

Annual Plan 2006 - 2007



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1. Introduction from the Chief Executive

We would like to thank all our staff for their contributions and hard work in ensuring 2005/06 was a successful year for the Trust. We continued to work extremely hard to deliver quality patient care and once again achieved the national targets.

The Trust is not alone in having a financial challenge in the new era of Payment by Results and Patient Choice. These programmes have been designed specifically to improve patient services by creating financial incentives.

The financial position is a clear signal to the Trust and the community we serve, that we need to change. We need to effectively manage our patient activity and income through efficient systems and processes. We will also continue to manage and control our costs through redesign of our clinical and non- clinical services.

This is the formal Plan via which the activities of EKHT will be directed and governed in the coming 12 months. It identifies what we want to achieve as an organisation and how we will go about doing it. The Plan does not attempt to identify every activity that will be undertaken within the Trust, but focuses on the key issues which will affect every part of the organisation.

We face a challenging year in 2006/07 as we seek to deliver developments in patient care within an environment with significant financial pressures. This is also a time of rapid change in the way the NHS is organised and patients, their carers and staff all have raised expectations of us. There will be some difficult decisions for the Trust Board, clinical leaders, managers and individuals, if the Plan and its objectives are to be successfully delivered. The completion of the Reconfiguration Programme, planned and delivered over many years, is clearly not the end of change affecting the Trust but only another phase in a process of continual change and improvement.

David Astley
Chief Executive

2. Introduction

- 2.1 The Plan will form part of the Trust's Integrated Business Plan (due for completion in October 2006), a 5 year plan that will outline the way forward for the Trust over the next 5 years.
- 2.2 The Trust's Annual Plan is the result of a health economy wide planning process taken forward to deliver national and local priorities for 2006/07. It builds on the Plan produced for last year and encompasses the Trust's strategic direction. The Plan is presented at a time when a range of NHS policies are in train that set out important changes to how NHS policies will be delivered and managed in the future. Both the Trust's strategic and Annual Plans aim to ensure that services and their delivery are "fit for purpose" to successfully meet the challenges that lay ahead.
- 2.3 Full introduction of Payment by Results (PbR) in April 2006, Patient Choice at point of GP referral, greater use of the private sector and the development of NHS Treatment Centres are some of the new key national strategies that will impact on the Trust. In addition, the performance assessment process "Better Standards for Health", introduced by the Healthcare Commission in 2005/06, will be embedded and further developed in 2006/07. These standards have been developed to promote improvement to health and healthcare and achievement is measured by annual performance ratings for individual NHS organisations.
- 2.4 The process covers seven domains; safety, clinical and cost effectiveness, governance, patient focus, accessible and responsive care, care environment and amenities and public health. All the standards and targets incorporated in the domains are set out in the Trust's Target and Performance Indicators matrix for 2006/07.
- 2.5 The Trust enters a particularly difficult year in 2006/07 with even greater financial demands and uncertainties and the requirement for an unprecedented level of efficiency savings. The impact of PbR, Choice and the use of the private sector will require sound strategic planning and close monitoring.
- 2.6 This Annual Plan sets out to provide an overview of the Trust, its achievements and key plans for the year ahead. The Performance Matrix show the way forward for clinical and non-clinical directorates, whilst performance management arrangements are shown for the entire Trust.

3. Review of Key Achievements 2005/06

- 3.1 Overall the Trust has achieved a significant improvement in its performance during 05/06 due to the hard work and dedication of staff. In order to maintain this position the Trust now has to work hard to ensure that systems are embedded and sustainable.
- 3.2 The Trust submitted its final declaration of compliance with the Core Standards for Better Health to the Healthcare Commission in May 2006. After an extensive period of review the Trust concluded that it was compliant with all of the Standards.
- 3.3 In January 2006 the Healthcare Commission audited part of the Trust's draft declaration and endorsed the Trust's conclusions in the areas inspected. It is possible that the Commission will visit the Trust again between July and August to validate its final declaration.
- 3.4 The results of the 2006 Performance Ratings will be published in 2006. The rating will be compiled from a wide range of sources-including compliance with Core Standards; performance against existing and new national targets and results from Improvement and 'Use of Resources' reviews.
- 3.5 The following core targets were achieved:-
- 98.1% of patients attending A&E were seen within 4 hours in 2005/06, meeting the 98% target.
 - 99.7% of urgent GP cancer referrals received within 24 hours were seen within 14 days.
 - 98.3% of patients were treated for cancer within 1 month of diagnosis in quarter four and 82.3% within 2 months of referral. (*The Trust made significant progress against the two month target in quarter four. The Department of Health has asked EKHT to advise other Trusts on how to achieve target*).
 - 96% of Rapid Access Chest Pain Clinic GP referrals were seen within 14 days in March.
 - There was only one breach of the maximum wait time target of 13 weeks for a first outpatient appointment in 2006/07.
 - 98.9% of elective and 99.3% of day case admissions were pre-booked in March. With the introduction of Choose & Book, 100% of first outpatient appointments were pre-booked in March.

