

TRUST BOARD

Agenda Item	P1-020-18	7 th February 2018
Subject /title	3 Year Operational and Financial Plan	
Author	Yvonne Bottomley, Deputy Chief Executive/Finance Director Barney Schofield, Director of Operations & Transformation	
Responsible Director	Yvonne Bottomley, Deputy Chief Executive/Finance Director Barney Schofield, Director of Operations & Transformation	
Executive summary and key issues for discussion		
<p>The Trust is embarking on a significant Transformation journey over the next 3 years with the planned opening of the Trust's new £128m hospital in Spring 2020. The business plan for the next 3 years is pivotal to the Trust's future success.</p> <p>The Transforming Cancer Care (TCC) journey is underpinned by a 10 year business case (approved in April 2016) based upon an emerging Clinical Model. Running in parallel with this Plan is the finalisation of a new ambitious 10 Year Strategy for the Trust. The business plan for the next 3 years is pivotal to the Trust's future success and is aligned to the ambitions within the new Strategy.</p> <p>Following extensive work and engagement this clinical model has now been developed into a 4 Sector Hub Model with multi-disciplinary teams.</p> <p>Based on the new Clinical model the next 3 years of the Trust's Business Plan including the Workforce plans and demand and capacity projections have been revisited and updated to ensure alignment with the new Clinical Model and to ensure financial affordability and clinical sustainability.</p> <p>This updated 3 year plan allows us to move forward with the new proposed clinical service delivery model and the opening of the new hospital.</p> <p>This plan will support the delivery of a safe and effective transition by ensuring that the operational, financial and workforce components of this journey are incorporated in a single plan with risks understood and managed.</p> <p>This plan has been based on the assumption that commissioners fund growth in Solid Tumour activity for the next 3 years based on the funded growth assumptions contained within the current contracts with activity and funding rebased to reflect actual 17/18 activity. Funding assumptions have not been based on forecasted demand modelled in Section 3 due to the lack of certainty about future commissioner funding.</p> <p>In recent years the creation and continued base line growth of our Commercial Ventures has provided the Trust with considerable financial headroom. This Plan is based on the continued base line growth of the ventures over the next 3 years with the additional revenue generated reinvested into proposed Funded clinical investments.</p> <p>The 10 year strategy being considered by the Board also considers the opportunity to further drive and exploit the current commercial ventures and to explore opportunities</p>		

to create additional ventures. This would be a key prerequisite to progress the ambitious developments and business cases outlined in this plan which currently require funding to proceed.

Strategic context and background papers (if relevant)

NHSI have not yet published any Planning Guidance for 2018/19. Should this be published, the Trust will review the Plan in light of this.

Recommended Resolution

The Board are asked to consider the content of this paper and, **subject to** receipt of the NHSI Planning Guidance not impacting on the available resource assumptions within the plan: -

1. Note the 3 year Operating and Business Plan - 2018/19 – 2020/21
2. Approve the Financial plan for year one – 2018/19 and proposed Funded Investments of £3.8m including £1.9m of workforce investments (increase of 64.81 WTEs)
3. Approve £600k per annum for Research Development Investment (included in 2 above) subject to a further report outlining the proposed programme for this investment
4. Approve the Revised Capital Programme of £173.3m for the 5 year period 2018/19 - 2022/23.
5. Note that H-O pressures and business cases for investments is currently work in progress and request that the H-O Plan is submitted to March's Board for consideration and approval.
6. Note further work to be undertaken to try to secure additional funding to progress outstanding Unfunded business cases and request that an update of Year 2 and 3 of the Plan be submitted to the Finance and Business Development Committee in September 2018 and Board in October 2018

Risk and assurance

The risks and mitigations are detailed within each section of the plan.

Link to CQC Regulations

Regulation 17: Good Governance

Resource Implications

This 3 Year Plan represents increase in staffing (WTEs) numbers from 1148.70 WTE

to 1265.95 WTE:

- 2018/19: 64.81 WTEs (5.8% Increase)
- 2019/20: 36.66 WTEs (3.1% Increase)
- 2020/21: 15.78 WTEs (1.29% Increase)

£6.9m of new funded investment over the 3 year period with up to a further potential investment of £6.7m requiring businesses cases / additional funding

Continued achievement of annual cost savings of 2% per year (£5.4m for the 3 year period)

Capital Programme of £173.2m including delivery of a £128m new hospital in 2020/21

Delivers normalised forecasted year surpluses of:-

- 2018/19: £2.5m
- 2019/20: £2.9m
- 2020/21: £1.9m

It should be noted that 2019/20 and 2020/21 contain a number of extraordinary items relating new hospital including impairment of the new building which will impact on the Trust's normalised surplus resulting in a planned forecasted deficit of £ 15.1m in 2019/20

Key communication points (internal and external)

This 3 Year Plan has been developed with significant input from Trust staff and will be widely communicated once approved.

Freedom of Information Status

FOI exemptions must be applied to specific information within documents, rather than documents as a whole. Only if the redaction renders the rest of the document non-sensical should the document itself be redacted.

Application Exemptions:

- **Prejudice to effective conduct of public affairs**
- **Personal Information**
- **Info provided in confidence**
- **Commercial interests**
- **Info intended for future publication**

Please tick the appropriate box below:

<input type="checkbox"/>
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A. This document is for full publication

B. This document includes FOI exempt information

C. This whole document is exempt under FOI

IMPORTANT:

If you have chosen B above, highlight the information that is to be redacted within the document, for subsequent removal.

Confirm to the Trust Secretary, which applicable exemption(s) apply to the whole document or highlighted sections.

Equality & Diversity impact assessment

Are there concerns that the policy/service could have an

Yes

No

adverse impact because of:		
Age		X
Disability		X
Sex (gender)		X
Race		X
Sexual Orientation		X
Gender reassignment		X
Religion / Belief		X
Pregnancy and maternity		X
Civil Partnership & Marriage		X
If YES to one or more of the above please add further detail and identify if full impact assessment is required.		
Next steps		
Appendices		

Corporate Objectives supported by this report

Improving Quality	X	Maintaining financial sustainability	X
Transforming how cancer care is provided across the Network	X	Continuous improvement and innovation	X
Research	X	Generating Intelligence	X

Link to the NHS Constitution

Patients		Staff	
Access to health care	X	<i>Working environment</i> Flexible opportunities, healthy and safe working conditions, staff support	X
Quality of care and environment	X	<i>Being heard:</i> <ul style="list-style-type: none"> Involved and represented Able to raise grievances Able to make suggestions Able to raise concerns and complaints 	X
Nationally approved treatments, drugs and programmes	X		
Respect, consent and confidentiality	X		
Informed choice	X	Fair pay and contracts, clear roles and responsibilities	X
Involvement in your healthcare and in the NHS	X	Personal and professional development	X
Complaint and redress		Treated fairly and equally	

2018/19 – 2020/21

3 Year Operational and Business Plan

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Section 1

Executive Summary

EXECUTIVE SUMMARY

The Clatterbridge Cancer Centre NHS Foundation Trust (CCC) is committed to providing the best cancer care to the people it serves, delivering excellence in cancer treatment and patient care.

CCC is embarking on a significant Transformation journey over the next 3 years with the planned opening of the Trust's new £128m hospital in Spring 2020. Running in parallel with this Plan is the finalisation of a new ambitious 10 Year Strategy for the Trust. The business plan for the next 3 years is pivotal to the Trust's future success and is aligned to the ambitions within the new Strategy.

The Transforming Cancer Care (TCC) journey is underpinned by a 10 year business case (approved in April 2016) based upon an emerging Clinical Model. Following extensive work and engagement this clinical model has now been developed into a 4 Sector Hub Model with multi-disciplinary teams.

Based on the new Clinical model the next 3 years of the Trust's Business Plan including the Workforce plans and demand and capacity projections have been revisited and updated to ensure alignment with the new Clinical Model and to ensure financial affordability and clinical sustainability .

This updated 3 year plan allows us to move forward with the new proposed clinical service delivery model and the opening of the new hospital.

This plan will support the delivery of a safe and effective transition by ensuring that the operational, financial and workforce components of this journey are incorporated in a single plan with risks understood and managed.

This 3 Year Plan represents increase in staffing (WTEs) numbers from 1148.70 WTE to 1265.95 WTE:

- 2018/19: 64.81 WTEs (5.8% Increase)
- 2019/20: 36.66 WTEs (3.1% Increase)
- 2020/21: 15.78 WTEs (1.29% Increase)

£6.9m of new proposed investment over the 3 year period with up to a further potential investment of £6.7m requiring which are subject to businesses cases / additional funding

Continued achievement of yearly cost savings of 2% per year (£5.4m for the 3 year period)

Capital Programme of £173.2m including delivery of a £128m new hospital in 2020/21

Delivers normalised forecasted year surpluses of:-

- 2018/19: £2.5m
- 2019/20: £2.9m
- 2020/21: £1.9m

It should be noted that 2019/20 and 2020/21 contain a number of extraordinary items relating new hospital including impairment of the new building which will impact on the Trust's normalised surplus resulting in a planned forecasted deficit of £ 15.1m in 2019/20

This plan has been based on the assumption that commissioners fund growth in Solid Tumour activity for the next 3 years based on the **funded** growth assumptions contained within the current contracts with activity and funding rebased to reflect actual 17/18 activity. Funding assumptions have not been based on forecasted demand modelled in Section 3 due to the lack of certainty about future commissioner funding.

