Yeovil District Hospital NHS
NHS Foundation Trust

Yeovil District Hospital NHS Foundation Trust

Operational Plan 2015/16

Establishing the Strategic Context and Progress in Delivering the Five Year Strategic Plan

Overview

In common with the rest of the NHS, the challenges facing Yeovil District Hospital NHS Foundation Trust (YDH) are unprecedented. South Somerset, the primary district which YDH serves, has a much higher proportion of residents aged over 65 (21.6%) than the rest of England (16.3%)[1]. This proportion is forecast to increase significantly; population estimates suggest that by 2030 there will have been a 43% increase in those aged over 55, compared to a static working population. Within this increase, the number of people aged over 85 is forecast to increase by 120%.[2] The consequences of this are well known – ever increasing demand on health and social care which will not be matched by a related increase in funding, coupled with a static working age population and difficulties in recruiting sufficient staff to deal with the increased demand. YDH also delivers services to a smaller proportion of residents in North and West Dorset where the challenges are broadly similar.

These pressures are beginning to be felt in the local health and social care economy. While YDH has a history of excellent performance and sound financial management, for the last 3 years the hospital has had an underlying deficit which has been supported by non-recurrent funding from commissioners. The current economic environment for all NHS foundation trusts is challenging with increasing demand and staffing shortages creating financial pressure. These factors have played a significant part of the Trust's reported deficit for 2014/15. As a result of 2014/15 financial performance Monitor is conducting a review to understand the short term pressures and diagnose the key drivers of the deficit. The majority of the underlying deficit is caused by strategic drivers; factors which require wholesale restructuring and partnership with other stakeholders to resolve. Primary care within South Somerset is also faced with challenges, such as ever increasing workloads and difficulty meeting demand and recruiting GPs. Consequently there is a genuine appetite locally for change and to develop a more sustainable model of care. Social care is also under considerable pressure, as Somerset County Council aims to make £29m of budget reductions across all of its services over the next 2 years.

During 2014/15, the Trust experienced significant and unprecedented operational pressures which required its escalation ward to remain open on an unplanned basis throughout the year and demand over the winter spread beyond the Trust's escalation capacity, requiring the use of unbudgeted, premium cost agency and bank nurse cover. Increases in non-elective activity over the year, particularly admissions of patients over the age of 65 and presentations of trauma, were compounded by an increase in the level of delayed discharges which resulted in significant challenges for maintaining effective patient flow through the hospital. The wider growth in non-elective activity has largely been curtailed by the admission avoidance initiatives YDH has implemented over the past 18 months, namely the frail older persons assessment service (FOPAS) and ambulatory emergency care, without which non-elective growth would be even greater. The operational pressures over the winter period necessitated the Trust postponing a high proportion of non-urgent elective procedures to be able to accommodate patients requiring urgent care. This has affected 18-weeks referral to treatment time performance against targets. These operational pressures will continue to have an impact in 2015/16 and the short and long term plans described within this document are reflective of this position.

The Board is fully aware of the challenges facing the organisation but believes that these present a significant opportunity to develop a new role for the hospital as part of an integrated care system, to innovate to deliver improved services in partnership with other organisations both within and outside the NHS and to continue to deliver the highest quality of care to patients.

[1] Source: Census 2011
[2] Source: ONS 2008-based population estimates

Delivery of the Five Year Strategic Plan – New Models of Care

At the heart of the Trust's strategy is the development of radical new models of care with local partners, facilitated by a joint venture with primary care, which will deliver a sustainable, high quality health and social care system for the rural population which it serves in South Somerset. Based on two years of detailed, highly regarded work through the Trust's Symphony project with commissioners, GPs, social care, community and mental health colleagues and academic, legal and technical advisors, YDH is now in a very strong position to make these plans a reality, building on the implementation of a "test and learn" pilot for complex care, the key components of which are:

- Complex care - intensive support for people with multiple conditions through 3 hubs (the first of which opened during 2014/15), providing senior medical input, care coordination, a single personalised care plan and support to manage their conditions.
- Enhanced primary care - helping GP practices to offer greater support for people with less complex conditions through health coaching and other innovative approaches.
- Systematised surgery - a highly efficient model which achieves outstanding quality at reduced cost through a new approach to planning and process management of surgery.
- Networked services - working with neighbouring acute trusts in Dorchester and Taunton, and with the private sector, to configure services with lower local demand to share staff and resources across sites.
- A joint venture with primary care able to hold a single capitated budget and shift resources to where they are required to enable the care models to be successful.