4. Vision, Mission, Values and Strategic Objectives

4.1 Our Vision

To be known throughout the world as one of the top ten hospital Trusts in England and the Kent hospital of choice for patients and those close to them.

4.2 Our Mission

To provide safe, patient focused and sustainable health services with, and for the people of Kent. In achieving this we acknowledge our special responsibility for the most vulnerable members of the population we serve.

4.3 Our Values

East Kent Hospitals NHS Trust people:

1. Take pride in delivering quality and put patients first
2. Act with integrity
3. Speak well of each other
4. Achieve great things when they work together
5. are open, honest and communicate and involve people in their decisions
6. are good citizens, look after the environment and pursue value for money in all that they do

4.4 Our strategic objectives are to:

- To develop and implement the Clinical Implementation Plan which supports the Service Development Strategy
- To become a local and national employer of choice
- To establish an estate infrastructure that is fit for purpose which facilitates service delivery in hospital and community settings and offers patients and staff a quality environment
- To ensure patients, carers, the public and staff have an increasingly significant role in the development and monitoring of the Trust services
- To exploit information and communication technology to support and facilitate service development
- To build short, medium and long term education and training capacity to help the Trust deliver its strategic objective to become a leading university hospital
- To cooperate with local government, PCTs and other relevant local organisations to promote, protect and improve the public health of the residents of Kent and Medway

Our actions, ranging from small changes in the way we do things to radical developments, will lead to the achievement of these objectives.

5. Objectives and Performance Management Arrangements for 2006/07

- 5.1 The Trust has set objectives for the year to enable the Trust to deliver its Annual Plan for 2006- 07. The objectives support the delivery of the Trust's strategic objectives. Each objective is assigned corresponding key performance indicators (KPIs) which describe "success" and enable the Trust to measure progress against achieving the Plan. (Full details are shown at Appendix 1)
- 5.2 For the year ahead the Trust's objectives aim to reduce the time people wait for its services and improve the experience people have of its services by:-
1. Getting the basics right and maintaining compliance with Standards for Better Health by:
 - Focusing on Safety – improving safety and reducing hospital acquired infection
 - Focusing on Finance – ensuring our services are affordable and we use our resources wisely. Produce a recovery plan to bring the Trust back to financial balance over a period agreed with the Strategic Health Authority. Implement the first year of the recovery plan.
 - Focusing on Access to our services - meeting our promises to patients in terms of improving waiting times and piloting the 18 week pathway
 - Focusing on Patient Experience- improving the patient experience of our services and our information and increasing the Patient and Public involvement in our decisions.
 2. Progressing central efficiency and quality initiatives such as the NHS Ten High Impact changes: making sure the way we provide our services is efficient in both staff and patient time and energy
 3. Progressing Foundation Trust application and contributing to the Strategic Review of services across Kent, Surrey and Sussex– to make sure the Trust is responsive to its local population and has a long term financial and clinical viability
 4. Implementing the Renal, Vascular and Interventional Radiology Business cases to provide excellence in estate and service for patients.
- 5.3 **Directorate Standards & Target Matrix 2006/07**
- 5.3.1 To support the achievement of corporate plans, annual and strategic objectives a range of standards and targets are described in the '2006/07 Target and Performance Indicator Matrix' which has been considered through the Trust Board. The package is available in a separate document.
- 5.3.2 The matrix sets out standards and targets (many as part of the national planning documents) from the Healthcare Commission's performance assessment framework and local priorities. A director has been allocated responsibility for achieving each standard/target and a Trust Board committee will assist with the monitoring process. All standards/targets have been allocated to appropriate clinical and non clinical directorates that will participate in their achievement and will be cascaded to the appropriate staff throughout the Trust to form their objectives and be subject to regular appraisal.

