The Clatterbridge Cancer Centre NHS
NHS Foundation Trust

Operational Plan Document for 2014-16

The Clatterbridge Cancer Centre NHS Foundation Trust

Operational Plan Guidance – Annual Plan Review 2014-15

The cover sheet and following pages constitute operational plan submission which forms part of Monitor's 2014/15 Annual Plan Review

The operational plan commentary must cover the two year period for 2014/15 and 2015/16. Guidance and detailed requirements on the completion of this section of the template are outlined in section 4 of the APR guidance.

Annual plan review 2014/15 guidance isavailable here.

Timescales for the two-stage APR process are set out below. These timescales are aligned to those of NHS England and the NHS Trust Development Authority which will enable strategic and operational plans to be aligned within each unit of planning before they are submitted.

Monitor expects that a good two year operational plan commentary should cover (but not necessarily be limited to) the following areas, in separate sections:

1. Executive summary
2. Operational plan
    a. The short term challenge
    b. Quality plans
    c. Operational requirements and capacity
    d. Productivity, efficiency and CIPs
    e. Financial plan
3. Appendices (including commercial or other confidential matters)

As a guide, we expect plans to be a maximum of thirty pages in length. Please note that this guidance is not prescriptive and foundation trusts should make their own judgement about the content of each section.

The expected delivery timetable is as follows:

Expected that contracts signed by this date	28 February 2014
Submission of operational plans to Monitor	4 April 2014
Monitor review of operational plans	April- May 2014
Operational plan feedback date	May 2014
Submission of strategic plans to Monitor (Years one and two of the five year financial plan will be fixed per the final plan submitted on 4 April 2014)	30 June 2014
Monitor review of strategic plans	July-September 2014
Strategic plan feedback date	October 2014

1.1 Operational Plan for y/e 31 March 2015 and 2016

This document completed by (and Monitor queries to be directed to):

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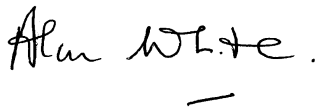
Approved on behalf of the Board of Directorsby:

Name *(Chair)*	Alan White

Signature



Approved on behalf of the Board of Directors by:

Name *(Chief Executive)*	Andrew Cannell

Signature

Approved on behalf of the Board of Directors by:

Name *(Finance Director)*	Yvonne Bottomley

Signature

1.2 Executive Summary

The Trust is at a pivotal stage in its development in that as well as addressing the continuing challenges and uncertainties facing the NHS as a whole, it has the additional and very significant challenge / opportunity presented by the proposed development of a new Clatterbridge Cancer Centre in Liverpool in 2018/19.

The Trust's operational plan shows how it faces these challenges and seeks to continue deliver its vision to provide the best cancer care to the people it serves.

The NHS is going through an unprecedented period of change following a fundamental restructuring of commissioning arrangements and the continuing challenge of an ageing population with increasing health needs at a time when public sector finances and the wider economy continues to be under significant financial pressure.

Whilst the Government's commitment remains in the short term to protect health spending, at a national level public sector finances and the wider economy continue to be under significant pressure. Going forward it is predicted that funding and demand pressures will create a sizeable funding gap for the NHS, estimated to be £30bn by 2021.

The Trust is able to face these challenges from a position of strength with a solid financial position and reputation. However the Trust recognises that the financial situation facing the NHS as a whole will continue to be exceedingly challenging over the next 3 to 5 years, and beyond.

The continuing need to achieve significant efficiency savings will require the Trust to review and consider how it delivers care and to look at ways to redesign services. Generating this level of ongoing savings has become very difficult, schemes have been identified for development and implementation in 2014/15 and 2015/16 but significant review of the organisational structure, service redesign and / or the identification of significant additional income opportunities will be required in each year.

The Trust is committed to providing the best cancer care to the people it serves, delivering excellence in cancer treatments and patient care. The Trust is at a pivotal stage in its development in that as well as addressing the continuing financial challenges and uncertainties facing the NHS as a whole, it has the additional and very significant challenge / opportunity presented by the proposed investment and development of a new £118m Clatterbridge Cancer Centre in Liverpool in 2018/19.

This proposed development of a new Cancer Centre in Liverpool in 2018/19 will enable us to significantly transform cancer services for our patients and this journey of transformation has already begun. In setting the financial plan the Trust is mindful of the need to ensure it remains an outstanding Cancer Centre and ensures its financial sustainability whilst embracing the challenges and opportunities it faces. Key to this is strong strategic and business planning which is priority based and delivers the necessary "financial headroom" to grow and invest in new service developments. The Trust is currently completing its Outline Business Case for the new Cancer Centre which will be complete and considered by the Trust Board and subsequently Monitor in the Autumn.

The Trust's financial plan underpins the Trust's priorities, operating requirements and the productivity and efficiency initiatives and is aligned with Commissioners intentions for Cancer services.

The Trust's, financial strategy is based on the following two revised overarching financial parameters:-

(1)Maintaining a Continuity of Service rating of a minimum of 4

(2)Achieving an underlying annual surplus of a minimum of £1m or 1% (whichever is the greater)

The table below indicates the forecasted surpluses and estimated risk ratings based for 2014/15 and 2015/16

£m	**2014/15**	**2015/16**
Forecast EBITDA	6.3	10.5
Forecast I&E Surplus	2.7	5.8
Forecast Cash Balance at Year End	62.4	27.7
Continuity of Services Rating(COSR)	4	4

Based on a projected turnover of £100.6m in 2014/15 and £105.5m in 2015/16, the Trust is forecasting an underlying revenue surplus of £2.7m in 2014/15 and £5.8m in 2015/16. The Trust expects to maintain a Monitor Continuity of Services rating of 4 over the two year period. (The reduction in cash in 2015/16 is due to the assumed commencement of construction for the new Cancer Centre).

1.3 Operational Plan

a. The short term challenge

As a specialist tertiary centre the Trust has an active engagement with the local health economy across the whole population it serves. The engagement process looks at the current service provision in order to meet local needs and across the next 5 to 10 years as part of its Transforming Cancer Care project.

