medium term. In particular, we have taken account of the dominant economic situation and known and potential changes to commissioning and provision currently being driven at the national and local levels. Our 10 key priorities are set out below:

1. At all times, **provide optimal health services** in terms of **quality, safety, and effectiveness** – the "**Day Job**"

2. Drive forward and improve the levels of the **quality, safety and patient satisfaction** with regard to the services we provide.

3. Successful **integration of NHS City & Hackney's community health services** and transformation of the existing portfolio of services the Homerton delivers, where appropriate.

4. Implement a range of significant strategic **service development** plans.

5. Fully embed Service Line Reporting **(SLR)** and move towards Service Line Management **(SLM)**.

6. Develop **financial strategy** to ensure the Trust is well placed to face the economic challenges ahead and able to robustly evaluate and pursue strategic opportunities.

7. Become an **NHS employer of choice** and centre of excellence for healthcare professional training.

8. Develop an **estates strategy** that ensures we continue to provide our evolving portfolio of services (including community health services) from an appropriate and sustainable physical environment.

9. Develop an appropriate **strategic response** to the changing secondary care (acute) market, including H4NEL, and the economic environment.

10. Develop an appropriate **Olympic Legacy**.

2.2.1 Priority 1: Providing optimal health services within the resources available ("the day job")

Overview

At all times we must ensure that we are providing the highest quality and safest services possible to patients with the resources available.

Alignment with strategic vision

Through maintaining our focus on the core business of delivering high quality affordable healthcare we will sustain our position as the provider of first choice for the population we serve and help ensure that we remain both clinically and financially viable.

Key milestones/measures of progress

The key actions and milestones in relation to the continued provision of optimal health services are as follows:

- Achieve an unconditional CQC registration
- Maintain on going compliance with the relevant Regulator's requirements including the terms of the CQC registration and Monitor's Compliance Framework
- Maintain our "low risk" ratings and continue to deliver care at the "excellent" (or equivalent) level
- Comply with national standards and targets including A&E, 18 weeks, infection control, and cancer
- Productivity and Efficiency Programme initiatives are embedded and developed on a rolling as opposed to annual basis
- Delivery of services within agreed financial constraints
- Continue to justify a "light touch" approach to compliance and performance monitoring from our regulators

Senior Responsible Officer: Tracey Fletcher, Chief Operating Officer

Performance Monitored by: The Trust Board

2.2.2 Priority 2: Improve quality, safety, and patient satisfaction

Overview

Improving the quality and safety of the services we deliver is of fundamental importance to us. It has been a longstanding corporate objective and the achievement of an "excellent" rating from the CQC (formerly the Healthcare Commission) in each of the last two years provides us we a degree of assurance that we are focusing our efforts in the right areas.

This year sees the introduction of Quality Accounts. We have used the production of the Quality Accounts as an opportunity to establish the baseline of where we are against a number of measures of quality and safety and set our priorities for the years ahead.

Alignment with strategic vision

Delivering on this priority will ensure that we maintain our position as market leader, provider of first choice, and allow us to build on our reputation for quality. We are also incentivised to make further progress on the quality agenda through Commissioning for Quality and Innovation (CQUIN) packages.

Key milestones/measures of progress

Please refer to the Quality Accounts for more details of the priorities we have chosen, the rationale behind the prioritisation, and the key milestones to be achieved.

Key milestones (2010/11)	Key milestones (2011/12)	Key milestones (2012/13)
• Successfully deliver quality accounts and implement a robust quality monitoring regime • Respond to our recent patient survey result and improve levels of patient satisfaction • Establish our CQUINs programme and ensure that we achieve national, regional and local targets and incentives	• Integrate the quality, safety and patient satisfaction goals within Service Level Management • Further develop our CQUINs programme and ensure that we continue to achieve all national, regional and local targets and incentives • Achieve a step change in relation to quality, patient satisfaction	• Become a top decile performer across a range of quality measures (tbd)

Senior Responsible Officer: Charlie Sheldon, Chief Nurse & Director of Governance

Performance Monitored by: Quality Committee/The Trust Board

2.2.3 Priority 3: Successful transfer and integration of NHS City & Hackney Community Health Services

Overview

In March 2010 City and Hackney PCT agreed in principle to transfer the contract for the delivery of its Community Health Services (CHS) to the Homerton by 1 April 2011. We are working with the PCT to better understand the nature of the services currently within the CHS portfolio, the scope of the transfer, and plan the work that lies ahead. This is a very exciting opportunity for us and for the communities we serve.

Given the early stage of the engagement with NHS City and Hackney, the current financial projections only include the estimated costs of the due diligence and integration planning. Our projections will be updated accordingly once we are better able to evaluate the impact of the transfer and the nature of the contract for services we will be awarded, should we decide to proceed.