In recent years the creation and continued base line growth of our Commercial Ventures has provided the Trust with considerable financial headroom. This Plan is based on the continued base line growth of the ventures over the next 3 years.

The 10 year strategy being considered by the Board also considers the opportunity to further drive and exploit the current commercial ventures and to explore opportunities to create additional ventures. This would be a key prerequisite to progress the ambitious developments and outstanding business cases outlined in this plan which require further funding to proceed.

It is inevitable that a number of uncertainties remain to be resolved with regard to the CCC's future operating model in 2020 and beyond. This plan works on the basis of a number of assumptions and therefore for the second and third year of the plan will be revisited and refreshed in September 2018.

As well as a provider of specialist cancer services, CCC has a pivotal system leadership role to play across Cheshire and Merseyside. As the host of the Cheshire and Merseyside Cancer Alliance, CCC is helping to direct significant national investment in cancer transformation towards key local priorities to improve outcomes and experience. This investment sits out with the scope of this 3 year plan, as it forms part of the wider Cheshire and Merseyside Cancer Plan and is pivotal to the wider transformation of cancer care in Cheshire and Merseyside.

Section 2

Trust Operational Strategy

Introduction

CCC's clinical services are delivered through 4 clinical directorates: Chemotherapy, Haemato-oncology, Integrated Care and Radiation Services

2018/19 is the first full year in which CCC will deliver the regional haemato-oncology (H-O) service, following the transfer from the Royal Liverpool Hospital on 1st July 2017.

The 3 years covered by this plan will be a period of unprecedented operational change and transition into the new clinical model and the new CCC-Liverpool.

This plan will support the delivery of a safe and effective transition by ensuring that the operational, financial and workforce components of this journey are incorporated in a single plan with risks understood and managed.

It is inevitable that a number of uncertainties remain to be resolved with regard to the Trust's future operating model in 2020 and beyond. This plan therefore works on the basis of a number of assumptions and will need to be revisited at regular intervals over the next 3 years.

The key operational delivery requirements underpinning this 3 plan are as follows:

- Increasing our capacity to deliver elective access targets (including 2ww, 62 day cancer standard, 18 week referral to treatment and 6 week diagnostic waits) in the light of growth in demand
- Ensuring that capacity is available to deliver a 7 day first appointment at CCC for over 90% of patients
- Additional capacity to improve the % of images reported within 14 days
- Capacity to deliver urgent/emergency access to care at CCC
- Reshaping delivery of care to move into the centre and sector-based model set out in the new CCC model of care

New Cancer Hospital



January 2018



May 2020

CCC-Liverpool will open in Spring 2020, integrating solid tumour oncology and haemato-oncology in Liverpool for the first time.

This 3 year plan describes the activity, finance and workforce assumptions to support the opening of the new centre and the safe and effective delivery of clinical services in the lead up to and beyond 2020.

A huge amount of operational planning for the new centre has taken place and the majority of operational assumptions are agreed. There remain, however, further work is required with regard to how the new centre will operate (particularly concerning In-patient care, Clinical Decisions Unit and acute medical cover) and therefore year 2 and 3 of this plan will be revisited regularly in the approach to 2020. The first checkpoint review of the business plan is October 2018.

The new hospital has been developed to accommodate In-patient H-O activity transferred from Aintree and Southport Hospitals, however the costs and income associated with this development do not form part of this plan and are subject to a separate business case.

The transition costs relating to this move are included within this 3 year Plan.

New Clinical Model

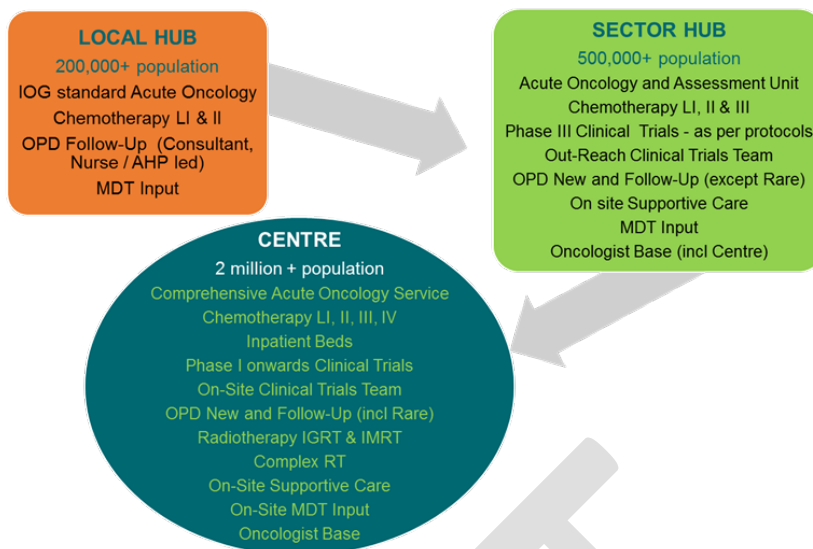
The new CCC-Liverpool forms the central hub of a networked delivery model of care for non-surgical oncology across Cheshire and Merseyside. It is consistent with the Healthy Liverpool vision of centralising specialist cancer surgery in Liverpool, as part of the Royal Liverpool and Broadgreen University Hospitals NHS Trust / Aintree University Hospitals NHS Foundation Trust proposed merger.

CCC has widely engaged internally and across Cheshire and Mersey regarding the future delivery of clinical services based on the principle of 'local where possible, central when necessary'.

To sustain high quality services and the delivery of local care, CCC has differentiated service provision into 4 levels: The Centre, Sector Hubs, Local Hubs and Home-based Care.

All new Out-patient appointments will be concentrated in sector hubs, serving populations of circa 500k, with increased provision of supportive care services in sector hubs.

The sector hubs will be based at CCC-Liverpool (the centre and the sector hub for the Central Liverpool population) CCC-Wirral, CCC-Aintree and CCC-East (the location of which remains to be formally determined through public engagement/consultation in 2018).



Emerging Treatments

The following emerging treatments have been considered and will require a business case underpinned by Commissioner support, for implementation:

- Increasing use of Immunotherapy (IO) drugs, including, Pembrolizumab, atezolizumab, nivolumab and ipilimumab used in the treatment of Renal, lung and melanoma cancers.
- IO Drugs also entering clinical practice in Haematological cancers and head and neck cancer.
- Car-T Cell Therapy in Haemato-oncology.
- Improved population access to Bone Marrow Transplants, including non-malignant indications.
- Possible increase in fractionation of Radiotherapy for the treatment of some lung cancers.

Research and Development

Over the next 3 years the Trust is committed to developing and delivering a research strategy to ensure that the potential benefits for our patient population, research and reputational impact for CCC, University of Liverpool (UoL) and other allied partners (LHP, NWCRN etc.) are realised. This comes with a commitment to support and invest in infrastructure that delivers on improving patient access to clinical trials and to significantly increase trial recruitment and develop an increase in the clinical academic research portfolio.

Towards this goal the Trust are committed to lead, develop, and deliver a research strategy that:

- listens to the needs of our local population and improves access to clinical trials with a focus on smarter and kinder care
- draws on existing strengths in translational and basic scientific research
- identifies areas that require additional investment and infrastructure
- aligns with the objectives and themes of strategic partners, especially UoL

Current notable strengths are the award of the Experimental Cancer Medicines Centre (ECMC) status in April 2017 with academic partner UoL. This has the potential to develop early phase trials, improve recruitment, generate additional income, and enhance organisational reputation. Efforts will focus on a strategic plan that builds on existing strengths and attracts wider participation to ensure that we deliver over and above the stated objectives to ensure success of a renewal bid in 2022.

Integration of Haemato-oncology in July 2017 provides a unique opportunity to increase the research capability and portfolio. The opening of CCC-Liverpool, in close proximity of the University of Liverpool provides a timely opportunity for a more cohesive and comprehensive strategy for cancer research in the region. The future clinical model recognizes the benefits of greater integration of research infrastructure within the sector hubs to improve patient access to trials across the region.

A director for academic research has been appointed to work alongside the clinical research and research governance leads to identify research themes that draw on the expertise and strengths of CCC and to define and develop key areas. It is acknowledged that success will involve close collaboration with relevant partners within the region, a focus on securing renewal of ECMC status in 2022 together with developing a flourishing cancer trials unit capability to be able to retain and expand on current strengths. In collaboration with UoL and other strategic partners a key focus and aspiration of the research strategy will be to develop a plan that ensures that we are competitive to regain CRUK centre status and CRUK infrastructure funding for a Cancer Trials Unit in the future.

On-going and planned growth in research activities will require a business case for future investment and a strategy to attract external funding through research grants and engagement from commercial partners. Significant revenue resources have been identified to support this ambition.