In addition the Trust is developing new approaches to transitional care for patients who do not need an acute hospital bed but need some intensive support for a defined period.

YDH is the first trust in the UK to develop the approach set out above. This is based on thorough research on organisational and clinical models which have been proven to be effective in the US at improving quality and constraining demand for hospital activity, which is the most expensive part of the system. Learning from the pilot will be measured and used to inform the roll out of other hubs and the further implementation of strategic plans.

Concurrently, the Trust was successful in 2014/15 in achieving vanguard status to deliver across South Somerset a primary and acute integrated system of care (PACS), aligned to the *NHS Five Year Forward View*, working with Somerset CCG, South Somerset GPs, and Somerset County Council. Sitting alongside a comprehensive internal improvement programme and development of commercial ventures, these care models will transform patient experience, improve the working lives of staff, assure the economic future of health and social care locally and demonstrate the potential of this approach for the rest of the NHS.

Through the Symphony project YDH has laid a solid foundation for future integrated care work through a nationally recognised patient-level data set and thorough analysis of cost and utilisation with the Centre for Health Economics at York University[3]. YDH also built an outcomes framework with patients, carers and staff defining what success would look like if the system was working well, as well as being one of the fore-runners in thinking through how a new type of governance can be achieved to enable an integrated system to function effectively.

Primary care has been an integral part of Symphony and YDH has invested considerable time and resources in jointly developing new ways of working to ensure the sustainability of the local health and care economy in the long term.

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[3] *Who would most benefit from improved integrated care? Implementing an analytical strategy in South Somerset*, International Journal of Integrated Care, Vol 15, January – March 2015
Data is at the heart of Somerset's integration masterpiece, Health Service Journal, 10 April 2014.

Following careful consideration of both the alliance contracting and lead provider models, the Trust is exploring a joint venture between the hospital and primary care able to hold a capitated budget for a population, drive innovation and deliver integrated services and support a more sustainable model of primary care. So far 15 of the 20 local practices approached by YDH have signed a Memorandum of Understanding committing to work with the hospital to develop the joint venture, with letters of support received from three others.

Following achievement of vanguard status YDH is establishing the programme management arrangements. A new Programme Board has been established with four elected representatives from GP practices and four representatives from YDH. Oher partners are also being invited to join. The structure of the programme to take forward the full agenda has been agreed and the supporting groups are being put in place as required. To ensure delivery of plans in 2015/16, a detailed programme plan is in development comprising the following:

- Expansion of the complex care model to 1500 patients across 3 care hubs.
- Implementation of the enhanced primary care model in at least 3 practices.
- Establishment of the joint venture capable of holding an outcomes-based capitated contract from April 2016.
- Procurement of a partner to develop systematised surgery.
- Establishment of the transitional care work programme.

Extensive financial modelling of these plans has already taken place and included within an outline business case which is currently with the Department of Health, Monitor and NHS England. To support the delivery of the strategy, the Trust has 6 strategic objectives which are designed to provide focus on quality, sustainability and delivery across all aspects of the organisation, underpinned by its iCare values:

- Patient safety, quality and clinical effectiveness.
- Patient experience.
- Delivering value (best use of resources).
- People and culture (engaging staff).
- Innovation and new models of care.
- Partnerships and external relationships.

These 6 objectives are supported by a number of key deliverables to which the Trust will commit in 2015/16, in addition to those set out within the quality strategy, as monitored through the Board assurance framework.

Operational Requirements and Plan for Short-Term Resilience

Capacity and Demand and Commissioning Assumptions/Intentions

The Trust is making the following headline growth assumptions for 2015/16:

Table 1:

	Percentage Increase / Decrease
Non elective admissions	1.4%
Elective admissions	7.1%
outpatient first appointment	-0.5%
outpatient follow up appointments	1.4%
outpatient procedures	-3.7%
A&E attendances	4.7%

The percentage increases reflect assumed growth over and above 2014/15 actual outturn levels. The assumptions for A&E attendances and non-elective admissions are consistent with the pattern of growth over the last 3 years.

Growth within elective specialties, both inpatients and day case, will be higher than anticipated in 2015/16 as a result of the significant winter operational pressures which reduced the Trust's elective operating capacity in 2014/15. This resulted in an accumulated backlog of patients who have waited more than 18 weeks from referral to treatment which will be addressed in 2015/16.