Alignment with strategic vision

CHS delivers a range of services to families, children, and adults from over 80 community sites and within peoples' homes. The services currently delivered are set out below:

Category	Service line	
Children and Families	• Paediatrics • New Born Hearing Screening Service • Audiology • Children's • Physiotherapy • Children's Occupational Therapy • School Nursing	• Speech and Language Therapy • CHYPS Plus • LAC/Safeguarding • Children's Specialist Nursing • Health Visiting • First Steps • Disability CAMHS • Sickle Cell & Thalassaemia • Community Nursing
Adults	• Primary and Urgent Care Centre • Dietetics • Adult Psychological Therapy • Adult Community Nursing • Substance misuse • Learning Disabilities	• Wheelchair services • Adult community rehabilitation team • Locomotor • Dermatology • Sexual Health • Foot health

The current community health services team comprises in excess of 860 whole time equivalents ranging from nurses through to members of corporate support functions. The current contract has an estimated annual value of approximately £50m. We envisage that the contract for the ongoing provision of these services from 1 April 2011 will be awarded to us for an initial period of 3 years.

The transfer of CHS to the Homerton will enable us to:

- Reduce the number of interfaces between community and secondary care
- Improve the way in which services are delivered for the benefit of our patients; and
- Through the transformation of the current service portfolio, provide seamless, fully integrated quality services to the population we serve.

Key milestones/measures of progress

We are committed to ensuring that the legal transfer of the community health services is achieved by 1 April 2011, subject to appropriate due diligence and regulatory compliance. Notwithstanding the above, it is important that we remain focused on the longer term transformation and not simply a technical programme of work that comes to an end on 31 March 2011.

Within the project plan we have identified a number of key milestones. The most significant of which are set out below:

Key milestones (2010/11)	**Key milestones (2011/12)**	**Key milestones (2012/13)**
• Successfully scope, plan and execute the transfer of NHS City & Hackney's community health services • Develop a 3 year plan to transform the services provided by the enlarged organisation • Fast track the integration of certain community services such as sexual health and other services where appropriate – to be confirmed during due diligence and integration planning processes	• 1 April 2011 – effect transfer of NHS City & Hackney's community health services • Full safe integration of entire workforce on day 1 • Full integration of the following services from day 1 [Assumed to be the majority of services – to be confirmed during due diligence and integration planning processes] • Integration of the remaining services by 1 October 2010 • Improve outcomes in the following areas: (TBC)	• Full integration of all components of enlarged organisation • Prepare the ground for the retendering for the provision of community health services in 2014

Senior Responsible Officer: Jo Farrar, Director of Finance

Performance Monitored by: The Trust Board

2.2.4 Priority 4: Service Development Strategy

Overview

In addition to the integration and transformation of the community health services, we have identified further two areas of service development commanding a high level of corporate focus in light of their importance. These areas are the **Perinatal** service, focusing on quality, differentiation and an appropriate academic programme, and the development of a strategy for the Information Technology based support to clinical services (i.e. our Electronic Patient Record (**EPR**) strategy).

There are also a number of other clinical and support service developments that will be taken forward at the divisional level, for example:

- HIV/Fertility services
- Further growth and development of Bariatric Services
- Expansion of Anal Laser service
- Retinal Screening Services
- Chlamydia Services

To enable the continued delivery of the existing high quality services and to support the development of new or expanded services we will also be investing in various clinical support services and technological projects, including:

- Pathology service modernisation
- Stress Echocardiography provision (diagnostics)
- Endo – Bronchial Ultrasound (diagnostics)
- Supporting the move towards electronic correspondence

Alignment with strategic Vision

Develop a portfolio of services that our commissioners what to commission, our patients want to receive, and are delivered safely and efficiently.

Key milestones/measures of progress

Each service development has a project plan detailing the rationale for the development; alignment with the corporate vision; key actions and delivery risks; resource requirements; and measures of progress. Given their number the plans have not been replicated here. Summaries will be included within our submission to Monitor and are available on request.

Senior Responsible Officer(s): John Coakley, Medical Director
Tracey Fletcher, Chief Operating Officer

Performance Monitored by: Clinical Board

Priority 5: Fully embed Service Line Reporting and move towards Service Line Management (SLM)

Overview

Towards the end of 2009/10 we made significant progress in relation to establishing the basis of Service Level Reporting (SLR) with the organisation. The work has been well received and there is a high degree of interest and clinical buy-in for the work done so far.

This ongoing programme of work will ensure that SLR is fully embedded within the organisation and that, if and where appropriate, in time we move towards a greater degree of local autonomy (to be defined) through Service Level Management (SLM).

Alignment with strategic Vision

These initiatives will allow us to better understand the relative performance of our portfolio of services and enable clinical leaders to define the way in which services are developed and managed.