The engagement process includes:

Commissioners

CCC has the majority of its services directly commissioned by specialised commissioning (NHS England). The Trust also works closely with the Clinical Commissioning Groups within the geography we serve in developing a shared understanding of the short and long term challenges in developing its contract to meet these challenges.

The Trust's Financial Plan underpins the Trust's priorities, operating requirements and the productivity and efficiency initiatives and is aligned with Commissioners intentions for Cancer services.

The Trust is a participant in the local area teams Specialised Service Provider Forum. The emerging service priorities for cancer and the blood that the North West has identified reflect National / Regional priorities of:

- Radiotherapy
- PET CT tender
- SRS / SRT
- Anal cancer
- Complex head and neck cancer

North West:

- Cancer IOG compliance

Executive Meetings

The Trust's Executive team have a programme of meetings with executive counterparts at all acute, specialist and community Trusts. These meetings help to understand the complexities of the cancer pathway and the contribution each organisation plays in patient management. These also provide a forum for identifying ways of collaborating to address any specific challenges. An example of this is how we will be working with community Trusts to further the provision of chemotherapy at home.

Health and Wellbeing Board

CCC is an active member of Wirral Health and Wellbeing Board and contributes to the development of the Joint Strategic Needs Assessment which is currently in development.

Cancer Specific Programmes

The Trust participates in cancer programmes and work streams with a variety of partners. One recent example is participation in the Merseyside and Cheshire Head and Neck Cancer Summit which involved the NHS England Cheshire and Merseyside Strategic Clinical Network, Public Health England, Cheshire West and Chester Council and Champs as well as a number of provider organisations. This summit focused on the incidence and mortality trends for head and neck cancer and through collaboration and shared understanding of the immediate and long term challenges proposed changes to the patient pathway.

b. Quality plans

National and local commissioning priorities

The Trust faces a range of challenges in relation to changes in commissioning intentions and possible future service delivery changes. These include:-

(a) The impact of potential service delivery changes and requests for new services from commissioners

(b) Overall NHS financial envelope and securing of necessary funding for our new Clatterbridge Cancer Centre in Liverpool

This is a significant year as Commissioners develop their respective Strategic Plans with national and local priorities still in development and emerging. The Trust is very aware of these challenges and continues to horizon scan both potential challenges and opportunities whilst also reviewing market share and market intelligence on competitors so that it can anticipate and adapt future services and service delivery models.

With regard to the particular challenges listed above the following mitigating actions are already in train:

(a) Commissioning landscape – as expected, the transfer to the Specialised Commissioning team (NHS England) was a positive move in the cohesive commissioning of cancer services.

(b) The Trust is working closely with Commissioners and wider stakeholders to understand and help shape future pathways to ensure it can be well paced and adapt to future service changes and service delivery models.

(c) Welsh activity- The Trust is working with Welsh Commissioners to ensure that the most appropriate treatment is provided at the most appropriate location.

The repatriation of Welsh patients away from CCC to BCUHB (Betsi Cadwaladr University Health Board) continues and is likely to continue to gather pace in 2014/15. The Trust is still working with BCUHB to finalise the full financial impact in the new year, but the present estimate is that circa £0.2m value of activity will be repatriated in 2014/15, with a further £0.8m in 2015/16. These estimates are net of expected growth and new service lines.

The Clatterbridge Cancer Centre's quality goals, as defined by its Quality Strategy and Quality Account

The Trust's strategy has been developed through reviews of its current services and service model, building on last year's Annual Plan and through engagement with key stakeholders such as:

- Trust Board
- Council of Governors
- Commissioners
- Trust staff
- Healthwatch / Overview and Scrutiny representatives
- NHS providers

A key strategy for the Trust over the next year is the development of a robust and viable business case including a new clinical model for our Transforming Cancer Care (TCC) project with the aim of opening the new Cancer Centre co-located with the new Royal Liverpool and Broadgreen Hospital by 2018/19. The development of the clinical model will include the input from all of our service lines (clinical and non clinical) and will inform our clinical service developments between now and 2018.

<u>Quality Goals</u>

Patient Experience: *Striving for excellent patient satisfaction*

- Improved patient and public participation
- Establishment of a non chemotherapy day case unit which aligns to our new TCC clinical model
- Develop partnership and collaboration to lead re-design of the patient pathway and frameworks to work in partnership with other providers to deliver clinical services
- Ensure the delivery of continuous improvement in cancer treatment waiting times as measured by The Joint Collegiate Council for Oncology (JCCO) standards supported by the establishment of a revised reporting system.

Patient Safety:*Always safe, always effective*

- Continue to improve safety and reduce harm through the delivery of the Quality and Quality Governance Strategy
- Develop an on line chemotherapy protocol book to improve safety in prescribing
- Investing in additional nursing staff to increase the skills and competencies' 'out of hours'
- Implement and fully embed the CCC Quality and Risk Standards
- Ensure transparency of care (including website re-design)

Outcomes / Effectiveness:*Efficient, effective, personalised care*

- Develop a service re-design strategy to support Transforming Cancer Care and the CIP requirements.
- Develop an action plan for 7 day working ensuring compliance with the Keogh clinical standards
- Deliver a capital programme that ensures access to the best technologies and environment for the patients we treat.
- Redesign of the chemotherapy pathway
- Implement Telemedicine care for clinically appropriate patients
- Develop a Survivorship Programme
- Clinical trials development

- Ensure compliance with the new CQC regulatory requirements
- Implement a new electronic patient record following completion of the procurement process which will support transformational serviced change.
- Develop a recognised and innovative palliative care strategy
- Ensure compliance with Cancer Peer Review and the Specialised Service Specifications.

An outline of existing quality concerns (CQC or other parties) and plans to address them

The Trust underwent an unannounced inspection from the Care Quality Commission in October 2013. The CQC inspected the following standards:

- Respecting and involving people who use services
- Care and welfare of people who use services
- Cooperating with other providers
- Staffing
- Supporting workers
- Records

The Trust met all of the standards inspected. There are no concerns identified in the Trust's CQC Intelligent Monitoring Report (February 2014).