Much of the growth within day case pertains to bringing specialties such as urology, ENT, plastic surgery and dermatology back in line with levels previously anticipated during 2014/15. There is a 21% increase in ophthalmology day case provision as a direct result of service improvement and recapturing market share previously lost.

The increase in non-elective services is the result of two elements, firstly, an increase in trauma patients presenting at the Trust compared to previous years and, secondly, a change in data capture for activity previously recorded as outpatient first attendances.

Outpatient follow-up attendances have marginally increased to account for the growth in ophthalmology services as previously highlighted, in addition to growth in neurology, cardiology and dermatology.

Increases in A&E are consistent with year on year growth with adjustments for admission avoidance schemes.

The Somerset CCG has assumed that planned and unplanned growth will be offset by QIPP (quality, innovation, productivity and prevention) proposals with GP referral demand being managed by them. Given the sustained increase in referrals and pressure on the Trust it will be paramount to understand how the commissioners will provide assurance that these schemes are achievable and not place YDH at further risk.

CQUIN trajectories for 2015/16 will contain harm free measures through the safety thermometer and focus on sign up to safety priorities. The Somerset CCG also aims to maximise quality and review metrics to focus on patient safety, clinical effectiveness and patient experience. These have all been reflected in the CQUIN proposals.

A key element of the Somerset CCG strategy for 2015/16 is the expansion of initiatives under the Somerset "house of care" umbrella, focusing on person centric care, the development of single care plans across organisations and ensuring that voluntary and peer to peer support networks are developed and patients are directed and supported to access these as part of their care plans. This is already reflected in the work that YDH is undertaking as part of Symphony.

The Dorset CCG continues to involve YDH in the process of its clinical services review and the potential redesign of services due for implementation in 2017. Dorset CCG welcomes all initiatives to reduce and avoid emergency admissions and supports the development of the frail older persons assessment service (FOPAS) and ambulatory emergency care. Dorset CCG has committed to reducing emergency admissions by 3.5% as part of the better care fund (BCF) but, as such, they have agreed to a risk sharing process to ensure that providers are not penalised should emergency activity targets not be delivered by BCF initiatives.

NHS England continues to review and implement prior approval schemes and clinical thresholds and work to develop robust contracting plans. They have also developed a small number of additional service specifications, key performance indicators and quality dashboards which monitor and improve quality. The impact for YDH hospital is minimal due to the scale of specialised services that are provided.

The methodology for calculating national prices for 2015/16 was officially rejected by provider organisations during the consultation period, resulting in a situation whereby there would be no new tariff in place from April 2015. NHS England and Monitor took the decision to offer providers a choice of an enhanced option with targeted funding for the whole of 2015/16 or a default tariff option removing the option to achieve CQUIN payments and to accept the new 2015/16 tariff when it is implemented.

After appraising the options of both the enhanced and default tariffs, YDH opted for the enhanced tariff option. This option offers a change in the marginal rate threshold reimbursement for emergency hospital admissions over a threshold based on 2008/09 at 70% of tariff, previously 30%. Given the significant rise in emergency admissions during the previous 2 years, this amendment goes some way to the Trust being fully compensated for activity undertaken in addition to the admission avoidance schemes already in place.

In line with the enhanced tariff option, NHS England specialised services have raised the proposed marginal rate for activity over and above planned levels in 2014/15 from 50% to 70%. In addition the mandated tariff deflator has reduced from 3.8 to 3.5% still representing a significant challenge in efficiency savings, the impact of which is that the reduction to tariff is 0.3% less than originally proposed.