Key milestones/measures of progress

Key milestones (2010/11)	Key milestones (2011/12)	Key milestones (2012/13)
• SLR refined and monthly reports available in Q1 • "Rules of the game" for SLM, including corporate areas, developed during the course of the year • SLR used to inform 2011/12 budgeting and business planning processes • Pilot SLM in a couple of areas (star performer and "needs improvement") within each division and corporate areas (i.e. look at overheads) • Develop appropriate organisational development plan to ensure that the clinical leadership is enabled to deliver on its aspirations	• Implement SLM for current service portfolio • Develop SLR and potential approach to SLM for the community health services portfolio	• SLM fully embedded for current service portfolio • Implement SLM for the community health services portfolio

Senior Responsible Officer: Tracey Fletcher, Chief Operating Officer

Performance Monitored by: Clinical Board

2.2.5 Priority 6: Development of an appropriate Financial Strategy

Overview

Across the NHS and the wider public sector the implications of the economic crisis are still emerging and the full effects are yet to be understood and felt. This will not only manifest itself directly in terms of increased financial pressure, with potential reductions in funding, but may also come through indirectly as more patients need to access the service.

In line with national policy, there is an increasing focus on care settings and, where appropriate and possible, ensuring that patients are treated in the community and closer to their homes. There is every indication that our local commissioners will be pursuing this agenda with a greater degree of intent from this year and beyond.

In addition, the north east London sector within which we operate has significant local issues. These include the affordability of the new Barts and the London hospitals and other more historic financial and structural challenges which commissioners and providers alike will need to face up to and resolve.

All of these factors increase the imperative for a robust financial strategy, high quality planning, and control. We will need to be confident that we have a financial strategy that is fit for the organisation and the context within which it operates. One that ensures we remain viable and able to maintain the quality of the services that we deliver. In addition, we must also be able to confidently prioritise our scarce strategic resource, both capital and revenue, to sustainably expand and adapt our service portfolio as appropriate.

This financial strategy will be developed during the course of 2010/11.

Alignment with Strategic Vision

The development of a robust financial strategy will ensure that the Trust remains financially viable and able to deliver its service development and clinical strategy.

Key milestones/measures of progress

The key actions and milestones in relation to the development of our financial strategy in the coming year are as follows:

- Develop appropriate investment policies and establish associated governance arrangements
- Establish clearly defined process for critically evaluating significant investment and divestment opportunities and making decisions
- Clearly link drivers of financial performance to the services we deliver through SLR and SLM
- Ensure treasury management policy aligned with and appropriate to supporting the trading and investment activities of the Trust

Senior Responsible Officer: Jo Farrar, Director of Finance

Performance Monitored by: Finance Committee

2.2.6 Priority 7: Become an NHS Employer of Choice and Centre of Excellence for health care training

Overview

Our workforce is critical to the delivery of the day to day operations of the business and the achievement of the transformation underpinning our strategic vision. The development and implementation of an appropriate workforce strategy has been identified as a key priority for us. Our strategy will encompass a number of:

- **Initiatives** – Including a reduction in sickness and vacancy rates and better 'talent management';
- **Aspirations** – We will strive to become recognised as the lead provider of education in the sector;
- **Measures** - to ensure continued regulatory compliance (H&SE and mandatory training); and
- **Enablers** – for example improved IT systems.

Alignment with strategic vision

Ensure that we look after and develop our workforce through a time of significant change and challenge, ensuring that their enthusiasm for serving the people in our care does not waiver. We need to encourage flexibility and adaptability in our workforce to ensure they are ready for change.

Key milestones

The key measures of success in relation to our workforce strategy are as follows:

- Improved levels of staff satisfaction, recruitment and retention rates, and sickness levels
- Successful planning for the transfer and integration of the City & Hackney's community health services workforce
- Define and develop a marketing strategy for the training and development opportunities the enlarged organisation will be able to offer
- Continued compliance with mandatory and statutory training requirements and continued legislative compliance (i.e. Criminal Records Bureau checks)
- Undertake a trust-wide nursing skill mix review and respond to fully address shortfalls
- Define and implement appropriate leadership and organisational development programmes

Senior Responsible Officer: Cheryl Clements, Director of Workforce

Progress monitored by: Trust Board

2.2.7 Priority 8: Develop an Estates Strategy

Overview

We are currently in the process of developing a comprehensive estates strategy. This will not only encompass our site plan but also our vision for the (potentially) enlarged organisation's estate following the transfer of NHS City and Hackney's community health services to the trust by 1 April 2011. The strategy must also address our approach to ongoing compliance with relevant regulation and the sustainability agenda.