There have been no concerns raised by any other parties.

The key quality risks inherent in the plan and how these will be managed

Quality Impact of Cost Improvement Programmes (CIPs) and Service Developments

The Trust ensures that the Medical Director and Director of Nursing confirm that service quality is being appropriately managed within the CIP and service development programme. All schemes are assessed for any risk to quality of clinical services using a bespoke Quality and Risk Assessment Tool. Confirmation by the Medical Director and Director of Nursing & Quality is completed following scrutiny of these assessments. This confirmation is provided in March 2014 Public Board papers.

Ongoing assessment of risk associated with any of the schemes is done through the monthly review at the Trust's Management Group of which all Executive Directors are members.

An overview of how the Board derives assurance on the quality of its services and safeguards patient safety

The Trust Board approved its Quality and Quality Governance Strategy in July 2013. This overarching strategy outlined the plans for the continued development of Quality Governance at the Trust and identifies key areas of development for continual quality improvement. It was developed to reflect our own organisational aims together with responding to external drivers.

Key external drivers include:

- The Francis Report and the Department of Health response to this report
- Monitor's Quality Governance Framework (Monitor 2010)
- Proposed changes to the CQC regulatory framework

- Changes to how the NHS Litigation Authority assesses risk
- Monitor's Risk Assessment Framework
- Quality Governance: How does a Board know that its organisation is working effectively to improve patient care? (Monitor April 2013)

The Quality Strategy was developed around the proposed changes to how the CQC regulates, inspects and monitors care i.e. around 5 key questions which ask about care services:

- Are they safe?
- Are they effective?
- Are they caring?
- Are they responsive to people's needs?
- Are they well-led?

The Trust Board receives a quarterly quality report which includes the key quality metrics approved by the Board within the Quality Strategy. In addition the Board receives a quarterly infection control report.

The Integrated Governance Board Committee receives detailed reports on the Trust's real time patient experience survey where all patients are given the opportunity to complete a survey at any point in their care and treatment. The survey questions were developed in conjunction with our Patient Council. From December 2012 the Trust implemented the new *Friends and Family Test* across all its inpatient wards and submits this information to the Trust Board.

It is the Board's belief that it is the individuals behind the data that provide some of the richest insight into the care provided. The Trust Board watches a video of a patient story at the beginning of each Board meeting which encourages the Board to remain focused on the impact of its decisions on patients and to continually strive to improve quality. The Trust has updated its Integrated Performance Report and the indicators for inclusion relating to quality.

As well as formal reporting, the whole Trust Board participates in a Patient Safety Leadership Walk round programme to hear directly from staff any concerns that they have with regard to patient safety. All executive directors also undertake job shadowing.

The Director of Nursing leads a monthly 'PEAT' inspection of all clinical areas. The CEO and Chairman have regular unannounced 'walkrounds' around the Trust.

What the quality plans mean for the Foundation Trust's workforce

Clinical Workforce Strategy

The challenge for The Clatterbridge Cancer Centre NHS Foundation Trust is to ensure that the high quality of the services provided keeps pace with the changes in demand and new treatment opportunities in a cost effective manner in the current financial climate. The Trust also faces the additional challenge with regards to the planned move of a large part of our services to Liverpool in 2018 to ensure we can provide the best quality cancer care to the people we serve. The project for this change, called Transforming Cancer Care (TCC), will fully take advantage of the opportunity this presents to fundamentally review and redesign the optimum model of service delivery. This work is also being undertaken in the context of delivering cost improvement programmes (CIP) and targets.

Embedded in the work on service redesign is consideration of staffing levels and competencies to ensure that the right staff with the right skills are in the right place at the right time to deliver high quality effective services. To achieve this CCC requires a workforce that is highly skilled and flexible enough to respond to future service demands.

Key workforce issues facing CCC will include but are not limited to:

- Engaging with existing staff on the TCC agenda and move
- Developing integrated workforce plans that reflect how developments in one area will impact on demand and workforce requirements in another
- The development of new and innovative roles that challenge existing role definition, boundaries and hierarchies
- Developing leadership skills to support and enable the necessary changes
- Becoming the employer of choice in an increasingly competitive market.
- Reviewing the feasibility and roll out of 7 day working

Benchmarking

Benchmarking models are used as part of the Trust's workforce planning process, models such as the NCAT Malthus tool applied to the NCAT WIPIT workforce planning tool and the DH Workforce Health Tool. These tools assist in verifying safe staffing levels and enable best use of resource comparisons.

The impact of the Workforce Strategy on costs:

Short-term

The Trust continues to invest in additional staff both recurrently to deliver activity growth and improve quality and non-recurrently to pilot service changes and redesign, totalling £1.1m in 2014/15. However, in 2015/16 as the proportion of CIP being delivered by reducing and avoiding pay costs increases, the net recurrent impact on staffing cost is broadly neutral.

Longer-term

The workforce strategy and service design are key element of the Transforming Cancer Care project, to ensure that the new Cancer Centre in Liverpool is not just a relocation of services but a step forward in the provision of cancer care. Whilst the longer term model anticipates investment to expand capacity as demand for cancer services is expected to continue to grow, the changes of clinical and non-clinical process are anticipated to contribute towards a growing proportion of CIP delivery.

Medical Staff

In early 2014 a new management structure was implemented that placed Clinical Directors at the heart of service delivery. As part of TCC new academic and research posts have been established that will support the vision of CCC as a world class cancer centre.
It is predicted that the number of consultants within CCC will remain constant. A new Job Planning Policy has been introduced that is supporting reviewing activity and the creation of new roles in other clinical groups to free up consultant time so they can prioritise what only they can do.

With the move to the Liverpool site, work is underway to support agile working. This will enable consultants to maximise the use of available technology to ensure efficient and effective working.

To ensure sustainability of the service and to work towards our Transforming Cancer Care project we have developed joint Consultant Radiologist appointments with Royal Liverpool and Broadgreen NHS Trust (RLUH); 5 RLUH radiologists will be working up to 6 sessions/week at CCC, which will include time for service development, and provide expertise in Gastro-intestinal, Urology, Gynaecology, nuclear medicine and interventional radiology.