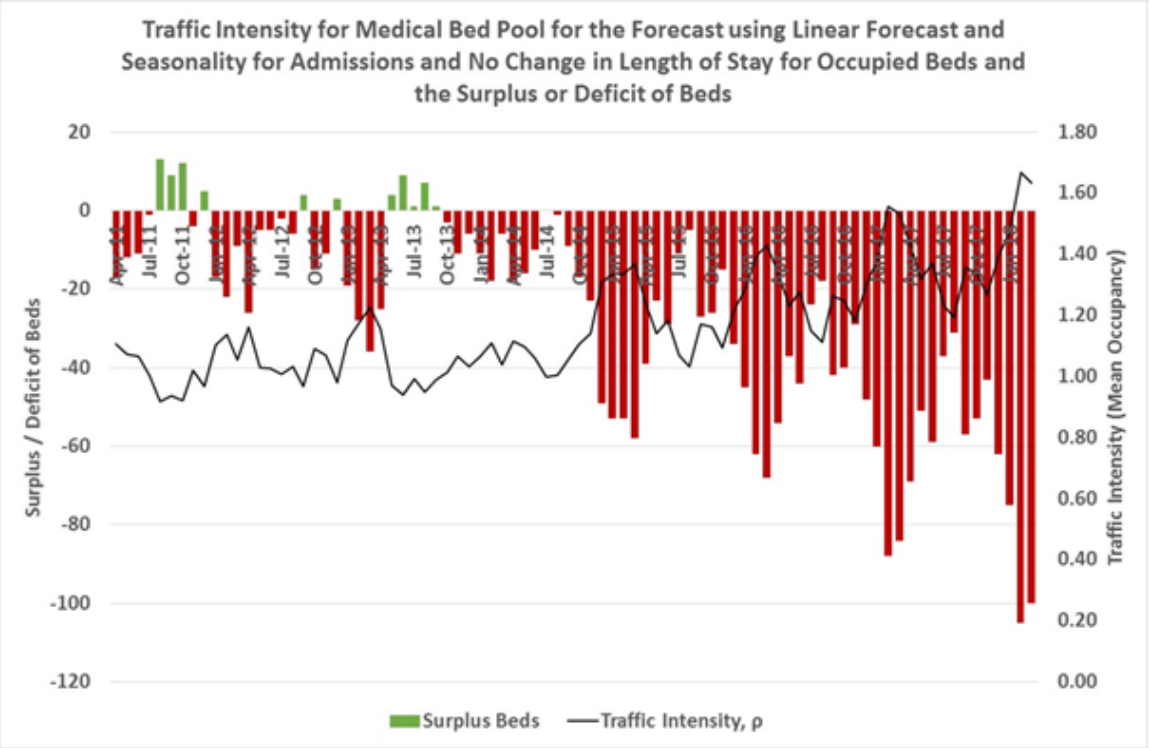
Operational standards within the 2015/16 standard acute contract remain largely unchanged with the exception of the penalty for breaching the A&E 4 hour wait, which has reduced, and the penalty for failing to meet the 92% incomplete 18-weeks referral to treatment time standard, which has risen from £100 to £150 per breach, thus encouraging trusts to reduce the size of their elective patient backlogs. Penalties pertaining to the residual 18-weeks referral to treatment time standards remain unchanged. The Trust's clostridium difficile target has reduced from 10 avoidable cases to no more than 8 avoidable cases. Other amendments within the standard acute contract to note include the strengthening of requirements around the fundamental standards of care and the Health and Social Care Act regulations 2014 and 2015 particularly with regard to duty of candour and safeguarding adults and children. YDH has already accounted for these additional requirements during the planning and development process.

Bed Capacity Modelling

The Trust has been working with the South West Academic Health Science Network (SWAHSN) operational research facility to undertake a robust bed capacity modelling exercise. The Somerset CCG has accepted this modelling, undertaken by both Somerset acute trusts, as the basis for the 2015/16 operational resilience plans.

The modelling for YDH has demonstrated a significant shortfall in medical beds. This is summarised in the graph below. For 2015/16 this equates to between 10 and 20 beds in the summer months, rising to circa 50 beds in the winter. The model also forecasts the shortfall going forwards given assumptions about future demand growth associated with the anticipated demographic changes within the Trust's catchment population. Assuming no change in length of stay the model is predicting a shortfall in capacity of between 40 and 60 beds for winter 2015/16. This is offset by a slight over provision in surgical beds but on a net basis suggests that the Trust needs to plan for capacity equivalent to circa 40-50 additional beds over the coming year to avoid escalation into non-inpatient areas and the cancellation of elective surgery.

Table 2:



The Trust's longer-term vision of reducing demand on acute services through new models of integrated care is anticipated to reduce demand for acute beds in future but in the short to medium term the Trust is planning to close this gap in the coming year through a number of schemes which it has proposed for funding via the Somerset operational resilience funds. These are:

- Staffing an additional 24 bedded (prefabricated) medical ward (by December 2015) the building of which form part of the Trust's capital plans.
- Partnership with a local nursing home to deliver 18 beds of step-down intermediate care capacity.
- The development of a new ambulatory assessment unit which aims to make ambulatory emergency care the default route for assessment, reducing acute admissions and length of stay.
- Partnership with a local domiciliary care provider for intermediate care for a time limited period to support the early transfer of patients to their own homes.
- Increased specialist nurse provision in diabetes and respiratory medicine with the aim of reducing the length of stay for these patient cohorts.