We envisage that this strategy will be developed during the first half of the year with a view to being finalised in the autumn. We have also moved to a 3 year rolling capital plan as opposed to the traditional 12 month focus.

Alignment with Strategic Vision

An appropriate strategy will ensure that, where possible, we use estate as an enabler of change, either directly (physical environment) or indirectly (i.e. value releasing).

Key milestones/measures of progress

The key actions and milestones in relation to the development of our estates strategy are as follows:

- Undertake a review of the needs of the organisation both existing and as enlarged by the possible transfer of community health services
- Undertake due diligence on the community health services portfolio and estate related commitments and liabilities that are subject to the proposed transfer to inform both pricing and the post transaction integration phase of the project
- Refresh our existing estates strategy in light of the above and to ensure ongoing compliance with current regulatory requirements, including the sustainability agenda
- Develop "succession plan" for areas of our estate which may fall vacant in the near term (i.e. parts of the East Wing currently occupied by East London Foundation Trust and expected to be vacated in 2013.)
- Where appropriate, develop a joint asset management strategy with NHS City and Hackney in light of the service transfer and the way in which local healthcare delivery models may change in future

Senior Responsible Officer: Andrew Panniker, Director of Estates

Progress monitored by: Capital Strategy Group / The Trust Board

2.2.8 Priority 9: Develop an appropriate strategic response the changing healthcare and economic climate.

Overview

Develop an optimal strategic response to the changing secondary healthcare (acute) market (including H4NEL) and the economic environment. We are completely committed to a joint programme of work, supported by NHS London and local Commissioners to establish whether there is merit in pursuing some form of **closer management alliance** between the three organisations over time.

Alignment with Strategic Vision

Delivering on this priority will ensure we provide the best quality care for the communities we serve.

Key milestones/measures of progress

Key milestones (2010/11)	Key milestones (2011/12)	Key milestones (2012/13)
• In the context of H4NEL, evaluate and make formal joint decisions on whether of not we pursue a greater degree of management alignment with Newham and/or Whipps Cross • Develop integrated plan for enlarged business including NHS City & Hackney's community health services	• Continue to evaluate and make formal joint decisions on whether of not we pursue a greater degree of management alignment with Newham and/or Whipps Cross • If appropriate proceed with the acute management alliance, plan and execute integration and FT application • Begin to implement integrated plan for enlarged business including community health services	• Continue to evaluate and make formal joint decisions on whether of not we pursue a greater degree of management alignment with Newham and/or Whipps Cross • Full integration of community health services components of enlarged organisation • Begin to implement integration plan for the acute elements of the enlarged business including community health services

Senior Responsible Officer: Nancy Hallett, Chief Executive

Progress monitored by: Trust Board

2.2.9 Priority 10: Olympic Legacy

Overview

In July 2005, London was successful in its bid to host the 2012 Olympic and Paralympic Games.

Healthy living and physical activity were at the heart of the NHS campaign to bring the Games to east London; as winning the bid would act as a catalyst to get Britain more active and fitter. The NHS was a unique selling point in the London bid. Britain was the only country bidding to host the Games with an established national health service already equipped to deliver professional health services to a diverse population.

As the designated hospital for the Olympic park the Trust has an exciting role to play in helping the London Organising Committee for the Olympic Games (LOCOG) and NHS London prepare and provide health services for the Games period. LOCOG will provide comprehensive health facilities on the Olympic Park, with support provided by the Homerton for accredited Games personnel requiring hospital care.

Alignment with Strategic Vision

The trust has a great opportunity to define an Olympic legacy that is consistent with and enables the delivery of our broader strategy.

Key milestones/measures of progress

During the course of this year the Homerton Olympic Planning Group will develop a plan to ensure we:

- Further develop relationships and strategic partnerships with Olympic sponsors
- Leverage the benefits of improved infrastructure (i.e. transport) providing patients and staff with better access to the trust campus and the services we provide
- Capitalise on the interest that the games will bring to the area and raise the profile of the trust as great place to work and train

Senior Responsible Officer: Nancy Hallett, Chief Executive

Progress monitored by: Homerton Olympic Planning Group

2.3 Financial Forecasts

2.3.1 Overview

The Trust's financial forecasts have been produced taking account of past performance, the latest guidance available nationally (Operating Framework and Monitor) and locally (commissioning intentions), and on a bottom up basis within the organisation. The Trust has agreed contracts with its commissioning PCTs with activity levels based on 2009/10 outturn, adjusted for known areas of pressure and limited growth where justified.

It is also worth nothing that during the course of 2009/10 all foundation trusts were required to formally submit revised 3 year financial forecasts in light of the increasingly challenging economic climate. The Trust continues to review its position on a regular basis and its financial plans for 2010/11 and beyond should be considered as relatively "live". This will continue to be the case, particularly in the context of the proposed transfer of NHS City and Hackney's community health services which, given the early stage of discussions, is yet to be reflected in our projections.