The Clinical Director (CD) for Imaging at RLUH, as well as providing clinical sessions in interventional radiology, will take on a role as Clinical Lead for Imaging at CCC, and will work with the Radiation Services CD and GM in developing the service, including providing designated radiology input in radiotherapy planning.

Radiotherapy and Imaging

It is anticipated that the level of complexity of treatments in radiotherapy will continue to increase with greater emphasis on imaging of patients on treatment. The complexity of treatment planning and delivery has resulted in an increased demand for higher end skills and the development of the Advanced Practitioner role.

As part of a review of how services are delivered base line activity data has been collated, visioning is taking place and workforce plans are being developed to ensure appropriate and effective integration of services to maximise quality and efficiencies.

The move to Liverpool and increased numbers of treatment machines will potentially result in additional workforce requirement. This will come at the same time as the introduction of a new proton centre at The Christie NHS Foundation Trust who will be recruiting for around 44 staff. There are potentially high risks around the recruitment and retention of radiographers during this period for both TCC and CCC. Pilots around seven days working are being planned.

In Imaging there is an anticipated increase in activity across all modalities, along with the increase in complexity in scanning and reporting that results from the advances being made in technology. There is a particular increase in demand for MRI scanning and the Trust is developing the use of MR scanning for Radiotherapy Planning. The number of CT scans performed on patients for clinical trials purposes is expected to increase steadily as the Trust expands its research portfolio.

Medical Physics

There will be an increased demand for Physicists as part of TCC with the commissioning of new treatment machines, but this is expected to reduce when the new building opens. There will also be the opportunity for Physicists and Radiographers to work differently to improve the patient pathway.

Succession planning for key senior staff will be critical before the move to Liverpool.

Nursing

Work is currently underway to enhance the career pathway for nursing with workshops planned to clarify role definition and boundaries. Senior nursing roles such as Advanced Nurse Practitioner roles are being developed to support the delivery of efficient and effective quality services.

Building on the Francis Report recommendations we undertake 6 monthly nursing workforce reviews using the AUKUH Acuity/Dependency Toolwhich will continue to ensure that the workforce capacity and capability is correct. In 2014/15 we will also introduce e-rostering. Following the last review we are investing in 2014/15 in an enhanced out of hours nursing service.

As part of TCC an ambulatory care model (non chemotherapy day case unit) is being introduced that will include:

- An assessment area
- Enhanced triage
- A day case area.

This model will require a change in the current workforce model with a requirement for a more flexible workforce with the necessary skills to work across the different areas where appropriate. Work is underway to identify any skills gaps in the current workforce with a view to developing the necessary training and development programme to meet future needs.

Day Case Chemotherapy

There have been significant retention challenges for Day Case Chemotherapy which has a high turnover of staff. This is typically due to nursing staff receiving specific chemotherapy training and then moving on to more senior roles often within CCC. The Trust is looking at expanding the number of training places offered and introducing a more formal cross cover arrangement with inpatient areas to ensure a more sustainable workforce.

Based on the principle of consultants doing what only they can do, CCC is looking to further develop nurse lead review clinics at Advanced Nurse Practitioner level plus increasing non medical prescriber roles and a nurse led case load.

Research and Development

As part of TCC and creating a world class cancer centre there has been an expansion of the Academic Unit with the appointment of additional chairs and senior lecturers in both medical and radiation oncology. Each new academic will develop a portfolio of clinical trials and this will require research nurse and data management support. There will also be a change in demand in other areas as patient pathways are adapted to accommodate the clinical trials. The exact impact is currently being identified and the consequence for workforce numbers in the long term is being reviewed.

There will be both a more immediate and a longer term impact on the workforce as clinical trials become more complex and require longer patient follow up post treatment.

Pharmacy

Work is currently underway to develop a Medicines Optimisation Strategy that supports the delivery of a high quality pharmacy service through the development of innovative ways of working differently.

The role of pharmacy prescribers is being developed with a focus on taking over the caseload for oral chemotherapy. This has the advantage of the pharmacists' governance and legal knowledge and understanding underpinning prescribing.

The Trust's response to Francis, Berwick and Keogh

The Trust's response to what happened at Mid Staffordshire Hospital is an ongoing development which takes into consideration a number of reports starting with the original Healthcare Commission report and subsequently both of the Francis reports. In addition it considers the outcomes of the additional reports such as the Berwick Report and the Keogh Review.

The Trust's response is developed primarily through the development of its Quality and Quality Governance Strategy and through its contract with its commissioners as well as any additional developments that need to be made outside these timeframes.

The Trust has also worked closely with its Council of Governors (COG) to ensure that they are able to fulfil their role and responsibilities.

In relation to the Governors there were two main areas of development:

- How Governors are enabled to gain assurance in relation to the governance of the Trust and the Quality of its services
- How the Governors are involved with and appraised of Trust developments and initiatives to both learn lessons from these reports and further improve the quality of its services.

A Governor Assurance Framework has been developed to aggregate the information that Governors receive and how they can gain assurance that this is correct, not just what the executive choose to share. The framework was developed with the COG with the aim to keep the document 'live' and available to Governors. This provides a vehicle where Governors can identify any gaps in information provided or assurance.

Other developments are aimed to enable the Governors to have a direct 'line of sight' to the care provided by the Trust and its Governance arrangements. These include:

- Governor involvement in Patient Safety Leadership Rounds
- Governor involvement in PLACE (Patient Led Assessment of the Care Environment) inspections
- Governor attendance at Board committees
- Governor scrutiny of all complaints (Patient Experience Committee)
- Governor led patient videos
- Governor involvement in 'Transforming Cancer Care' committees
- Regular reports and presentations to the COG and its committees (e.g. Quality Report, Patient Surveys, mortality data)

The Trust undertook a full review of its Quality Strategy to include the Trust's response to the "Francis 2" report and the requirements of the new regulatory framework (including the Monitor Licence and the Risk Assessment Framework)

Key areas of development arising from the Trust's response to Francis have included:

Patient Experience:

- Implementing hourly intentional rounding across all wards
- Further developing the Patient Story Programme

Patient Safety:

- Enhancing medicines safety through the establishment of a Medicines Safety Service
- Investing in ward manager capacity to enable them to be supernumerary from the clinical team
- Implementation of the national minimum training standards for healthcare support workers

Outcomes / Effectiveness:

- Amending our comprehensive mortality review programme to include a weekly review by the Trust's Management group of all in patient deaths including cause of death, whether it was a planned or unplanned admission and whether the death occurred at the weekend. In addition the Management Group receives a narrative report on each patient.