Workforce

Growth in demand and vacant substantive posts has identified the need to significantly expedite the Trust's nursing and medical workforce recruitment. A workforce review equates this to the appointment of 40 nurses, 10 consultants, 4 middle grade and 4 SHO doctors. To address this, YDH have devised a short-term and long-term recruitment strategy for the attraction and selection of staff. The strategy includes international recruitment campaigns in Spain, Italy and Dubai. It is anticipated that all nursing vacancies, and the majority of medical vacancies, will be filled during 2015. The Trust has also developed a 'return to the acute care environment' course for qualified nurses who have not worked in the acute sector for some time. YDH is one of only two trusts in the South West who are delivering this course and it has been a hugely oversubscribed. YDH is also developing a marketing campaign based on a targeted approach to reaching its prime audience. Through Office for National Statistics (ONS) data and other sources, a profile of candidates can be developed which identifies geographically how best to approach them and what media they consume.

Information Technology

During 2014/15 the Trust developed a live dashboard which forms a central part of daily operational management processes. Work continues to improve the accuracy of data within this, focussing particularly on reliable estimated dates of discharge. During 2015/16 the Trust will be implementing a new electronic patient record in partnership with InterSystems. Phase 1 of the implementation will be complete by the end of October 2015 and involve the full replacement of the Trust's patient administration system together with the emergency department, maternity, theatre stock control and pharmacy systems. Phase 2, which will commence from autumn/winter 2015, will enhance clinical functionality and work towards a fully integrated electronic patient record.

Key Operational Risks and Mitigating Actions

Table 3:

Risk	Mitigating Actions
Increase in emergency admissions over the level planned for 2015/16.	The Trust is working closely with primary care, Somerset CCG, adult social care and other partners in both Somerset and Dorset to manage demand for urgent care services. The first of the Trust's new integrated care hubs opened in March 2015 and two more are planned for development by August 2015. Building on the work of the Symphony project, these hubs are a key part of the vanguard new models of care in South Somerset and aim to manage the most complex patients in the local area in a far more integrated way with a key outcome being a significant reduction in emergency admissions. During the year YDH will be developing its Frail Elderly Assessment Service (FOPAS) to cover 7 days. This currently runs 5 days each week and has been successful in avoiding admissions for in excess of the 80% of patients it sees, offering rapid assessment and access to daily clinics as an alternative to admission. The Trust is also developing a new model of acute assessment, which will be trialled over the summer of 2015. This expands the Trust's ambulatory emergency care service with all GPs expected admissions receiving rapid assessment and treatment on an 'ambulatory' day-case pathway where clinically appropriate. This service aims to reduce admission levels. A new contract for the Somerset out-of-hours and 111 service has been awarded and the new contract goes live in July 2015. YDH is working closely with the new provider to ensure the integration of out-of-hours with the Trust's in-hours services.

Increase in delayed discharges above 2014/15 levels.	YDH is working with Somerset adult social care and Somerset Partnership NHS Foundation Trust to develop an integrated discharge team. This will be in place by July 2015 and includes joint appointments to senior roles within the team. The Trust is also exploring the development of a number of innovative new partnerships to be in place ahead of winter 2015/16. These aim to give YDH greater flexibility and control over patients who have completed the acute medical phase of their treatment. These developments include a partnership with a domiciliary care provider to provide home based supported care for suitable patients and the development of an intermediate care facility in partnership with a local nursing home provider.
Emergency pressures impacting on the Trust's ability to deliver the increased level of elective capacity and clear the backlog of patients waiting over 18 weeks.	The Somerset CCG expects that all access standards, current and new, will be achieved from 1 April 2015 onwards unless specifically agreed. Acknowledging the significant operational pressures, recovery plans to regain 18-weeks referral to treatment time have been developed and shared with commissioners and with Monitor. The plans are dependent on full operating and bed capacity to achieve the 90% target in a reasonable timeframe.