6. Financial and Activity Plans for 2006/07

- 6.1 In the financial year 2005/06 the Trust incurred a deficit of £2.6m. The Income and Expenditure for the year can be summarised as follows:

	£m
Central & Directorate Income	347.2
Financial Support	4.8
RAB Adjustment	0.5
Total Income	352.5
 Total Expenditure	 355.1
 Net Deficit	 2.6

- 6.2 The underlying position moving into 2006/07 is estimated at £11.9m. This is arrived at as follows:-

	£m
Deficit for 2005/06	2.6
Financial Support Received	4.8
Non-Recurrent Savings	4.0
RAB Adjustment from 2004/05	0.5
 Total	 11.9

- 6.3 In 2005/06 elements of the system of Payment by Results (PbR) were deferred. As a result unscheduled care and outpatient activity were commissioned on a cost per case basis at a local tariff based on reference costs. Other elements, such as A&E attendances and most Paediatric and Obstetric activity continued to be commissioned under a block agreement. Most elective care was commissioned at National Tariff.
- 6.4 In 2006/07 the deferred elements of PbR have moved to a National Tariff. The National Tariff prices are generally lower than the local prices that were charged in 2005/06. The consequence for the Trust has been a reduction in income of around £10m. This has been offset non-recurrently in 2006/07 by £5m of transitional support.
- 6.5 In addition to the reduction in prices under PbR there is a requirement for all organisations to make a 2.5 per cent efficiency saving and there has been a further 2.5 per cent reduction in the PbR Tariff by way of an activity deflator. The overall efficiency requirement for the Trust built into Tariff is around £15m.
- 6.6 Under the Government's Resource Accounting and Budgeting (RAB) rules the Trust will suffer a further reduction in income in 2006/07 equivalent to the deficit incurred in 2005/06 i.e. £2.6m.
- 6.7 The Trust has signed service level agreements with East Kent commissioners (representing about 96 per cent of patient income) based on a reduction in activity levels compared to 2005/06. Commissioners have planned to reduce activity through demand management and have assumed that the implementation of Choice at point of referral will further reduce activity at the Trust. However, they have set up financial reserves against these assumptions that the Trust can access if demand increases beyond PCT expectations. The Trust's own plan assumes activity levels in 2006/07 that are not significantly

different to 2005/06 levels. The Trust's activity plan for 2006/07 is included at Appendix 2.

- 6.8 The Trust continues to work with East Kent PCTs to reach agreement on a number of outstanding commissioning issues. These include the basis of charging for certain procedures, notably endoscopy, and the commissioning arrangements for Oncology work at Kent & Canterbury Hospital, which was previously commissioned from Maidstone & Tunbridge Wells Trust.
- 6.9 The combined effects of the financial challenges in 2006/07 have resulted in an unbalanced financial plan. A financial shortfall before savings of £37m has been projected. The Trust's assessment of the maximum savings that can be achieved in a single year is £20m. This results in a planned deficit for the year of £17m. This can be summarised as follows:-

	£m
Underlying Deficit from 2005/06 (see above)	-11.9
RAB Adjustment	-2.6
Income Loss under PbR	-10.0
PbR Transitional Support	5.0
National Efficiency Requirement	-15.0
Cost Pressures over Tariff	-2.5
Deficit before Savings	-37.0
Savings Target	20.0
Net Deficit	-17.0

- 6.10 The Trust has developed a strategy for achieving the savings and additional income required to return to financial balance. The "Fit for the Future" (FFF) project has been established based around a dedicated team led by a dedicated Turnaround Director. This team has been set a target of achieving £20m of savings in 2006/07 and at least a further £15m in 2007/08. Directorates have been asked to identify 7 per cent of savings on their budgets in 2006/07 with a further target to reduce pay costs by 10 per cent of March 2006 levels by March 2007.
- 6.11 Looking forward to 2007/08 and 2008/09 it is anticipated that the Trust will need to achieve annual recurrent savings of £20m to return to in-year financial balance. This is in addition to making good any non-recurrent savings achieved in 2006/07. It is not expected that this can be achieved purely through improvement of efficiency within the current configuration of services. Strategic change will be required to bring about this level of savings. A summary of the 3 year financial projection is shown in the following table. The effect of RAB has been shown separately as the Trust has been advised by the Strategic Health Authority to plan to achieve in-year balance without taking account of RAB.