The key assumptions underpinning the forecasts are also noted below. The expectation is that the challenging economic climate will continue for the foreseeable future with below zero net tariff inflation and an implied efficiency target of approximately 5%.

2.3.2 Key Assumptions

The following key assumptions underpinning the financial projections for 2010/11 and the subsequent 2 years reflect the latest Monitor guidance, national guidance, and the local context.

KEY ASSUMPTIONS		**2010-11**	**2011-12**	**2012-13**
Tariff uplift		0%	-0.5%	-0.5%
Reduction in MFF income		-£2.0m	-£0.5m	-
Activity shifts		-£1.8m	-£1.8m	-£2.6m
NHS inflation		3.5%	3.5%	3.5%
CIP required	£m	£6.2m	£9.7m	£9.7m
CIP required	%	3.5%	5.5%	5.6%

Tariff inflation

For 2010-11 there was zero uplift in national tariff combined with expected cost inflation of 3.5% which has to be funded through efficiency savings. The assumptions for 2011-12 and 2012-13 are for a -0.5% reduction in tariff and 3.5% cost inflation, requiring 4% efficiency savings in each year.

These assumptions are based on the most recent financial planning assumptions from NHS London and Monitor. The assumptions are also consistent with the Dept of Health *Operating Framework* which states that the 3.5% efficiency requirement built into the 2010-11 tariff will increase over the following three years.

Market Forces Factor

The Trust's Market Forces Factor (MFF) index was reduced for 2010-11 resulting in £2m reduction in income. A further reduction in MFF is expected in 2011-12, to bring the trust index down to the target calculated by the Dept of Health, leading to a further income reduction of £0.5m.

Other tariff changes

From 2010-11, a marginal rate of 30% of tariff applies to any non-elective activity above a baseline set at 2008-09 levels. This is not considered a significant risk to the trust as non-elective activity levels are currently below this baseline.

2010-11 also sees the introduction of best practice tariffs, initially for two elective and two emergency areas of service (cataracts, cholecystectomy, fragility hip fracture, and stroke care). In order to qualify for payment of an increased best practice tariff the trust will have to demonstrate the required clinical pathway has been followed. The use of best practice tariffs is expected to increase significantly in coming years.

In London, changes to the model of care for stroke services and the development of hyper-acute stroke units (HASU) will lead to potential changes to the trust's casemix and income for this service.

A change to the status of the national tariff has also been signalled by the DH in the *Operating Framework.* After 2010-11, the national tariff will change from being the mandated price payable to being the maximum price payable, and so subject to local price negotiations with commissioners.

Education and Training

The DH has proposed a change to the basis of allocating education and training funding (MPET) to trusts, with the introduction of a tariff-based system of funding from 2011-12. Initial modelling of the impact of the proposed tariffs indicates that the trust will lose an estimated £400k income in 2011-12, with a further potential reduction of £250k in 2012-13. This has been reflected in the projections.

Contract activity

Activity reductions totalling £1.8m are assumed in the 2010-11 contract plans by commissioners. These activity shifts are expected to continue in the following years as polysystems are developed in Hackney, with further reductions of £1.8m estimated in 2011-12 and £2.6m in 2012-13. Most of these reductions are assumed in outpatient activity, with some reduction also forecast in A&E attendances and elective spells.

Clinical activity

		2009/10 Plan	2009/10 Actual	2010/11 Plan	2011/12 Plan	2012/13 Plan
Elective	spells	15,039	14,922	14,641	14,550	14,477
Non Elective	spells	27,450	27,349	27,136	27,370	27,370
Outpatients	attendances	215,547	220,145	199,019	186,742	175,005
A&E (incl PUCC)	attendances	109,032	111,825	112,831	112,831	112,831

CIP savings requirement

The 3.5% CIP requirement for 2010-11 totals £6m. PEP schemes totalled £4.8m, with the balance coming from anticipated additional CQUIN income.

For 2011-12 and 2012-13 the efficiency savings required to achieve a target 1% surplus are estimated at £9.7m in each year, equating to approximately 5.5% of turnover. This is slightly higher than Monitor's latest acute provider downside case, which has an implied efficiency requirement of 5.1% in 2010-11 and 4.8% in 2011-12.

2.3.3 Projected Income and expenditure 2010-2013

The table shows I&E actual performance before impairments for 2009-10, with projections for 2010-11 and the following two years.