Operational Risks and Mitigations

Risk	Mitigating Actions Required	Exec Risk Owner
Capacity in chemotherapy clinics to deliver significant increase in immunotherapy treatments.	Significant investment in nursing and pharmacy workforce through workforce plan to deliver extended day working in Chemo sector hubs to support underlying growth Immunotherapy business case to secure investment to support new therapies.	DOT
Securing capacity to meet the forecast demand in year 3 (Liverpool) day case treatments including ambulatory BMT, therapy for Acute Leukaemia and H&N cancers.	Cross Directorate working, robust and frequent activity & WF planning, development of a Business Case for increased HO day case activity.	DOT
Radiologist workforce	Investment in 2 additional Radiologist posts	DOT/MD

capacity not aligned to current demand		
Oncology Consultant workforce capacity to deliver forecast demand	Significant investment secured in this plan in ANP/CNS, non-medical prescribers in pharmacy, care navigators to deliver the future workforce model	DOT/MD
Increasing demand for inpatient care via an unplanned care pathway (bed capacity in CCC-Liverpool).	Development of a robust bed management and patient flow team. Develop and agree clearly defined care pathways for common conditions. Proactive work force plan. Business Case required for increased staffing and new roles.	DOT/MD
National reduction in Medical workforce (both Consultant and Junior Doctors).	<ul style="list-style-type: none"> An additional business case to increase the number of senior nurses and AHPs funded for the Medical workforce budget will improve MDT team working and address some shortfall in Consultant numbers. Develop a business case to increase the number of ANPs/ Nurse Clinicians to address the reduction in junior doctor numbers.(Logged on Trust RR) 	DOT/MD

Conclusion

The investment in this 3 year plan will support a significant transformation in the Trust's delivery of services towards the sector hub model of care and will deliver the capacity required to support delivery of excellent access to high quality services and research capacity. The delivery of a number of additional service developments and further research capability is, however, contingent upon business cases, commissioner support and effective partnership working in an environment when only the strongest, highest priority developments can be funded.

Section 3

Forecast Demand and Capacity

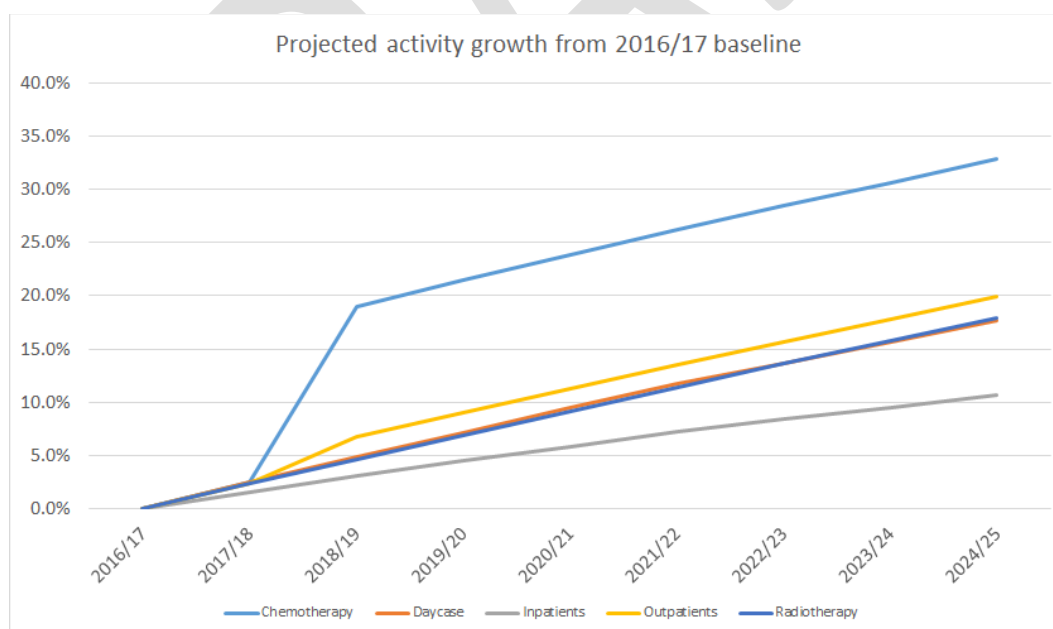
Introduction

The Full Business Case for Transforming Cancer Care was underpinned by a detailed activity model which forecast the future demand for CCC services based on known/likely service developments, population's factors, epidemiological factors and technological trends. This model formed the basis for understanding the Trust's clinical capacity requirements eg in-patient, out-patient, day case and radiotherapy facilities.

This activity model has been refreshed with 2 further full financial year's data and all assumptions reviewed. Further detailed work is required, particularly on imaging activity.

Demand and Activity Assumptions

The following chart summarises forecast activity trends from 16/17 baseline to 2025 (i.e. beyond the 3 years covered in this plan). This activity forecast differs from the contracted activity growth in the 3 year plan as it includes assumptions about service developments (including immunotherapy growth, increased BMT activity, Aintree haemato-oncology activity) which remain subject to business cases. The main purpose of refreshing the activity model at this point is to provide intelligence as to how far the Trust's physical capacity beyond 2020 will be sufficient to meet projected demand for services. This will enable CCC to anticipate and mitigate risks well before they materialise into operational, quality and access problems. It will also provide a basis for future discussions with commissioners regarding contract income.



Activity Risks and Mitigations

The following conclusions can be drawn from the updated activity model:

- Modelling indicates that the overnight bed capacity in CCC-Liverpool will be sufficient to meet demand, at 85% occupancy. Whilst this occupancy is higher than forecast in the FBC, it is safe and appropriate for an acute specialist medical facility.
- This is predicated however, on CCC achieving 20% In-patient productivity gains in oncology, where benchmarking demonstrates a significant opportunity. Developing new pathways for elective and unplanned in-patient care are a key focus of the Transformation programme. Failure to achieve this improvement will result in sub-optimal access to in-patient care in the new CCC-L and/or bed occupancy levels being higher than planned.
- Additional net growth in demand for unplanned in-patient care, e.g. as a result of greater accessibility to the Liverpool population and co-location with the Royal, will require further improvements in productivity or increases in occupancy levels.
- In the short term (year 1) it is likely that Haem-Onc capacity in the Royal Liverpool Hospital will be insufficient to meet demand and therefore the service will continue to operate at 100%+ occupancy (i.e. with outliers into other wards). A number of options to increase bed capacity are being urgently considered through a separate business case.
- The highest projected activity growth area is day case chemotherapy, where a 14% increase is predicted in 18/19 as the result of novel immunotherapy agents being approved for NHS use. The capacity to deliver this increase is the subject of a separate business case.
- Radiotherapy activity remains in line with earlier predictions and supports 10 linac capacity at 55 hours per week operating. A business case for additional radiographer staffing to extend treatment hours will be considered separately and is not included in this plan, however there is sufficient capacity for radiotherapy in 18/19 without this investment.
- Future imaging capacity requirements beyond 2020 are the subject of further review.

Risk	Mitigating Actions Required	Exec Risk Owner
H-O bed capacity in RLBUH is insufficient to meet current demand	Business case to develop additional bed capacity through conversion of day case space to in-patient accommodation.	DOT
Insufficient bed capacity in CCC-L to meet demand at safe occupancy levels	<ul style="list-style-type: none">• In-patient transformation, including development of a clinical decisions unit.• Business case for transfer of Aintree H-O service in development.• Clear agreement through clinical interface work streams with RLBUH as to bed management protocols and admission criteria into CCC-L.	DOT
Developing capacity to deliver a 14% increase in immunotherapy activity	<ul style="list-style-type: none">• Increased capacity in place at sector hubs from Jan 18.• Business case to approve further investment in nursing and pharmacy staffing.	DOT

Conclusion

In conclusion, the plan supports adequate levels of operating capacity in year 1 and beyond, however immediate focus is required on increasing Haem-Onc bed capacity and in-patient transformation to support improved productivity beyond 2020.

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Section 4

Revised Workforce Plans

Introduction

The workforce plan provides a 3 year workforce projection taking us to 2021. The workforce plans contained within this section provide the capacity required to deliver the future clinical model and are affordable within the financial envelope of the 3 year plan. Additional investment through business cases will support specific service developments and further investment in research capability, once additional funding can be secured.

This plan represents a very significant investment in the Trust's workforce. Over 75% of the proposed investment is in clinical posts, to enable CCC to maintain and improve access to care, improve quality in a number of focused areas and make very significant progress in delivering the Trust's future clinical workforce strategy to support the Transforming Cancer Care ambitions.

A further more detailed workforce plan, which will set out how the Trust moves from its current state, to future models of working, will be developed over the next 6 months. This will enable the development of an attraction, recruitment and retention strategy based on gap analysis, talent pipelines, and skills development need.

Key Assumptions and Risks

- Workforce investments have been prioritised to clinical areas where investment will deliver significant transformation in the service delivery model and to address the Trust's highest future operating risks.
- The workforce model is based on the requirements of hub working across 4 sites.
- Further service development and innovation is dependent on business case development and potentially further investment in the workforce.
- Modernisation of the workforce and increased team working is required to implement the future clinical model and this plan makes significant investment in senior clinical posts to deliver the team and sector model.
- In a number of areas further detailed workforce planning is required, particularly relating to the In-patient service model and out-of-hours cover post 2020. For this reason years 2 and 3 of this plan will be updated over the next 6 months.

Workforce Projections

- Workforce labour market will create gaps in the workforce e.g. nursing recruitment challenges.
- There is an ageing workforce (41% of CCC workforce currently aged 45 and above).
- Flexible working will increase (5% increase in part time working since 2012).
- 78% female workforce will drive even greater need for flexible working (specific issue for the future medical workforce).

- Turnover is predicted to remain high (32% of Trust workforce length of service is between 1 and 5 years).
- Approximately 20% of CCC staff will reach 60 years of age within the next 5 years (some staff groups can retire at age 55).
- The full impact of Brexit remains to be fully understood and has the potential to exacerbate workforce retention and supply risks.

The tables below summarise in turn, the WTE and then the cost of proposed Workforce investments in the 3 year plan.