	2006/07	2007/08	2008/09
	Plan	Projection	Projection
	£m	£m	£m
Underlying Deficit	-11.9	-19.4	-9.7
Additional Cost Pressures	-2.5	-2.4	-1.4
National Efficiency Savings	-15.0	-7.9	-8.2
Income Loss under PbR	-10.0	0.0	0.0
PbR Transitional Support	5.0	2.5	0.0
Savings:			
Current FFF Plans	20.0	15.0	0.0
Strategic Options		5.0	20.0
(Deficit)/Surplus before RAB	-14.4	-7.2	0.7
RAB Adjustment	-2.6	-17.0	-24.2
Deficit after RAB	-17.0	-24.2	-23.5

- 6.12 In summary the financial challenges, risks and complexities facing the Trust in 2006/07 are enormous. However, the Trust has a good track record of achieving financial and access targets and the organisation is fully committed to the task ahead. There is also a clear strategy for delivering financial balance while continuing to provide excellent services to patients.

Trust Priorities/Objectives 2006/07

EKHT Trust

Objectives for 2006/07

The Trust has set objectives for the year to enable the Trust to deliver its Annual Plan for 2006-07. The objectives support the delivery of the Trust's Strategic objectives. Each objective is assigned corresponding key performance indicators (KPIs) which describe "success" and enable the Trust to measure progress against achieving the Plan.

For the year ahead the Trust's objectives aim to reduce the time people wait for its services and improve the experience people have of its services by:-

Objective:

Get the basics right and maintain compliance with Standards for Better Health

Lead: Director of Nursing, Midwifery & Quality

Tasks

- Improve Patient Safety and reduce hospital acquired infection
- Ensure services are affordable and use resources wisely
- Produce a Recovery Plan to bring the Trust back to financial balance over a period agreed with the SHA. Implement the first year of the Recovery Plan
- Improve waiting times and pilot the 18 week pathway
- Improve Patient experience of service and information and increase Patient and Public Involvement in decisions

Measures:

- Reduce hospital acquired infection rates
- Achieve agreed financial Recovery Plan March 2007
- Achieve Waiting List target March 2007
- Evidenced Public and Patient Involvement in Services developed

Objective:

Progress the implementation of Ten High Impact Changes

Lead: Director of Operations

Tasks

- Minimise delayed discharges as a percentage of occupied bed days
- Increase morning discharges
- Reduce the DNA rates
- Increase the daycase rate
- Increase the theatre time utilisation rate
- Decrease elective and non-elective length of stay

Measures:

- Reduce delayed discharges to $\leq 2\%$ of Occupied Bed days
- Increase the percentage of patients discharged in the morning by 25%, compared to 2005/06
- Reduce the outpatient DNA rate to $\leq 5\%$
- Increase the daycase rate to $\geq 75\%$
- Increase the theatre time utilisation rate to $\geq 90\%$
- Achieve an ALOS comparable to the Trust's peer group average

Objective:

Progress Foundation Trust application and contribute to the Strategic Review of services across Kent, Surrey & Sussex and to make sure the Trust is responsive to its local population and has long-term financial and clinical viability

Lead: Director of Strategic Development

Tasks

- Develop a sustainable Service Development Strategy (SDS) for the next 5 years
- Develop an integrated business plan which underpins the SDS and achieves financial balance
- Identify a Governance strategy to include criteria for membership
- Improve external relationships

Measures:

Application for FT status has been deferred from wave 3A

- Board approved SDS(Sept 06)
- Supporting business plan for sustainable financial balance (Sept 06)
- Board approved governance strategy (September 06)
- Successful public consultation (December 06)
- Agreed demand assumptions with commissioners

Objective: *Achieve financial balance*

Lead: Director of Finance

Tasks

- Manage expenditure within budget constraints
- Work with Directorates to develop cash releasing savings according to target
- Project manage the Fit for the Future plan for financial recovery
- Deliver agreed activity numbers, case mix and income value
- Negotiate local prices for activity outside of the tariff
- Manage new and unplanned developments within agreed operating budgets

Measures:

- Achieve the planned income and expenditure target.
- Achieve the planned cash releasing saving plans

Objective: *Implement the Renal Vascular & Interventional Radiology Business Case to provide excellence in estate and service for patients*

Lead: Director of Strategic Development

Tasks

- To commence the construction of the new Renal Satellite Unit at WHH, Ashford in June 2006 for completion in July 2007
- To commence the construction of the new Renal Satellite Unit at Maidstone in July 2006 for completion in August 2007
- To commence the extension and refurbishment of the Canterbury Renal Centre at KCH in July 2006 for completion in March 2008
- To commence the refurbishment of the Vascular Ward at KCH and the building of the Interventional Radiology Theatre Suite in September 2006 for completion in August 2007

Measures:

- Achievement of project milestones