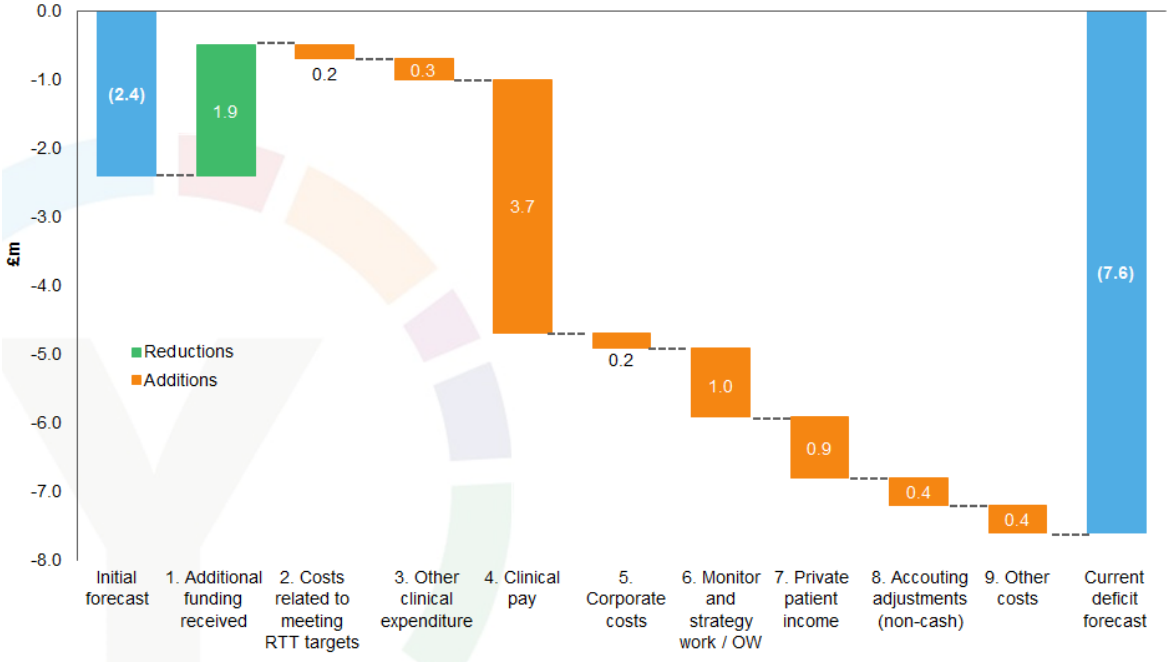
Acknowledging the significant operational pressures, YDH undertook an initiative it termed "fast forward" from 16 March 2015 – 22 March 2015 which aimed to proactively address the relentless and unsustainable risks which posed risks to patient experience and quality of care, levels of delayed discharges and the number of deferred operations. During fast forward, YDH used the gold, silver and bronze command procedures to respond to issues, engaged with partner organisations and empowered and supported frontline staff to make operational changes to improve efficiency. While not all the aims of fast forward were met the learning was invaluable and will be used to inform operational improvements in the future. Fast forward will be undertaken at key strategic points in 2015/16 to maintain momentum.

Financial Plans and Forecast 2015/16

Budget 2015/16

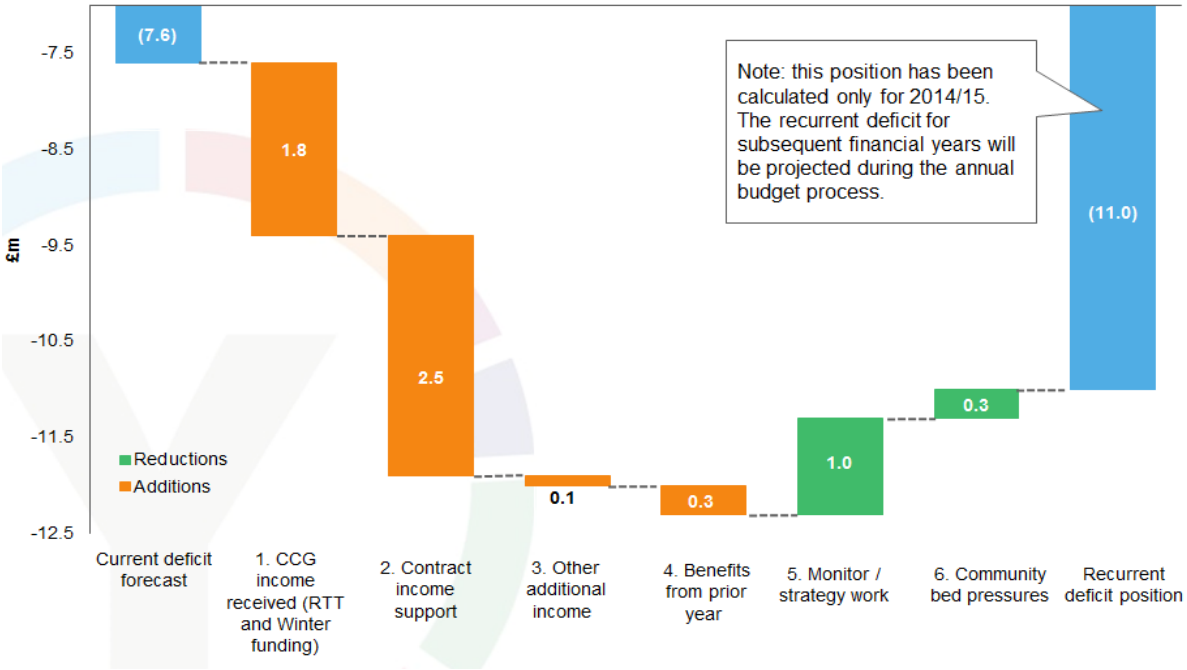
The financial budget for 2015/16 is a deficit of £18.4m and has been set to reflect the strategic direction of the Trust whilst also recognising the cost pressures that have been incurred in 2014/15. A summary of all the movements from the 2014/15 budget to the 2015/16 budget are shown in the following bridges. A summary of the movements from the 2014/15 budget to the forecast outturn of £7.6m in 2014/15 is shown below.