Workforce:

- Implementation of a regular staff climate / culture survey

Risks to delivery of key plans

All areas of delivery are risk assessed and any identified risks are included within the Trust's Assurance Framework and Trust wide Risk Register.

The Board has identified the key risks both in year and for the future. These are:

- The capacity and capability to deliver the scale of change for our Transforming Cancer Care plans
- Ensuring we have the right skills, competencies and capacity within the workforce.
- Forecast and mitigate the volatility of the changes in treatments for cancer affecting demand
- Ability to deliver the volume of savings required in our cost improvement programme without impacting on the quality of services.
- The potential impact of reduction in healthcare funding.

Contingency that is built into the plan

The plans for 2014/15 provide for £5.2m in retained reserves, which equates to circa 5.2% of total turnover. However a significant proportion of the reserves are committed or earmarked with the only uncommitted reserves being:

- A drugs reserve of £2m
- An activity reserve of £626k has been created to provide funding to increase capacity if required to deliver the levels of growth assumed in clinical income.
- A £500k general contingency.
- A Business Development reserve of £100k. This has been maintained from 2013/14.

As in 2014/15 the Trust has continued its strategy at this point of not committing all forecasted additional resources for 2014/15 and 2015/16 and has only committed/invested part of its funded growth as recurrent expenditure.

This approach will be reviewed annually.

These total uncommitted / risk reserves of £3.2m represent 3.2% of turnover. However, excluding drugs which have the £2m reserve and hosted services which represent a minimal financial risk in 2014/15, the 'relevant' turnover would be £65.6m, with the balance of uncommitted reserves of £1.2m (i.e. excluding £2m drug reserves) representing 1.8%. This level of reserve is felt to be prudent given the risks facing the Trust at this point (see Financial Risks below), the assumptions made regarding contract income and the relatively low use of reserves in 2013/14, but a watching brief will be maintained through the year.

c. Operational requirements and capacity

Activity and demand pressures

The Trust has experienced continuing growth in demand for its services over a number of years and this is expected to continue for the foreseeable future as the incidence of cancer rises with the ageing population, as earlier detection rates increase opportunities for more treatments and technological advances continue (particularly with new drug therapies).

The table below summaries the growth rates in Chemotherapy and Radiotherapy treatments over the last 3 years and forecasted rates for the next 2 years agreed with Commissioners.

	Chemotherapy	Radiotherapy
2011/12 p.a.	13.7%	1.6%
2012/13 p.a.	7.9%	-2.5%
2013/14 forecast	7.9%	-4.3%
3 year average p.a.	9.8%	-1.7%
2014/15 forecast	10.0%	3.8%
2015/16 forecast	8.0%	3.8%

The table illustrates that although the trends are upwards, there is volatility between years (e.g. very high growth in Chemotherapy in 2011/12 and reduction in Radiotherapy in 2012/13 and 2013/14). The Trust has agreed net growth of 3% and the following individual growth rates for 2014/15 and 2015/16 in its contract with Commissioners:

- Assumed growth in Chemotherapy of 10% in 2014/15 and 8% in 2015/16
- Assumed growth in Radiotherapy of 3.8% p.a.
- Assumed growth in other activity (i.e. in-patients and out-patients) of 2% p.a.
- Drug growth and developments totalling £2.25m (matched by increased drug costs) with annual growth of £2m p.a.
- Tariff deflation of -1.53% in2014/15 and -1.5% in 2015/16

It is worth noting that, the projected growth for Radiotherapy of 3.8% p.a. is below the national guidance growth figure of 5% as noted above due to the lower levels of actual growth in the last 3 years.

As part of that the contract proposal, to mitigate risk and give certainty over the medium term, the Trust is has negotiated a 3 year 'block' (i.e. fixed value) contract with the main commissioner for activity and drugs . There are some risks associated with a 'block' arrangement and these are highlighted in the risk section in conjunction with mitigations

The Trust has chosen not commit all the additional resources at its disposal at this time, an activity reserve and a drugs reserve has been created for 2014/15 to provide funding to increase capacity if required to deliver the levels of growth assumed in clinical income.

Radiation Services

As well as changes in demographics and its impact on activity forecasts, external beam radiotherapy treatments continue to change in light of new research.

We are currently providing IMRT for approximately 30% of all radical episodes against a national target of 24%. It is predicted that during this planning period the Trust anticipates increasing this to 35%. More palliative regimes are having longer fractionation with more complex treatments and hypofractionated regimes including SABR lung have reduced attendances but increased complexity in some groups. There are trials assessing hypofractionation in breast and standard prostate and a new trial to assess SABR in prostate (considerably fewer fractions).

Radiotherapy planning techniques are also evolving with an increased use of MRI planning predicted.

The net effect of these developments will be a reduction in fractionation but an increase in complexity of treatment.

As well as reviewing activity forecasts the Trust is also cognizant of the requirements for the specialised service specifications such as the requirement not to have Linacs older than 10 years.

To ensure that we have sufficient operational capacity and capability during 2014/16 we will be investing in two replacement linear accelerators, a replacement CT scanner and an additional MRI scanner (TBC) together with a planning systems refresh and IBU brachytherapy.

The Trust has also registered an interest in the provision of PET CT (North National Contract) to NHS England following the recent issue of the Prior Information Notice (PIN).

Activity continues to grow for proton therapy, Papillon and brachytherapy treatments. Increased capacity re: workforce for cyclotron is factored into our workforce planning. We have recently invested in a new Papillon suite which will have enough physical capacity to deal with expected demand. Increased brachytherapy treatments are not predicted to impact on bed requirements as it is planned to transfer activity to an ambulatory care setting.