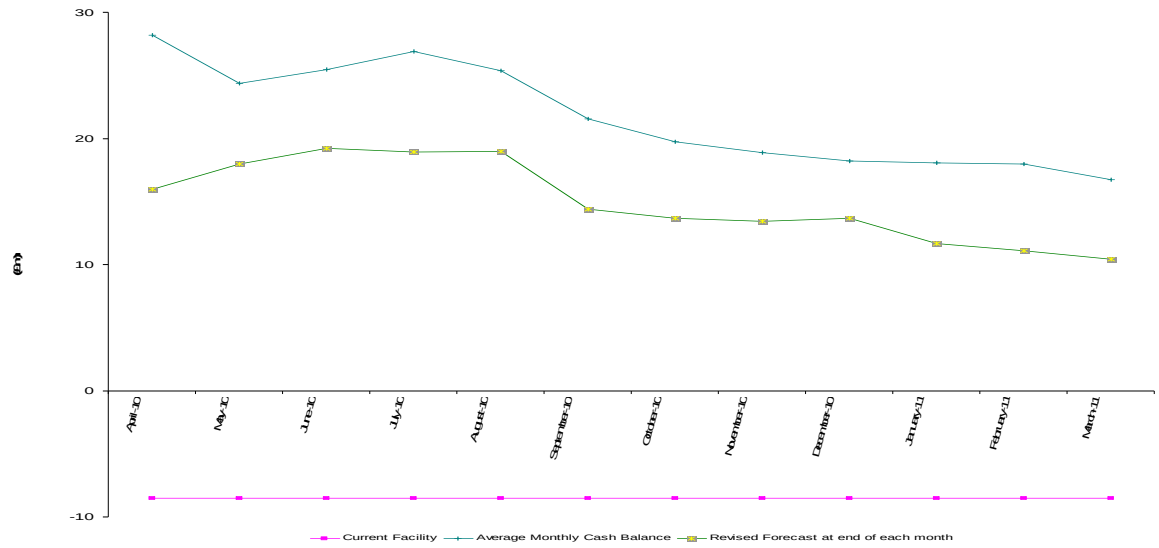
INCOME & EXPENDITURE Summary	**2009-10 Plan £m**	**2009-10 Actual £m**	**2010-11 Plan £m**	**2011-12 Plan £m**	**2012-13 Plan £m**
Total operating income	173.6	178.5	178.2	179.4	178.2
Total operating expenses	(161.3)	(164.6)	(166.7)	(167.2)	(165.4)
EBITDA	12.3	13.9	11.5	12.2	12.8
Depreciation	(6.4)	(6.0)	(6.0)	(6.5)	(7.0)
PDC dividend	(4.0)	(4.0)	(3.7)	(3.9)	(4.0)
Net surplus	1.9	3.9	1.8	1.8	1.8
CIPs required			6.2	9.7	9.7
Financial risk rating (FRR) score	3	4	3	3	3

The income levels forecast for 2011-12 and 2012-13 include increases for planned service developments and well as anticipated reductions due to activity shifts and tariff changes.

Forecast costs include inflationary increases, cost pressures, and the impact of service developments including higher depreciation charges. Reductions equating to the required level of CIP savings have also been included in the forecast, to give an overall target I&E surplus of 1% in each year.

2.3.4 Projected cashflow / working capital

The chart shows projected net month-end cash balances for 2010-11.The available working capital facility of £8.5m is also shown. The key factors affecting future cash balances are ability to generate planned surpluses, levels of capital spend, and borrowing.



The projections also assume the repayment of existing loans for the perinatal development totalling £3.5m in September 2010-11.

2.3.5 Capital Programme

The main capital schemes and costs for the next three years are shown in the table, along with associated funding sources. Proposed schemes have been categorised as regulatory, committed, and discretionary according to the purpose of the project and the stage reached in its implementation or planning.

	2010/11 £m	2011/12 £m	2012/13 £m
Committed			
Perinatal Development	1.9	-	-
HIV/Positive Lives	0.1	1.5	0.6
Other	0.8	-	
	2.8	1.5	0.6
Regulatory			
Pathology Reprovision	0.4	3.0	4.0
Boiler modernisation	0.2	1.3	-
Endoscopy	1.5	-	-
Other	1.3	0.4	0.5
	3.4	4.7	4.5
Discretionary			
Contingency	1.0	1.0	1.0
Other	2.8	3.0	2.0
	3.8	4.0	3.0
Total	10.0	10.2	8.1
Sources of funds:			
Depreciation	6.0	6.5	7.0
Slippage	4.0	0.9	-
Cash reserves / loans	-	2.8	1.1
	10.0	10.2	8.1

3 Risks and External Factors

3.1 Overview

As with any NHS organisation, the Trust operates within a complex and dynamic environment. The global economic downturn continues to define the context within which the NHS needs to plan. For us, 2009/10 was also dominated by the review of acute hospital services in North East London. We are not expecting significant changes to the services we provide as a consequence of the review, however, it does reinforce plans to move work out of hospital and into community settings. Subsequent reviews, which may have a more significant impact on us, cannot be ruled out.