Proposed Workforce Investments

Investments in Plan (£000):	2018/19 Growth (£000s)	2019/20 Growth (£000s)	2020/21 Growth (£000s)
Chemo Directorate	770	310	325
Integrated Care Directorate	911	649	(33)
Radiation Services Directorate	168	292	19
Haemato-Oncology Directorate	0	0	0
Medical Staff	457	0	0
Investments in Subsidiaries & R&I / Other	300	131	96
Slippage from year to year	(701)	660	41
Investments in Plan	1,924	2,042	448

The above represents investment in the workforce of £4.4m over the 3 year period

Increase in Workforce numbers (WTE)

Investments in Plan (WTE):	2018/19 Growth (WTE)	2019/20 Growth (WTE)	2020/21 Growth (WTE)
Chemotherapy Directorate	26.02	9.73	11.80
Integrated Care Directorate	23.00	17.63	0.12
Radiation Services Directorate	3.88	6.00	0.11
Haemato-Oncology Directorate	0.00	0.00	0.00
Medical Staff	2.00	0.00	0.00
Investments in Subsidiaries & R&I / Other	9.91	3.30	3.75
Investments in Plan	64.81	36.66	15.78

These proposed pay investments over the 3 year period would represent an increase in staffing (WTEs) numbers from 1148.70 to 1265.95 WTE, if all proposed developments and investments were funded

- 2018/19: 64.81 WTEs (5.8% Increase)
- 2019/20: 36.66 WTEs (3.1% Increase)
- 2020/21: 15.78 WTEs (1.3 Increase)

The main categories of the workforce investment in 18/19 are as follows:

- 17 new posts in chemotherapy nursing to provide capacity for significant growth in activity numbers and complexity, through extended day working in sector hubs, enabling more chemotherapy to be delivered in the sector hubs and away from the centre.
- 10 new posts in pharmacy, to support the expansion of SACT activity, investment in non-medical prescribing, pharmacy support for sector hubs and to support the future integration of haemato-oncology pharmacy into CCC over the period of this 3 year plan.
- Medical Staff: investment in 2 new additional Radiologist posts to support the improvement in reporting times and support for the Trust's research activities.
- 4 new posts in Radiation Physics to support the future 3 site working model for radiotherapy under Transforming Cancer care, to provide capacity for the rapid commissioning and decommissioning of new radiotherapy and imaging technology.
- 12 new posts in integrated care, including:
 - 4.5 new ANP/CNS posts, on the basis of a detailed gap analysis led by CCC's Lead Cancer Nurse.
 - 3 additional ward-based band 5 nursing posts to reflect an increase in patient acuity and an investment in ward housekeeping weekend support.
 - 2 new Physician Associate posts
 - Additional Care Navigator and Cancer Information and Support resource to support our Living with and Beyond Cancer ambitions
- 4.5 new posts in Research and Innovation, to support an expansion in the commercial clinical trials portfolio, in addition to unallocated additional investment in R&I of £600k per annum.
- Prioritised investment in corporate areas, including:
 - Infection control and clinical education team
 - Finance department, to support the department skillmix restructuring and put in place capacity to respond to requirements of H-O directorate and subsidiaries.

Potential Investments requiring further new sources of funding

As the Trust is in the second year of its commissioner contracts new funding has not been agreed by commissioners for 2018/19 and beyond at this point, unless developments have secured NICE approval. As H-O is a cost per case contract, separate discussions are ongoing with commissioners in relation to proposed H-O developments

There are a number of potential investments flagged in the Workforce Planning process that have been excluded as they require additional business cases to attract commissioner or other sources of funding.

The potential workforce investment is summarised below:

Potential Investments Not in Plan (WTE):	2018/19 Growth	2019/20 Growth	2020/21 Growth
HO business cases	24.70	1.70	19.00
Activity related business cases	13.52	20.69	36.47
Externally funded business cases	6.50	5.00	17.10
Not activity related business cases	12.88	0	0
Other	11.97	23.00	13.28
Potential Investments Not in Plan	69.57	50.39	85.85

The list of potential investments not yet included in the plan includes:

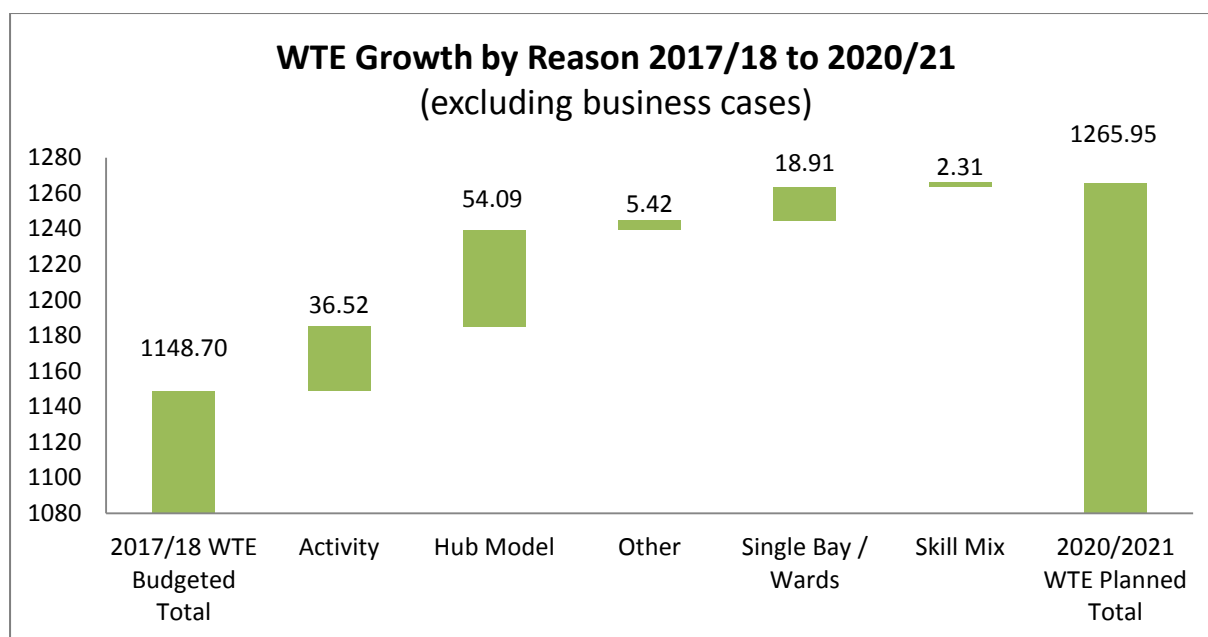
- H-O Business Cases:
 - Assumes all H-O developments will need to be funded by new commissioner investment which has to be agreed.
- Activity Related Business Cases for new services:
 - Chemotherapy: Immunotherapy, Expansion of Home Care / Bisphosphonates
 - Integrated Care: Lymphoedema, additional AHPs from 2019/20, expanding Clinical Decision Unit from 2019/20 and expanded standalone TYA from 2020/21

Revised Workforce Plan – summary tables

The growth in WTE over the next three years has been categorised into five key reasons:

1. Activity growth
2. Change in WTE due to working in a hub model
3. Working in single bay wards
4. Skill mix change
5. Other, which includes potential change to working hours / working patterns

The table below shows the WTE growth by reason over the next three years (excluding business cases).



Workforce Risks

Risk	Mitigating Actions Required	Exec Risk Owner
Recruitment and retention of professional roles including Oncologists, Radiologists, Nursing and Therapeutic Radiographers	<p>Development of a 5 year workforce plan which will forecast future workforce need based on activity data and demographic change.</p> <p>Focus given to a new Workforce Transformation lead to support the Directorates in delivering the workforce plan and roll out of the clinical workforce strategy.</p> <p>Investment in additional clinical posts to support the Trust's clinical model (e.g. investment in senior nursing posts, pharmacy posts and physician associates)</p> <p>Retire and return policy in place to maximise availability of the current workforce.</p> <p>Enhanced reward and recognition package through means other than pay, such as employee benefits, health & well-being support etc to become a modern and preferred employer of choice.</p> <p>Attraction campaigns and recruitment events for key posts held regularly.</p> <p>Enhanced use of recruitment media and effective attraction materials to support proactive recruitment activity.</p> <p>Engagement with the Cancer Alliance and Health Education England to contribute towards the wider cancer workforce</p>	Director of WOD / DOT

Risk	Mitigating Actions Required	Exec Risk Owner
	planning / demand and capacity development work.	
Education and up-skilling of the current and future workforce.	<p>Review Education provision across the Trust's Medical / Clinical and non-clinical education departments.</p> <p>Develop closer links with Universities in Liverpool to forge new relationships and inform and influence future education programmes</p> <p>Undertake a capacity analysis of current clinical education provision.</p> <p>Increase capacity of the Practice Education Facilitator post to increase Preceptorship and mentorship capacity and capability across the Trust.</p> <p>All Directorates to develop a learning needs analysis and development plan to inform education, learning and development requirements over the next 3 years.</p>	MD / DON / DWOD / DOT
Retention of the workforce as a direct result of the new hospital opening in Liverpool.	<p>Increase the intelligence provided through exit interviews by providing greater analysis of the reasons for leaving.</p> <p>Understand where the hot spot areas of retention are through 1-2-1 discussion with staff as part of the PADR process.</p> <p>Ensure all staff have access to a career conversation as part of their PADR</p> <p>Ensure that the reward bonus scheme and travel protection arrangements are regularly and clearly communicated to all staff.</p>	DWOD
National reduction in Medical workforce (both Consultant and Junior Doctors).	<p>An additional business case to increase the number of senior nurses and AHPs funded for the Medical workforce budget will improve MDT team working and address some shortfall in Consultant numbers.</p> <p>Develop a business case to increase the number of ANPs/ Nurse Clinicians to address the reduction in junior doctor numbers.(Logged on Trust RR)</p>	DOT/MD

Conclusion

The plan represents a significant investment in the transformation of the Trust's clinical services and clinical workforce to deliver the new model of care. Additional workforce investments will be considered through a series of business cases but only approved once funding has been secured.