Chemotherapy

As well as changes in demographics and its impact on activity forecasts, early diagnosis due to national initiatives (NAEDI) through improved access to diagnostics, increased screening (lung) and the increasing role for adjuvant, preventative therapies impact on predicted demand. In addition the development of personalised medicine, increase in oral and sub cutaneous and maintenance therapies drive new delivery methods. There are also the impact of the availability of the Cancer Drugs Fund, increased lines of therapy and the relationship with end of life care.

Overall this leads to increased activity, a higher proportion of palliative treatments, increased supportive therapies and increased complexity.

We operate in an ever changing landscape and environment requiring flexibility of delivery (central, local, community, home).

To ensure adequate operational capacity and a positive patient experience we will be re-designing the patient pathway over this planning period. This will involve separating chemotherapy delivery from medical decision making, supportive care and treatment of complications. Further inpatient chemotherapy will be transferred to day case and the day case unit will implement extended hours (evenings, Saturdays).

With the advent of new therapies available to be given subcutaneously (e.g. transuzemab) we will be exploring partnership models with Community Trusts to enable treatments to be given in patient's homes.

Within the first year of this plan we will continue to pilot our Mobile Chemotherapy Unit. Having the right skills and competencies within the workforce is crucial to ensure capacity and safe care. We will evolve a nurse led model along tumour group pathways and develop new roles and responsibilities to ensure the right skill mix.

Integrated Care

The changes in availability and delivery of radiotherapy and chemotherapy change the inpatient requirements for the Trust. Whilst the majority of treatments are delivered as a day case patients require admission primarily due to the complexity of their treatment or due to increase co-morbidity resulting in more acutely ill patients. During 2014/15 work will continue to reduce length of stay and to avoid unnecessary admissions. Over the last 3 years all wards have been upgraded and new operating models of care introduced therefore the current bed capacity will be adequate for the predicted levels of activity.

6 monthly nursing workforce reviews using the AUKUH Acuity/Dependency Tool will continue to ensure that the workforce capacity and capability is correct. During 2014 we will also be implementing the Keogh 7 day working standards within the wards including a new medical model of 'Consultant of the Day' and 'Consultant of the Week' to ensure patients are seen in a timely manner following unplanned admission and that there are no medical delays to discharge.

As part of our Transforming Cancer Care programme we have identified that separation of chemotherapy and non chemotherapy activity is required to ensure the most effective service model and improved patient experience. Following capital investment in 2013/14 we plan to open an non chemotherapy day case unit in summer 2014.

Analysis of the key risks and how the trust will be able to adjust its inputs to match different levels of demand

The Trust has identified three key risks that relate to operational requirements and capacity over the next two years.

All areas of delivery are risk assessed and any identified risks are included within the Trusts Assurance Framework and Trust wide Risk Register.

Risks and mitigations:

1. Ensuring we have the right skills, competencies and capacity within the workforce.The Trust has robust workforce plans in place. The Trust also is the main provider of specialist education for key healthcare professional groups such as chemotherapy nurses and is able to flex the training and competency development to meet changing service needs.

2. Forecast and mitigate the volatility of the changes in treatments for cancer affecting demand.The Trust is well represented on the relevant national Clinical Reference Groups (NHS England) and is well positioned to respond to changes in treatments. The Trust infrastructure and distributed service model enables the Trust to respond quickly to changes in demand.

3. The potential impact of reduction in healthcare funding.The Trust has agreed a three year block contract. The Trust has also increased income from its joint venture and its subsidiary company.

All areas of delivery are risk assessed and any identified risks are included within the Trusts Assurance Framework and Trust wide Risk Register.

d. Productivity, efficiency and CIPs

CCC has developed a broad CIP programme which incorporates all areas of potential productivity and income improvements. The programme includes an element of traditional operational/transactional changes developed within individual departments but is mainly focussed on transformational change to improve both quality and productivity. The traditional schemes include ongoing focus on consumable costs and service line agreements.

The Trust has carried out a “horizon scanning” exercise to review potential transformational changes and is working through these schemes as part of a staged implementation programme. The detailed implementation programme works over a 2 year cycle, so that schemes are the implementation lead in time is appropriately managed. The work is supported by an internal Service Redesign team which has recently been strengthened and programme management software will also be introduced in 2014/5.

The programme for 2014/5 and 2015/16 builds on previous progress in transformational change. In previous years the inpatient admission process has been redesigned and the staffing model linear accelerators have been transformed. The next phase of the programme includes the following projects:

- review of the skill mix and operating model in chemotherapy
- redesign of the inpatient service model
- introduction of automated staff rostering
- review of the service model for Imaging services
- review of the clinical pathways (specifically the role of medical staff or other staff)
- Chemotherapy services being transferred to community settings in partnership with community providers

The overall service transformation programme has been expanded to meet the demands of the 2014/5 and 16 CIP. In order to support the programme the senior management team has been restructured to increase management capacity including clinical leadership. The level of support available in the Service Redesign team has also been increased.

The overall programme includes a combination of the full year effect of large scale changes implemented in 2013/4, clinical income, redesign, other departmental transactional changes, terms and conditions and other Trust wide changes such as a new procurement strategy. The following table provides a breakdown of the financial impact of these changes by category.

CIP Programme £m	Financial impact 2014/15	Financial impact 2015/16
Service re-design	1.0	1.6
Trust wide savings	0.2	0.3
Income generation	1.1	0.4
Total	2.3	2.3

In 2014/15 the Trust will purchase a new Electronic Patient Record System which will be a major piece of our transformational journey giving greater access for clinicians to key clinical systems any place, any time.

e. Financial plan

The Trust in common with other Trusts and wider health sector continues to operate in a challenging financial environment coupled with growing demand for health services. The Trust is fortunate that it continues to face these challenges from a position of strength with a solid financial position and reputation.