All of these factors mean that we cannot assume our destiny lies entirely in our own hands. National and regional reviews designed to address issues of quality and cost will continue to impact on us. Clearly this will present opportunities to us as well as risks that must be mitigated where possible and managed where it is not.

In preparing our annual plan a number of key assumptions have been made, as set out above. Inevitably there will always be some variability around these assumptions which translate into a degree of risk over the planning period.

The Trust's risk registers and governance processes are designed to assess the impact of identified risks on the Trust's plans, and ensure that where possible they are appropriately mitigated or managed. The key external factors indentified during the course of the planning process and proposed mitigating are summarised in appendix 2 to this document.

The Board of Directors has reviewed the risks that may prevent the Trust from achieving its objectives, complying with its Terms of Authorisation, and achieving the operating and financial plan over the review period.

The objectives with the highest potential negative impact if not achieved, are identified within the Board Assurance Framework. This document is reviewed regularly by the Board with independent assurance being provided by KPMG, the Trust's internal auditors.

Further details of the risks faced by the trust and the proposed mitigating actions will be shared with Monitor as part of our annual plan submission.

Appendix 1

Homerton University Hospital NHS Foundation Trust
Board Statement/Self Certification
2010/11

As part of the annual planning process the Board is required to self certify a range of Board statements relating to a number of areas including clinical quality, compliance with the Terms of Authorisation and board roles, structure and capacity.

The board's unqualified statements are set out below:

Clinical quality

The board of directors is required to confirm the following:

✓	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;
✓	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
✓	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 services

The board of directors is required to confirm the following:

✓	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

The board of directors is required to confirm the following:

✓	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 2010/11.

Risk management

The board of directors is required to confirm the following:

✓	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;
✓	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;
✓	The necessary planning, performance management and risk management processes are in place to deliver the annual plan;
✓	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 (see http://www.hm-treasury.gov.uk);
✓	The trust has achieved a minimum of Level 2 performance against the requirements of their Information Governance Statement of Compliance (IGSoC) in the Department of Health's Information Governance Toolkit; and
✓	All key risks to compliance with their Authorisation have been identified and addressed.

Compliance with the Terms of Authorisation

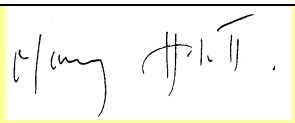
The board of directors is required to confirm the following:

✓	The board will ensure that the NHS foundation trust remains at all times compliant with their Authorisation and relevant legislation;
✓	The board will ensure that the NHS foundation trust will, at all times, have regard to the NHS constitution;
✓	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;
✓	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
✓	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

The board of directors is required to confirm the following:

✓	The board maintains its register of interests, and can specifically confirm that there are no material conflicts of interest in the board;
✓	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;
✓	The selection process and training programmes in place ensure that the non-executive directors have appropriate experience and skills;
✓	The management team have the capability and experience necessary to deliver the annual plan; and
✓	The management structure in place is adequate to deliver the annual plan objectives for the next three years.

Signature		Signature	
Printed Name	Nancy Hallett	Printed Name	Michael Cassidy
Date	27th May 2010	Date	27th May 2010
In capacity as Chief Executive & Accounting Officer		In capacity as Chairman	

Signed on behalf of the board of directors, and having regard to the views of the governors

Appendix 2 – Key External Factors

The following table sets out the key external factors that we believe are relevant to the organisation and how we plan to manage them.

Key external factor	Risk to the plan	Mitigating actions and residual risk	Overall expected outcome	Measures of progress and accountability
Changing economic environment Challenging economic environment both macro, micro, national and local. Pressure driven by worsening economic climate, threats of reductions in funding, and impact of policy changes beginning to bite. This pressure will be exacerbated at the local level. Certain "fixed points" (i.e. affordability of Barts and the London PFI) will have an increased significance over time	The assumed levels of activity and tariff assumptions my prove to be overly optimistic We may come under increasing pressure to compromise our position financially i.e. local tariffs and PbR seen as a ceiling and not a floor Fast moving situation which will require us pre-empt and respond to changes quickly. Plan will have to be "live"	Development of a financial strategy to take account of economic outlook, overall trust strategy Refine internal performance monitoring arrangements Ensure timely performance reporting Continue to assess and evaluate viability and explore opportunities, as appropriate	Enable services to be delivered in a sustainable way Allow us to robustly evaluate, prioritise, and make key investment and disinvestment decisions Ensure we are considering and making decisions based on a reliable view of current and forecast performance, also taking account of external factors	Development of draft financial strategy by Autumn 2010 Revision of performance monitoring arrangements by Q2 2010 Significant investment policy, including evaluation methodology by July 2010 SRO: Director of Finance Tracking: Finance Committee
System management and viability Lack of realism around appropriate forms and pace of system Decommissioning risk as Commissioners try and repatriate significant pieces of work away from the hospital in line with to address other local viability issues Changes in demographics increasing demand or acuity increasing pressure on costs and/or income (finite)	Actions of others may result in a significant impact on the plans (strategic and financial) of the trust In trying to resolve overall and complex structural issues, components (HUH included) of the system may be destabilised For example, a decreasing birth rate may have a significant adverse impact on the trust and the viability of certain services	We continue to work closely with commissioners and NHS London to ensure we are aware of and influence direction of travel e.g. Establishment of maternity marketing group and associated action plan. Activity levels (planned and booked) being tracked at weekly operational meetings	As appropriate, share our impact analysis and experience so others are aware of the implications of their proposed actions and therefore influence behaviour	Trust's strategic vision and objectives consistent with commissioning / system management intentions SRO: Chief Executive Tracking: Board