Section 5

Quality and Performance

Introduction

The developments outlined in this plan aim to maintain and continually improve the high quality service already provided by the Trust.

The Trust closely monitors performance against a range of pan-organisational metrics, including those within NHS Improvement's Single Oversight Framework and in our contract with our Commissioners.

These are presented below; revealing how the operational and workforce detail of the plan is shaped by focussing on improving quality and performance in each category.

Metrics	Developments
SAFE	
Health Care Acquired Infections	<ul style="list-style-type: none">○ Single rooms in the new hospital will reduce the risk of infection and support privacy and dignity.○ Investment in the Infection Control team will support Haemato-oncology activity and reduce incidences of HCAs.○ Prior to the opening of the new hospital, in 2018, CCC is investing to improve the Haemato-oncology wards' environment, including increasing isolation capacity to minimise the spread of infection.
Occurrences of harm and patient assessments	<ul style="list-style-type: none">○ The new hospital design considers the needs of patients with dementia.○ The Matron Team will receive level 4&5 safeguarding training.○ A business case to develop a Clinical Decisions Unit is in development, which will improve door to needle times for the treatment of sepsis.
EFFECTIVE	
Mortality rates	<ul style="list-style-type: none">○ Continuing to develop the Hub model will ensure Team working and better adherence to protocolled treatment pathways.○ Consultant team working and introduction of non-medical senior clinicians will improve peer review regarding treatment plans.○ The implementation of the Optimising Palliative Chemotherapy, Enhanced Supportive Care and Holistic Needs Assessment CQUINs (and associated introduction of Care Navigator roles), supports both a reduction in mortality and an improved patient experience at the end of life.
CARING	
Patient Experience	The change to the workforce to deliver the hub model and provide care within the new hospital will deliver the following benefits:

Metrics (Including the Friends and Family Test, surveys and complaints)	<ul style="list-style-type: none"> o Improve waiting times to first appointment and at clinic. o Improved holistic care planning due to greater MDT input into delivery of patient care. o Travel times for treatment will be reduced for the majority of patients. o Band 7 service leads will be responsible for improving the response rates to FFT and other valuable patient surveys.
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RESPONSIVE

CCC routinely performs well against all Cancer Waiting standards, except the 62 Day 'pre allocation' target. This figure represents not only CCC's performance, but that of Trusts who refer patients into CCC; routinely after day 38 and often after day 62.

This table shows performance against the access standards for both Q3 2017/18 and the month of December 2017:

	Operating Standard	Current Q3 position (NHSI)	Month 9 position
62 day referral to 1st treatment			
"Classic" (Pre allocation)	85%	64.3%	61.8%
"Classic" (Post allocation)	85%	85.6%	85.4%
Screening	90%	95.8%	100%
31 Day First Treatment	96%	98.9%	99.3%
31 day subsequent treatment			
Chemotherapy	98%	99.1%	99.2%
Radiotherapy	94%	99%	99.4%
2 Week Wait	93%	100%	100%
18 weeks (admitted)	90%	95%	95%
18 weeks (non-admitted)	95%	97.6%	97.7%
18 weeks (incomplete pathway)	92%	95.4%	95.1%

Cancer Waiting Times Standards

CCC has worked hard to improve performance against the 62 day 'post allocation' target; with actions including expediting the time to first appointment (80% of patients are now routinely seen within 7 days) and the journey of radiotherapy patients, via improved patient tracking.

This effort is reflected in the achievement of this target since October 2017. CCC does not however expect to achieve the target in January 2018, due to the significant number of patients who have chosen to delay treatment until after the Christmas period.

Continued implementation of the new clinical model (team approach to

	<p>treatment) and the increase in AHP roles (mitigating the national shortfall in Consultants) will further reduce waiting times, and CCC therefore expects to continue to achieve and improve performance against the post allocation target from February 2018.</p> <p>CCC will continue to work with NHS England and the Cancer Alliance to support improvement against the 'pre allocation' target Cheshire and Merseyside wide; the greatest impact being our sharing of reasons for late referrals, to support improvement within referring Trusts.</p>
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PEOPLE – WELL LED

<p>Workforce Metrics</p> <p>(Including Turnover, sickness absence and training)</p>	<ul style="list-style-type: none"> ○ During this period of significant change, it is expected that turnover will increase. Work is underway to understand the magnitude and impact of this and to ensure workforce plans mitigate the risks. ○ The Education team will receive investment for an additional PEF to ensure staff are well supported in their new roles. ○ The increase in workforce aims to support current staff to deliver an improved package of care. Staff will be supported within a larger clinical team.
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MONEY AND RESOURCES

<p>Financial and Activity Metrics</p>	<ul style="list-style-type: none"> ○ Growth in workforce plan is aligned to activity projections. ○ The proposed workforce plan is affordable and remains within the parameters of the financial plan.
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The quality of the service CCC provides is fundamental to our success in the vision to 'provide the best cancer care to the people we serve'. Improving quality and performance is therefore a key driver behind all developments within this 3 Year Plan.

Performance against all Trust metrics will continue to be closely monitored throughout the three years of this plan, and beyond, to understand and mitigate as appropriate any negative impact the changes made have upon the Trust's performance.

Section 6

3 Year Financial Strategy and Plan

FINANCIAL PLAN 2018/19 - 2020/21

1. OVERVIEW AND STRATEGY

This 3 year Financial Plan underpins the 10 year Transforming Cancer Care Business Plan and provides an update and refresh of the first 3 years of the plan to reflect the new clinical model and emerging 10 year Trust strategy and to ensure financial affordability.

Financial Strategy

The Trust's financial strategy and financial model will be based on the following 3 overarching financial parameters:-

1. **An underlying annual surplus of a minimum of 1% of Turnover,**
2. **Continue to grow Subsidiary companies and generate “Financial Headroom” to reinvest in NHS services,**
3. **Finance and Use of Resources metric of a minimum of 2.**

Key Deliverables

The Trust plans to deliver the following surpluses/(deficits):

- 2018/19 – Surplus £2.13m,
- 2019/20 - Deficit (£15.11m)
- 2020/21 - Surplus £2.22m

The deficit in 2019/20 is due to the planned impairment of the new build in Liverpool and the refurbishment of the Wirral site. After normalising for this and other extraordinary items the 'normalised' surpluses are forecast to be:-

- 2018/19 – Surplus of £2.13m
- 2019/20 – Surplus of £2.93m
- 2020/21 – Surplus of £1.93m

These surpluses will continue to enable the Trust to generate internal cash resources to contribute towards its capital expenditure programme, particularly the construction of a new cancer centre in Liverpool, to improve on the existing high quality environment in which to treat patients and maintain modern treatment equipment.

The table below summarises the anticipated Finance & Use of Resources risk rating for 2018/19 to 2020/21:

Metric	2018/19	2019/20	2020/21
Capital Service Cover	2	2	2
Liquidity	1	1	1
I&E Margin	1	1	1
Delivery of Control Total	1	1	1
Agency cap compliance	1	1	1
Overall Weighted Average Rating	1	1	1

This is underpinned by:-

- (a) £6.9M of funded new revenue investment over the 3 years,
- (b) The continued requirement to make an additional efficiency saving (CIP) each year of 2% (circa £1.8m),
- (c) Delivery of a capital programme of £173.3m including delivery of a £128m new hospital in 2020/21.

The table below summaries the movements from the I&E for 2017/18 through to 2020/21. This is based on the assumption that proposed workforce funded investments are approved.

Summary Income & Expenditure Plans

I&E (£000)	2017/18 Plan	2018/19 Plan	2019/20 Plan	2020/21 Plan
Clinical Income	119,552	126,639	129,739	132,839
Other Income	10,490	11,867	22,614	15,466
Total Income	130,042	138,506	152,353	148,305
Pay	(50,311)	(53,424)	(56,146)	(56,674)
Sub-Total: Pay	(50,311)	(53,424)	(56,146)	(56,674)
Drugs	(41,249)	(44,474)	(45,974)	(47,474)
Other Non-Pay	(26,911)	(29,506)	(31,296)	(31,873)
Sub-Total: Non-pay	(68,160)	(73,980)	(77,270)	(79,347)
Total Operating Expenditure	(118,471)	(127,404)	(133,416)	(136,021)
EBITDA	11,571	11,102	18,937	12,284
Capital Charges (PDC & Dep'n)	(7,894)	(8,820)	(8,520)	(10,179)
Impairment	0	0	(25,500)	0
Other Financing	(62)	(588)	(558)	(528)
Profits	200	432	532	641
Surplus	3,815	2,126	(15,109)	2,218
Surplus %	2.93%	1.53%	-9.92%	1.50%
EBITDA %	8.90%	8.02%	12.43%	8.28%

Normalised Surplus (£000)	2017/18 Plan	2018/19 Plan	2019/20 Plan	2020/21 Plan
Surplus from above	3,815	2,126	(15,109)	2,218
Deduct Charity Donation for Capital	0	0	(10,117)	(1,789)
Deduct RLUH Bridge Funding	0	0	0	(460)
Add back Transitional Costs	0	0	2,659	1,964
Add back Impairment	0	0	25,500	0
Normalised Surplus	3,815	2,126	2,933	1,933
Normalised Surplus %	2.93%	1.53%	2.06%	1.32%
Normalised EBITDA %	8.90%	8.02%	8.07%	8.22%

N.B. table may not sum exactly due to roundings

Based on the above the Trust's overall turnover increases from £130.0m to 138.5m in 2018/19, up to £148.3m in 2020/21.