The Trust is at a pivotal stage in its development in that as well as addressing the continuing financial challenges and uncertainties facing the NHS as a whole, it has the additional and very significant challenge / opportunity presented by the proposed investment and development of a new £118m Clatterbridge Cancer Centre in Liverpool in 2018/19.

In setting the Financial Plan the Trust is mindful of the need to ensure the Trust remains an outstanding cancer centre and ensures its future financial sustainability whilst embracing the challenges/opportunities it faces. Key to this is strong strategic and business planning which is priority based and delivers the necessary “financial headroom” to grow and invest in new service developments.

In spite of the need to achieve efficiency savings the Trust has identified the necessary financial headroom through a combination of funded growth and efficiency savings and has again committed in 2014/15 additional priority revenue investment of £1.4m to further improve service delivery and patient care.

The Trust’s Financial Plan underpins the Trust’s priorities, operating requirements and the productivity and efficiency initiatives and is aligned with Commissioners intentions for Cancer services.

The Trust’s, financial strategy is based on the following two revised overarching financial parameters:

1. Maintaining a Continuity of Service rating of a minimum of 4

2. Achieving an underlying annual surplus of a minimum of £1m or 1% (whichever is the greater)

The table below indicates the forecasted surpluses and estimated risk ratings based for 2014/15 and 2015/16

£m	**2014/15**	**2015/16**
Forecast EBITDA	6.3	10.5
Forecast I&E Surplus	2.7	5.8
Forecast Cash Balance at Year End	62.4	27.7
Forecast Financial Risk Rating (FRR)	4	4

Based on a projected turnover of £100.6m in 2014/15 and £105.5m in 2015/16, the Trust is forecasting an underlying revenue surplus of £2.7m in 2014/15 and £5.8m in 2015/16. The Trust expects to maintain a Monitor Continuity of Services rating of 4 over the two year period.

Income, and the extent of its alignment with commissioner intentions/plans

The Trust has forecasted income of £100.6m for 2014/15 and £105.5m for 2015/16.The Trust's income is forecast to increase on plan by £2.9m in 2014/15 (2.9%) and by a further £4.9m (4.9%) in 2015/16. These increases are due to projected growth in each of the 2 years and are aligned with our Commissioners plans.

Clinical income accounts for 92.3% of the Trust's forecast total income. Of the total clinical income, 84.4% will be covered by the contract with Specialised Commissioning. The balance of clinical income is derived from a number of contracts including those with Wales and Scotland (£1.3m), the Isle of Man (£1.1m), with The Walton Centre NHS Foundation Trust / Specialised Commissioning for Stereotactic RadioSurgery (SRS) (£0.5m), with local NHS bodies for direct access imaging (£0.3m), plus cost per case funding from the National Cancer Drugs Fund (CDF) of £9.5m. It is expected that Named Drugs will continue to be commissioned on an actual usage basis by the Cancer Drugs Fund, and therefore income is matched by corresponding expenditure. The Trust has agreed block funding, subject to caveats, for drugs funded by its main commissioners,

The Trust has signed a 3 year Block Contract for activity and drugs with its main Commissioner. The Trust's clinical income is aligned with the intentions and plans of its respective commissioners and is based on the growth in projected activity outlined in the section on Activity and Demand pressures.

In addition to clinical income the Trust has a number of other sources of income including the Trust's Pharma Subsidiary and its joint venture private patient clinic.

As in previous years, the Trust hosts a number of projects, including; NatCanSat and Merseyside & Cheshire Cancer R&D Network. The financial performance of these services has a neutral impact on the retained surplus as the forecast cost (including overhead/accommodation recharges from the Trust where appropriate) is covered by forecast income.

The Clatterbridge Clinic

This will be the second year of operation for the Clatterbridge Clinic, the Trust's Joint Venture with the Mater Private. Profit from the Joint Venture is contributing as a source of additional income, enhancing available resources and enabling re investment in NHS services.

PharmaC

As noted above forecast profit from the Trust's Outpatient Subsidiary Company, PharmaC, which became operational in December 2013 is also contributing as a source of additional income enhancing available Trust resources.

Costs

The Trust has a forecasted expenditure budget of £94.3m in 2014/15 and £95.0m in 2015/16. The Trust's expenditure is forecast to increase on plan by £6.3m in 2014/15 and by a further £0.7m in 2015/16.

The Trust's expenditure is based on the following main assumptions:

- Pay Award & Incremental drift: Reflects the recent pay award announcement.
- The vacancy turnover factor of 1% has been maintained from previous years for all pay budgets.
- Non-pay inflation has been estimated at a weighted average of 3.7%). As most Inter-Trust SLAs are linked to pay inflation (c 2%) and the majority of drug costs are funded on an actual usage basis, 3.7% is considered to be a prudent overall estimate. This is in line with national DH guidance.
- The Trust needs to deliver efficiency improvements to cover the shortfall between tariff uplift and inflationary pressures. A target of 4% has been used (see Productivity, efficiency and CIPs section)

In spite of the need to achieve efficiency savings the Trust has identified the necessary financial headroom through a combination of funded growth and efficiency savings and has again committed in 2014/15 additional priority revenue investment of £ 1.4m to further improve service delivery and patient care.

Key Investments include:

- Expansion of the academic oncologists and pump prime funding for a clinical fellow.
- Enhancing the out of hours nursing service, investments in Radiation services to develop pilots in on-treatment review.
- An expanded telephone triage service.
- Investments in Chemotherapy services to extend the mobile unit pilot.
- Increase capacity at network clinics.
- Improve protocol book management (development of an on-line protocol book)

This is underpinned by a challenging efficiency and income generation programme (CIP programme) of circa £2.3m per year which will redirect resources to fund these investments and to fund unfunded cost pressures.