Key external factor	Risk to the plan	Mitigating actions and residual risk	Overall expected outcome	Measures of progress and accountability
Commissioning Changing commissioning relationships for acute services - moving away from a local commissioner to a Sector based Acute Commissioning Unit (SACU). Other services (i.e. community) may follow Changing behaviours driven by a more commercial approach to commissioning leading to more contractual disputes and threats to levels of income	HUH is no longer the most significant provider within the local commissioning relationship. Unforeseen changes to planned levels of activity may be "forced" through	Continue to build meaningful relationships with the SACU, NHS City and Hackney, and other key commissioners Move forward with QUIPP agenda to ensure we are an efficient, high quality provider of choice Transfer and integration of community health services may go some way to act as a hedge to the risk of repatriation, albeit at a lower price	Increased pressure on our financial allocations and more demanding performance requirements We will maintain our position as a high quality provider of choice.	Establishment of a good and open working relationship with our commissioners (no surprises approach) A minimal number of contractual disputes and penalties A service development strategy that is consistent with commissioning intention SRO: Chief Operating Officer Tracking: Board
Reputation / perception Reputational risk / perception - Driven by poor performance and/or poor publicity Emphasises the importance of delivering on high profile targets including the 4 hour wait and the 62 day cancer targets Elevation of Quality and the Patient Experience expectations – and rightly so Failure to deliver against public expectation and quality metrics in relation to safety, effectiveness and patient experience as measured by the national survey	The trust's reputation and viability will become intrinsically linked with the quality of the services it delivers and the level of satisfaction achieved. CQUIN incentives may be jeopardised or penalties incurred	Maintain an absolute focus on quality, safety and patient satisfaction. Continue to develop new relationship with key commissioners and ensure that they are aware of the issues we face, and the action we are taking to address them Proactively seek and act on patient feedback on quality issues Raise staff awareness of the key drivers of patient satisfaction	We will at least maintain and should improve the quality of services we deliver	Achievement of CQUIN targets Improved patient satisfaction scores SRO: Chief Executive Tracking: Board and Board of Governors

Key external factor	Risk to the plan	Mitigating actions and residual risk	Overall expected outcome	Measures of progress and accountability
Entry into new markets Lack of commissioning continuity, particularly around community health services, may increase the risk in relation to the terms we negotiate with NHS City and Hackney in relation to the transfer of community health services	"Unknowns" and capacity risks associated with the transfer, integration and delivery of community health services for NHS City and Hackney	Thorough planning Robust due diligence and integration planning Appropriately resourced evaluation / integration team	Decision on whether to proceed and on what basis will be made in light of findings of the due diligence and quality of integration plan	SRO: Director of Finance Tracking: Finance Committee / Board
Regulation More challenging economic environment and greater degree of scrutiny in relation to quality and safety, based on failures elsewhere within the system, may lead to tighter regulation. A number of Regulators (i.e. Monitor and the Co-operation and Competition Panel) act as gatekeepers within the system. May not be possible to pre-empt the decisions they make.	Tighter regulation may lead to certain strategic opportunities being viewed as too risky. In addition, demonstration of ongoing performance (in broadest sense) may become more onerous.	Our own governance / performance monitoring regimes are consistent with Regulators' compliance requirements Continued formal and informal dialogue with key regulatory bodies	No surprises Maintaining confidence in our ability to self govern	SRO: Director of Finance Tracking: Board
Workforce Under supply in certain key staff groups	Resource plans may not be supported by availability of key staff groups	Improved workforce planning The development of a workforce strategy Greater focus on recruitment and retention initiatives	Better fill rates for areas where we have historically found it difficult to recruit	Lower vacancy rates and consequently reduced usage of bank and agency staff Improved levels of staff satisfaction SRO: Director of HR Tracking: Board