Cash Limited Budgets

Trust budgets will continue to be "Cash Limited". "Cash Limited" means that a key expectation of all budget managers will be that they manage and contain their respective budget costs within their overall budget allocations subject to the Trust's virement rules. This will mean that bids for additional funding in year **will only** be considered if offsetting savings or additional income has been identified or an unforeseen unavoidable budget pressure occurs. This has proven to be a successful management process over the last couple of years.

2. ACTIVITY AND COMMISSIONING

The Trust has the following commissioning arrangements:-

Solid Tumour

The majority of CCC's clinical activity is commissioned by NHSE Specialised Commissioners, with a number of small contracts with Wales and the Isle of Man and inpatient activity commissioned by CCGs.

Contract with NHSE Specialised Commissioning

The Trust has a 2 year block contract with Specialised Commissioners (2018/19 is the second year of the block) at a forecasted value of £81.76m for Solid Tumour. The block is based on base forecast for 2018/19 and the following growth levels have been assumed:-

Funded Contract Activity Growth	2018/19	2019/20	2020/21
Radiotherapy	1.9%	1.9%	1.9%
Chemotherapy	5%	5%	5%
H-O	0%	0%	0%
Other services	1%	1%	1%

N.B. H-O is cost per case

As the Trust is about to enter into the second year of a two year contract with commissioners and cannot at this point predict future commissioner funding, this plan has been based on the assumption that commissioners fund growth in Solid Tumour activity for the next 3 years based on the growth assumptions contained within the current contracts with activity and funding rebased to reflect actual 17/18 activity. Funding assumptions have not been based on forecasted demand modelled in Section 3 due to the lack of certainty about future commissioner funding.

A number of haemato-oncology business cases will be considered before the end March 2018 and it is anticipated that significant contract growth will be secured, which will be included in the final version of this 3 year plan.

Forecasted growth (including assumed business cases) derived from the long term activity model is as follows:

Forecasted Activity Growth based on modelling	2018/19	2019/20	2020/21
Radiotherapy	2.3%	2.1%	2.1%
Chemotherapy	14.7%	2%	2%
In-patients	1.5%	1.5%	1.5%
H-O			
-Chemo	3.3%	3.2%	3%
-In-patients* excl AUH	5%	5%	5%
-Day Case	7%	7%	7%

Drugs expenditure continues to be outside of the block arrangement and is reimbursed on a usage basis. As part of the contract negotiation Specialised Commissioning have been seeking to take a financial benefit from VAT savings on drugs delivered via the Trust's Pharmacy subsidiary. To finalise the contract in 2017/18 the Trust agreed to a capped recurrent benefit to commissioners of £600k, with a 50% reduction in 2018/19 (i.e. £300k).

Contract with CCGS

Inpatient services and some outpatient services are commissioned by CCGs. Although the Trust had expected to enter into a block contract with the CCGs as part of "Acting as One", due to delays in signing the contract a decision was made to put the Trust on a cost per case. The Trust has entered into a contract with the lead commissioner, Liverpool CCG for all Contracted CCG's, for £6.18m for Solid Tumour.

Other contracts

The Trust has also got two small contracts with the Isle of Man (£1.67m) and Wales (£2.23m).

Haemato-Oncology

2018/19 will be the first full year of the H-O service for the Trust. Like Solid Tumour, commissioning arrangements are split with 66% of the contract (£14.06m) with NHSE Specialised Commissioning and 22% (£4.76m) with CCG's. Due to this being a new service for the Trust both contracts are cost per case with drugs expenditure reimbursed on an usage basis and both commissioners have agreed to continue on this basis for 2018/19.

CQUIN

As part of its 2018/19 Contract, the Trust will receive a Commissioning for Quality and Innovation (CQUIN) payment of £1.68m with NHS England - Specialised Commissioning,

and expects to receive an extra £0.26 with the CCG's. This includes both the Solid Tumour and H-O Services.

The CQUIN payment framework is a national framework that enables commissioners to reward excellence, by linking a proportion of the providers' income conditional to the achievement of ambitious quality improvement goals and innovations. From April 2009, CQUIN schemes have been developed annually (using non-recurrent funding mechanisms).

The CQUIN schemes for 2018/19 have already been agreed with both NHS England Specialised Commissioning and CCG's.

CQUIN Indicator Description	Solid Tumour	H-O
Clinical Utilisation Review (2 years)	442,757	35,479
Medicines Optimisation (2 years)	117,539	9,419
Nationally Standardised Dose Banding Adult Intravenous SACT (2 years)	176,772	14,165
Enhanced Supportive Care (2 years)	300,000	24,040
Optimising Palliative Care	182,218	14,612
Holistic Needs Assessment and End of Treatment Summaries	379,217	59,090
Improving Staff Health and Wellbeing	45,679	32,370
STP Engagement	30,452	21,580
Organisational Control Total	30,452	21,580
	£1,704,995	£232,324

Three of the CQUIN initiatives may require additional non-recurrent investment to deliver them; in anticipation of this, the Trust is holding a reserve of £0.7m (please see Reserves below).

3. INCOME

In total, budgeted income has increased by just over £8.46m (6.5%) from 2017/18 plan. The table below summarises the main changes:

Major Income movements 2017/18 – 2020/21

Income (£000)	2018/19 Growth	2019/20 Growth	2020/21 Growth
Clinical Income - Full Year Effect HO	4,525	0	0
Clinical Income - Activity	1,583	1,600	1,600
Clinical Income - non-recurrent 2017/18	(272)	0	0
Clinical Income - Drugs	1,141	1,500	1,500
Clinical Income - CIP	110	0	0
Total Clinical Income	7,087	3,100	3,100
Other Income - NATCANSAT	(518)	0	0
Other Income - Subsidiaries	281	181	234
Other Income - R&D / Charity	1,237	89	126
Other Income - CIP	455	360	360
Other Income - CIP 2017/18 non-recurrent	(78)	0	0
Total Other Income	1,377	630	720
Extraordinary Income - Charity	0	10,117	(8,328)
Extraordinary Income - RLUH	0	0	460
Total Income Growth	8,464	13,847	(4,048)

Income for previous year (from I&E)	130,042	138,506	152,353
Income for current year (from I&E)	138,506	152,353	148,305
Total Income Growth	8,464	13,847	(4,048)

Patient Care Income

Clinical income of £126.6m (2018/19) accounts for 91.4% of the Trust's forecast total income of £138.5m. Of the total clinical income, £95.82m will be covered by the contract with Specialised Commissioning. The balance of clinical income is derived from a number of contracts including those with CCGs (£10.94m), Wales, Isle of Man and Scotland (£4.92m), with other Trusts (£0.84m), plus cost per case funding from the national Cancer Drugs Fund (CDF) of £13.39m and other CCG's (0.6m).

It is expected that Named Drugs will continue to be commissioned on an actual usage basis, and therefore the increase in income is matched by a corresponding increase in expenditure.

Control Totals, Sustainability Fund and Agency Targets

The Trust has been issued with the following control totals:-

- 2018/19: £2.881 surplus

No control totals have been issued beyond 2018/19

The control total is the minimum surplus the Trust in conjunction with surpluses generated by its subsidiaries is expected to achieve. This control totals have been accepted by the Trust and have reflected in the Trust's financial plans.

This control total includes additional £381k income from the sustainability funding non-recurrently in 2018/19 (and the control total also exclude depreciation on donated assets of £384k).

The Trust has also been issued with an Agency ceiling of £1.222m in 2018/19.

Other Income and Hosted Services & Recharges:

Other Income has increased by £1.4m on the previous year with further increases of £630k and £720k in subsequent years. The main increases include contributions from non-clinical income to the Trust CIP target sum of £377k, contributions from the subsidiaries, research and the charity of £ 1.0m

Commercial Ventures

The Trust has the following Commercial Ventures:-

The Clatterbridge Clinic

This will be the sixth 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

The Trust's subsidiary company, Clatterbridge Pharmacy Ltd (or PharmaC), is also contributing as a source of additional income, through projected dividends, and cost savings through reduced drug cost, enhancing available Trust resources.

PropCare

PropCare is now fully operational and overseeing the project management of the new hospital build and the day to day facilities management.

In recent years the creation and continued base line growth of our Commercial Ventures has provided the Trust with considerable financial headroom (£1.4m per annum) generating resources to re invest in clinical services. This Plan is based on the continued base line growth of the ventures over the next 3 years with further growth of 10% in the first

2 years and a further 20% in the final year of the plan, generating £750k of additional recurrent revenue at the end of year 3 (cumulative additional revenue of £ 1.6m over the 3 year period).