Capital plans

In addition over the 5 year timeline the Trust also has a 5 year capital investment programme from 2014/15 to 2018/19 totalling £142m to maintain a high quality environment in which to treat patients and provide modern treatment equipment including the building of a new £118m Cancer Centre. For the 2 year period 2014/15 and 2015/16 the Trust's capital programme will be £6.6m and £50.8m. Key capital investments include with £8m on replacing and enhancing clinical equipment, £2m on developing IM&T systems including the purchase in 2014/15 of a new Electronic Patient Record System which will be a major piece of our transformational journey and £1.7m on estate and £45m on the beginning of construction of the new Cancer Centre. Running Parallel to this 2 year Operating Plan the Trust is currently completing its Outline Business Case for the new Cancer Centre which will be complete and considered by the Trust Board and subsequently Monitor in the Autumn. The initial forecasted capital outlay on the beginning of construction of the new Cancer Centre of £45m has been included in the Trust's Capital Programme for 2015/16.

Liquidity

The estimated forecast liquidity metrics for the next 2 years are summarised below.

Liquidity Metrics

£m	**2014/15**	**2015/16**
Cash holding 1st April (start of year)	57.4	62.4
Cash holding 31st March (end of year)	62.4	27.7
Liquidity metric (days)	218.5	78.3
Forecast Liquidity Risk Rating	4	4

The liquidity metrics above are based on Monitor's Continuity of Services Risk Rating (CoSRR). The CoSRR is based on 2 metrics, with a 50% weighting for each; a providers overall liquidity and their ability to service debt obligations. As the cash and debt position are unlikely to change significantly until the Transforming Cancer Care construction phase begins, the Trust would reasonably expect to have a rating of 4 for the next 2 years, although the reduction in cash in 2015/16 is due to the assumed commencement of construction.

As with the previous project related funding this funding has been deferred from the I&E in 2014/15 and 2015/16, the resources relating to the funding of the TCC development appear on the Balance Sheet as cash resources but have been deferred from income in the I&E (£6.4m p.a. in 2014/15 and 2015/16).

Due to the high level of cash held the Trust does not have a Working Capital Facility (WCF) in place.

Risk ratings

The table below summarises the anticipated Continuity of Service risk rating for 2014/15 and 2015/16:

2014/15

Metric	Forecast	Rating
Debt service	9.28x	4
Liquidity	218.5	4
Forecast weighted average Financial Risk Rating		4

2015/16

Metric	Forecast	Rating
Debt service	6.57x	4
Liquidity	78.3	4
Forecast weighted average Financial Risk Rating		4

The Trust is forecasting a Continuity of Service risk rating of a 4 in both years

Risk

As in previous years, the adoption of a prudent approach has been taken to Financial Planning process with income not recognised, where feasible, until it is secured, and the use of expenditure reserves. However risks will always remain, and the key financial risks and mitigating actions are summarised below.

Summary of Key Financial Risks

RISK		Mitigation
Commissioners reverse their decision to fund the remaining 3 years of respective £3.2m p.a.		Confirmation received that the resource are available and earmarked for the CCC development.
Non delivery of recurrent CIP 2014/15 (£2.2m)		Over £2m rated at medium / low risk in 2014/15. CIP monitoring arrangements.
Delivery of Future Years CIP programmes recurrently		Continue to develop service reconfiguration plans in 2014/15 to ensure on-going savings can be identified and delivered.

MRSA / C.Diff Contract Penalties: changes to the maximum cases permissible significantly increase risk of financial penalty		The Trust has a contingency reserve in place
<u>Contract terms</u> 'Block' contract will operate in two parts: Activity will be a fixed value agreement running across the three years Named drugs are based on a yearly fixed value reviewed annually.		Negotiated a 3 year 'block' arrangement. Contract includes considerable growth. Activity will be a fixed value agreement running across the three years Only committed expenditure against a small proportion of the additional income; An Activity reserve has been created Named drugs will be a fixed value in-year with each new year being rebased on the current years actuals plus £2m growth assumption. The Contract is subject to a number of caveats (eg NICE approval of new drugs, transfer of new drugs from the Cancer drugs fund) which would need to be recognised immediately both in-year and for each year's revised baseline: A £2m Drugs Reserve has also be created.
Move to national tariffs introduces more volatility, as prices change each year.		No changes to tariffs in 2014/15. Could be a risk for future years though.

Loss of income from North Wales if patients repatriated. Net risk of remaining contract value post 2015/16, as reduction of £1m over next 2 years factored into financial plan		Working with Welsh Commissioners to manage the transition. Reduction of £1m in next 2 years factored into financial plan Growth expected to continue in demand for English patients likely to offset need to reduce capacity.
Recharges from host hospitals increase more than planned.		Contingency reserves. Strengthening team involved in SLA negotiations with host hospitals covered by SLAs.
Other unforeseen events		Reasonable contingency (£500k) set aside

All areas of delivery are risk assessed and any identified risks are included within the Trusts Assurance Framework and Trust wide Risk Register.

Financial Downside

The Trust has agreed a Block Contract with its commissioners for the 3 year period 2014/15 to 2016/17 for all its activity. For named drugs the Trust has agreed a fixed value in-year with each new year being rebased on the current year's actual plus £2m growth assumption. This arrangement is subject to a number of caveats within the contract.

Key risks include:

- Block contract has risk of lost income if over performance occurs.
- Non delivery of some QIPP/CIP schemes

As in 2014/15 the Trust has continued its strategy at this point of not committing all forecasted additional resources for 2014/15 and 2015/16 and has only committed/invested part of its funded growth as recurrent expenditure. In addition has also set aside the following uncommitted contingencies:

- A Drugs reserve of £2m
- An activity reserve of £626k has been created to provide funding to increase capacity if required to deliver the levels of growth assumed in clinical income.
- A £500k general contingency
- A Business Development reserve of £100k. This has been maintained from 2013/14.

This approach will be reviewed annually.

The risks relating to the non delivery of CIP, C.diff penalties and clinic costs have been modelled in the financial templates, the other risks have not on the basis that the Trust has significant mitigations in place, eg Drugs and Activity reserves.

2015/16 onwards

In the following years the Trust will continue to face challenging times due to:

- Further potential tariff variations of mandatory tariffs for chemotherapy delivery and external beam radiotherapy.
- The continued ongoing level of additional efficiency savings that will be required, including significant service redesign.

In depth Financial downside and Sensitivity Analysis will also be undertaken as part of the Trust's Outline Business Case for the new Cancer Centre.