Table 4:



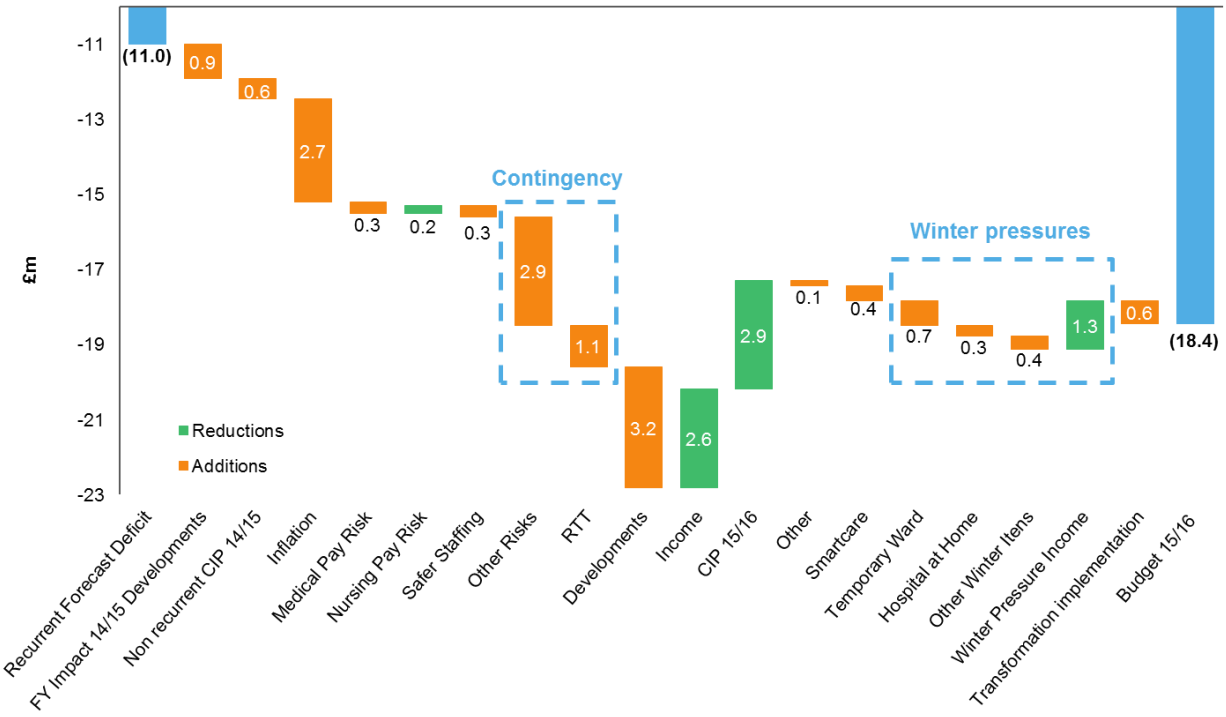
Some of the income and expenditure in 2014/15 only had a part year impact or was non-recurring ; the impact of these differences is that the recurrent baseline for 2015/16 is £11.0m. A summary of these movements is shown below.