It should be noted that this funding is required to resource the proposed funded investments in the new clinical model outlined in this plan for approval. The generation of this additional revenue will require continued focus and innovation to achieve.

The 10 year strategy being considered by the Board also considers the opportunity to further drive and exploit the current commercial ventures and to explore opportunities to create additional ventures. This would be a key prerequisite to progress the ambitious developments and outstanding business cases outlined in this plan which require further funding to proceed.

Cancer Alliance

The Trust also hosts the core infrastructure and leads the Cancer Alliance for Cheshire and Merseyside.

4. EXPENDITURE

The table below summarises the main expenditure movements.

Major Expenditure Movements 2017/18 – 2020/21

Expenditure (£000)	2018/19 Growth	2019/20 Growth	2020/21 Growth
Pay - Full Year Effect HO	(1,107)	0	0
Pay - NATCANSAT	467	0	0
Pay - Investments in Workforce Plan	(2,625)	(1,341)	(448)
Pay - Slippage on Investments	701	(701)	0
Pay - CIP	475	720	720
Pay - CIP 2017/18 non-recurrent	(85)	0	0
Pay - Inflationary Pressures	(939)	(1,100)	(1,100)
Pay - Extraordinary Transitional Costs	0	(300)	300
Total Pay	(3,113)	(2,722)	(528)
Drugs - Full Year Effect HO	(2,364)	0	0
Drugs - Growth	(1,141)	(1,500)	(1,500)
Drugs - CIP	280	0	0
Total Drugs	(3,225)	(1,500)	(1,500)
Non-pay - Full Year Effect HO	(1,054)	0	0
Non-pay - NATCANSAT	51	0	0
Non-pay - Release of CQUIN reserve	400	(100)	0
Non-pay - Pressures & Investments	(714)	249	(100)
Non-pay - Investments in Subsidiaries & R&I	(900)	0	0
Non-pay - Increases reserves	(300)	300	(992)
Non-pay - CIP	487	720	720
Non-pay - CIP 2017/18 non-recurrent	(135)	0	0

Non-pay - Inflationary Pressures	(430)	(600)	(600)
Non-pay - Extraordinary Transitional Costs	0	(2,359)	395
Total Non-pay	(2,595)	(1,790)	(577)
Total Operating Expenses	(8,933)	(6,012)	(2,605)

Expend for previous year (from I&E)	(118,471)	(127,404)	(133,416)
Expend for current year (from I&E)	(127,404)	(133,416)	(136,021)
Total Operating Expend Growth	(8,933)	(6,012)	(2,605)

N.B. table may not sum exactly due to roundings

General Pressures:

The main assumptions are:

- Pay Award and Incremental drift: The Trust is planning on a total increase in the pay bill of 2.0% (£939k) in 2018/29 due to the anticipated pay award and incremental drift.
- Non-pay inflation in 2018/19 has been estimated at a weighted average of 2.1% (c £430k). As most Inter-Trust SLAs are linked to pay awards and the majority of drug costs are funded on an actual usage basis, 2.1% is considered to be a prudent overall estimate. For year 2 & 3 the assumed level of non-pay inflation has been increased slightly from 2.1% to 3%.

In line with previous TCC business case assumptions, the impact on depreciation of recent investments in the capital programme, and the reduction in cash as TCC capital expenditure is forecast to incurred in 2018/19 resulting in increased PDC dividend payable, have increased capital charges.

Revenue Investments

Extensive review and re-prioritisation of proposed investments and cost pressures has been undertaken by senior manages based on committed funding from commissioners and also the need for the Trust to achieve its required Surplus/control total for 2018/19 and subsequent years.

The tables below summarise the cost and WTE of proposed Workforce investments in the 3 year plan.

Proposed Workforce Investments

Investments in Plan (£000):	2018/19 Growth £000	2019/20 Growth £000	2020/21 Growth £000
Chemo Directorate	770	310	325
Integrated Care Directorate	911	649	(33)
Radiation Services Directorate	168	292	19
Haemato-Oncology Directorate	0	0	0
Medical Staff	457		
Investments in Subsidiaries & R&I / Other	300	131	96

Slippage from year to year	(701)	660	41
Investments in Plan	1,924	2,042	448

The above represents investment in the workforce of £4.4m over the 3 year period
As H-O is commissioned on a cost per case contract business cases for investment in this service are currently being reviewed and will be approved based on need and identified funding

Increase in Workforce numbers (WTE)

Investments in Plan (WTE):	2018/19 Growth	2019/20 Growth	2020/21 Growth
Chemotherapy Directorate	26.02	9.73	11.80
Integrated Care Directorate	23.00	17.63	0.12
Radiation Services Directorate	3.88	6.00	0.11
Haemato-Oncology Directorate	0.00	0.00	0.00
Medical Staff	2.00	0.00	0.00
Investments in Subsidiaries & R&I / Other	9.91	3.30	3.75
Investments in Plan	64.81	36.66	15.78

These proposed pay investments over the 3 year period would represent an increase in staffing (WTEs) numbers from 1148.70 WTE to 1265.95 WTE, if all proposed developments and investments were funded

- 2018/19: 64.81 WTEs (5.8% Increase)
- 2019/20: 36.66 WTEs (3.1% Increase)
- 2020/21: 15.78 WTEs (1.3 Increase)

These include:

- Chemotherapy: increase in Pharmacy staff due to activity and complexity growth & introducing the Hub model in Chemotherapy and Out-patient nursing.
- Integrated Care: Expansion of AHP/ANP staffing for the Hub model and increase ward staffing (HCA) due to single rooms.
- Radiation Services: Increasing in physics staff for commissioning and 3 site working in later years
- Medical Staff: Additional Radiologist capacity

Non-Pay Pressures & Investments by Directorate

The tables below summarises the proposed non-pay pressures and Investments in the 3 year plan.

Non-Pay Pressures & Investments by Directorate	2018/19 Growth £000	2019/20 Growth £000	2020/21 Growth £000
Chemotherapy Directorate	(79)	12	0
Integrated Care Directorate	(354)	251	0
Radiation Services Directorate	(54)	9	0
Haemato-Oncology Directorate	0	0	0
Medical Staff	0	0	0
Investments in Subsidiaries & R&I	(900)	0	0

Corporate	(227)	77	0
Other (not assigned to Directorates)	(300)	200	(1,092)
Total Non-pay Pressures & Investments	(1,914)	549	(1,092)

Research Development Investment £600k per annum

A key pillar of the Trust's 10 year Strategy is to work with the University and other partners on cancer research for the region to increase access for cancer patients to leading edge clinical trials and to invest in the required infrastructure. The Trust recognises the need to identify additional available resources and investment to focus on this. Following a review and reassessment of on-going commitments it has been agreed to release research income deferred in the Balance Sheet. Over the 3 year Plan, additional resource of **£600k** per annum will be made available. This is in addition to £337k of research related workforce investment priorities included in the Plan.

This additional funding will, improve the infrastructure to allow significantly greater number of patients to access clinical trials, create an enabling environment for opening new trials and provide a flourishing, robust research platform that will attract and retain a research active workforce including investment into our clinical academic body. Further investment will secure our commitment with partners to ensure a long term strategy to increase and enhance the capability and reputation of cancer research within the region. A detailed programme for allocating this Research Development resource is being prepared.

Excluded potential Investments requiring further new sources of funding

As the Trust is in the second year of its commissioner contracts new funding is not been agreed by commissioners for 2018/19 and beyond at this point unless developments have got NICE approval. As H-O is a cost per case contract, separate discussions are on-going with commissioners in relation to proposed H-O developments.

There are a number of potential investments flagged in the Workforce Planning process that have been excluded as they require additional business cases to attract commissioner or other sources of funding. The potential cost is summarised below:

Potential Investments Not in Plan (£000):	2018/19 Growth	2019/20 Growth	2020/21 Growth
HO business cases	867	62	484
Activity related business cases	483	828	1,248
Externally funded business cases	224	172	577
Not activity related business cases	562	0	0
Other	403	538	325
Potential Investments Not in Plan	2,539	1,600	2,634

The list of excluded potential investments include:

- **HO Business Cases:**
 - As H-O is commissioned on a cost per case contract, business cases for investment in this service are currently being reviewed and will be approved based on need and identified funding
- **Activity Related Business Cases for new services:**
 - Chemotherapy: Immunotherapy, Expansion of Home Care / Bisphos

- Integrated Care: Lymphoedema, additional AHPs from 2019/20, expanding Clinical Decision Unit from 2019/20 and expanded standalone TYA from 2020/21
- Radiation Services: new Rectal Brachytherapy & Cytoscopy services, additional PET-CT from 2020/21
- **Externally Funded Business Cases:**
 - Chemotherapy: Pharmacy providing HO drugs from 2020/21 (funded from current spend with RLUH)
 - Radiation Services: Repatriation of Imaging activity (funded from not paying other hospitals to provide)
 -
- **Not Activity Related (require internally funding):**
 - Chemotherapy: Expand Chemo ANPs
 - Radiation Services: Expand treatment from 10 to 12 hour day
 - Corporate: Increase in clinical governance management

The plan reflects the increase in workforce numbers that are affordable within the current financial envelope and has been aligned with funded activity growth. This plan will support the delivery of a safe and effective transition to the new hospital by ensuring that the operational, financial and workforce components of this journey are incorporated in a single plan with risks understood and managed.

It is inevitable that a number of uncertainties remain to be resolved with regard to the Trust's future operating model in 2020 and beyond. This plan works on the basis of a number of assumptions and therefore further work and business cases will be undertaken to identify further sources of funding from:-

- Additional commissioner income
- Further efficiency savings
- Generating greater return from subsidiaries and commercial ventures with the second and third year of the plan being revisited and refreshed in September 2018.

Charitable Funds:

The Charity's main focus over the next 5 years will be to continue to focus its fundraising efforts to deliver the £15m Transforming Cancer Care (TCC) Capital Appeal. The Charity will however continue to donate £0.4m in support of R&D projects and other general support to the Trust which is factored into the financial position in this report.

5. COST IMPROVEMENT PROGRAMME (CIP) INCLUDING CASH RELEASING SCHEMES

2018/19:

The Trust needs to deliver efficiency improvements to cover the shortfall between tariff uplift and inflationary pressures.

The Trust efficiency target is circa 2.0% (i.e. £1.5m) of expenditure (excluding drugs and hosted services), plus an additional £0.3m to cover non-recurrent CIPs in 2017/18.

The assumption in the Trust financial model is that CIP is required to fund the gap caused by tariff changes, and pay and non-pay inflation (e.g. national pay awards). The proposed

2018/19 CIP scheme details are attached at Appendix 1. The table below summarises the assumptions behind the CIP required.

CIP Target (£000)	2018/19	2019/20	2020/21
Income CIP	652	360	360
Pay CIP	407	720	720
Non-pay CIP	749	720	720
Total CIP Assumed	1,808	1,800	1,800
To Fund:			
Pay Inflation (pay award, incremental drift)	(939)	(1,100)	(1,100)
Non-pay Inflation	(431)	(600)	(600)
Capital Charges Inflation	(140)	(100)	(100)
CIP 2017/18 non-recurrent	(298)	0	0
Total CIP funded Pressures	(1,808)	(1,800)	(1,800)

The proposed CIP schemes for 2018/19 are summarised by Directorate below.

2018/19 CIP By Directorate (£000)	Target	Identified	Difference
Chemotherapy	394	394	0
Integrated Care	232	271	39
Radiation Services	436	436	0
Haemato-Oncology	267	232	(35)
Medical Staffing	22	22	0
Corporate Departments	456	453	(3)
Total CIP	1,807	1,808	1

The value of schemes identified to date puts the Trust in a relatively strong position for 2018/19.

All CIP schemes are reviewed by the Director of Nursing & Quality and the Medical Director to assess the impact on quality of clinical services.

2019/20 onwards:

Based on our current projections the Trust will need to continue to achieve additional efficiency savings/additional income of 2% (£1.8m) a year from 2019/20 onwards to underpin the Trusts financial plans.

Reserves:

The plans for 2018/19 provide for £2.93m in retained reserves, which equates to circa 2.3% of total turnover. However a significant proportion of the reserves are committed or earmarked with the only uncommitted reserves being

- General contingency of £800k.
- Business Development reserve of 80k. This has been maintained from 2017/18.

There is a reduction in the general contingency in 2019/20 to £500k which is considered low. Work will continue during 2018/19 to identify opportunities to increase this contingency

These total uncommitted / risk reserves of £800k represent 0.6% of turnover. However, Named Drugs are considered to represent minimal financial risks in 2018/19 and therefore the 'relevant' turnover would be £88.79m, with the reserves representing 0.9%, which is similar to 2017/18. 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 2017/18, but a watching brief will be maintained through the year.

A further £343k has been set aside non-recurrently from CQUIN income to fund the potential addition costs of delivering the CQUIN targets that have yet to be quantified.

Commissioning of the new hospital

In 2020/21 £750k has been earmarked as a reserve for commissioning the new hospital. This is addition to provision set aside for transitional costs relating to the move to the new hospital of £2.7m in 2019/20 and £1.9m in 20/21. Work will continue during 2018/19 to identify opportunities to make an element of commissioning reserve available for 2019/20

The table below summarises the various reserves.

Reserves (£000)	2018/19	2019/20	2020/21
Pay Award & Incremental Drift	939	1,100	1,100
Non-pay Inflation	430	600	600
Discretionary points / awards	50	50	50
Equipment Repair / Minor Works Reserve	183	183	183
CQUIN Reserve	343	443	443
Other Pay (maternity / sickness)	100	100	100
Business Development	80	80	80
H-O acuity income	100	100	100
H-O acuity reserve	(100)	(100)	(100)
Commissioning costs (new Hospital)	0	0	750
General Contingency	800	500	742
Sub Total	2,925	3,058	4048
Transitional costs		2,700	1900
Total Reserves	2,925	5,758	5,948

6. CAPITAL

The proposed provisional capital programme and funding covering the years to 2022/23 is attached at Appendix 2. The table below provides a summary:

Capital Expend (£000):	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	Total
Building for the Future	(17,042)	(75,529)	(39,640)	(15,730)	0	0	(147,941)
Estates	(624)	(150)	(350)	(500)	(500)	(500)	(2,624)
Medical Equipment	(2,102)	(3,272)	0	(2,100)	(3,600)	(2,600)	(13,674)
IM&T	(2,650)	(2,613)	(2,850)	(300)	(300)	(300)	(9,013)
Total Reserves	(22,418)	(81,564)	(42,840)	(18,630)	(4,400)	(3,400)	(173,252)

The main area of expend, not surprisingly, is the new build in Liverpool and refurbishment of the Wirral site (£147.9m of the total £173.2m). The programme reflects the provision of high quality for our hospitals and quality Estate. Also included in IM&T is the recently secured £5.1m Global Digital Exemplar (GDE) funding which will enable the Trust to advance its digital programme, ensuring it is recognised as a digitally advanced NHS provider organisation.

The programme also provides £150k in 2018/19 to reflect any Estateswork required to the Haemato-Oncology accommodation due to delays with their move to the new Royal Liverpool Hospital.

The above programme is fully funded and will see the Trust drawn down Public Dividend Capital (PDC) £37m and borrowing £28M in 2018/19 as part of the funding for the new hospital.

7. LIQUIDITY

The anticipated financial performance of the Trust and proposed capital expenditure should not result in liquidity being a significant issue prior to the commencement of the Building for the Future project. The estimated forecast liquidity metrics for the next 3 years are summarised below.

Liquidity Metrics

£m	2018/19	2019/20	2020/21
Cash holding 1 st April (start of year)	50.73	45.05	20.33

Cash holding 31 st March (end of year)	45.05	20.33	9.43
Capital service Cover Rating	2	2	2
Forecast Liquidity Risk Rating	1	1	1

The liquidity metrics above are based on NHS Improvements Finance & Use of Resources Risk Rating. The risk rating is based on 5 metrics, with a 20% weighting for each; a providers overall liquidity (Liquidity metric), their ability to service debt obligations (Capital Service Cover metric), the I&E margin (%), variance from plan (Control Total delivery) and performance against Agency cap.

The highest rating (lowest risk) is a 1, and the lowest is a 4. Despite the commencement of the construction phase of Transforming Cancer Care, the Trust expects to have a rating of 1 for the next two years.

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

8. KEY FINANCIAL RISKS FOR 2018/19 – 2020/21

The budget setting process has adopted a prudent approach, 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.

Risk	Mitigating Actions Required
Capital Risks	
TCC - delay due to delay/construction issues with the Royal Liverpool	<ul style="list-style-type: none"> • Risk and contingency reserve available • Separate build and contractor
Potential financial issues in the Construction industry- potential Impact on Laing O'Rourke	<ul style="list-style-type: none"> • Large Order book – • Ongoing dialogue with Laing directors and to gain assurance. • Further review currently being undertaken and risk assessment
Operational revenue risks	
Risk to clinical income due to shortfall in expected clinical activity and growth	<p>Block contract agreed with commissioners for the solid tumour work for 18/19.</p> <p>For future years have assumed the same level of funded growth as the current block.</p> <p>For H-o only making investments based on funding from commissioners</p>
Risk to financial position from non-delivery of CIP	<ul style="list-style-type: none"> • CIP schemes identified for 18/19 • If required release of contingencies/freeze on discretionary spend.
Financial contribution from H-O service is below forecast	<ul style="list-style-type: none"> • Further discussion and analysis pending final payment to the Royal at the end of 2017/18 financial year
Other Financial risks	<ul style="list-style-type: none"> • Proposed maintenance of contingency / business development reserves (£0.9m in 18/19) • £0.5M in 19/20.

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All relevant risks will be included in the Trust's risk register and managed within that framework.

9. RECOMMENDATIONS

The Board are asked to consider the content of this paper and, **subject to** receipt of the NHSI Planning Guidance not impacting on the available resource assumptions within the plan: -

1. Note the 3 year Operating and Business Plan - 2018/19 – 2020/21
2. Approve the Financial plan for year one – 2018/19 and proposed Funded Investments of £3.8m including £1.9m of workforce investments (increase of 64.81 WTEs)
3. Approve £600k per annum for Research Development Investment (included in 2 above) subject to a further report outlining the proposed programme for this investment
4. Approve the Revised Capital Programme of £173.3m for the 5 year period 2018/19 - 2022/23.
5. Note that H-O pressures and business cases for investments is currently work in progress and request that the H-O Plan is submitted to March's Board for consideration and approval.
6. Note further work to be undertaken to try to secure additional funding to progress outstanding Unfunded business cases and request that an update of Year 2 and 3 of the Plan be submitted to the Finance and Business Development Committee in September 2018 and Board in October 2018