Table 5:



The budget for 2015/16 is a deficit of £18.4m. A further bridge is shown below which summarises the movements from the 2014/15 recurrent position of £11.0m to the 2015/16 budget of £18.4m. This includes the deficit support costs for consultancy, management and loan interest.

Table 6:



The impact of inflation is £2.7m. This is built up of pay inflation of £1.9m (2.4%) and non-pay inflation of £0.8m (2.5%).

An assessment has been made of the key risks along with their likelihood; provisions have been built into the budget to reflect these risks. A summary is shown below:

Table 7:

Category	2015/16 Impact £'000
CCG penalties and fines	200
Energy project	60
Orthopaedic middle grade rota	50
Income risk	735
General risk and transformation costs	1,549
Other	285
Total	**2,879**

New developments reflect the decision of the Board to continually enable the improvement of high quality, safe patient services. They are aligned to YDH's strategic plans and include revenue costs to support the implementation of an electronic health record and the move to new models of care in South Somerset. A summary of the investments schemes are shown in the table below.

Table 8:

Category	2015/16 Impact £'000
Integrated care team – business case implementation	56
Marketing and GP liaison – private patient development (self-financing) and building GP relationships	197
Communications to support integrated care – business case implementation	84
Bath University researcher – in hospital transformation opportunities	73
Increased security, printer and photocopier implementation costs	136
IT licences – includes Microsoft	180
Recruitment team and advertising – to reduce dependency on agency staff	309
Bank office staffing – to reduce dependency on agency staff	108
Physician associates education funding – new ways of working	78
Patient meals – to improve patient care	178
Infection control team – to improve staffing	72
Additional medical junior doctors to reflect additional activity and intensity of workload	380
Enhanced nurse practitioners – ED pressures	65
Ophthalmology service - increased capacity	96
Obstetric theatre – out-of-hours scrub – patient safety	63
Midwifery – 1 x band 5 per shift – patient safety	187
Fractured neck of femur co-ordinator – quality of patient care	36
Pre-assessment – to improve through-put	54
Nutrition, diabetes and dietetics nurse – quality of patient care	137
Ward reconfiguration – quality of patient care	83
ICU / outreach – quality of patient care	98
Ward clerks – quality of patient care	80
Other – various	478
Total	**3,228**

Summary of Cost Improvement Plans (CIP)

The cost improvement plans have been based on a realistic but suitably stretched target and include work-streams identified as part of the recent deficit diagnostic work that the Trust has undertaken. The overall CIP plan is £2.9m which is 2% as opposed to the 3.5% included in the tariff. The following table details the schemes planned for 2015/16; all these schemes are 'tactical'. In setting the CIP plans for 2015/16, the Board has been clear that it must set realistic targets that do not detrimentally impact the safety and/or quality of care. They have also acknowledged there is limited scope to make further operational efficiencies without transformational system-wide change. Alongside this are the transformational savings that will be achieved as part of the Trust's new models of care strategy. It is planned that these cost reductions will start to be realised in 2016/17 and by 2018/19 will bring the Trust back into a breakeven position.

Table 9:

Project	Annual Plan 2015/16	RAG Rating	Comments
Procurement	229		Various cost saving initiatives
1% target	1,102		Annual target for all budget holders
Facilities	100		Deficit diagnostic work
Corporate	156		Includes reduction to pay costs
Energy	125		Reduced energy costs due to combined heat and power
Commercial	104		Increased income for car parking & catering
CNST (clinical negligence scheme for trusts)	63		Reduced CNST
Non Pay Inflation	362		Management of non- pay inflation
Theatres	300		As per deficit diagnostic – detailed plans being worked up
Urgent Care	311		Pathology - reduced contribution
Urgent Care	75		Various other specific schemes
Total	**2,928**		

Capital Investment

£5.5million was invested in capital developments in 2014/15, which included £1.2million spent on medical equipment and upgrading radiology equipment and £2.4million on enhancing the quality of the buildings and estate.

The capital programme for 2015/16 is planned to be £10.4million including investment from donated funds. The capital programme supports the Trust's strategic agenda to develop new models of care and to deliver a sustainable, high quality health and social care system for the local population. The 2015/16 capital programme includes continued investment into radiology and medical equipment (£1.6m) and improvements to the estate (£2.6m) including the women's hospital and special care baby unit. There is major project investment in the Trust's SmartCare implementation of an electronic health records system (£2.2m for 2015/16) for which phase 1 goes live during 2015/16. The Trust is also planning to invest in a new ward to manage increasing demand at an expected cost of £3.0m.

Clinical Activity and Income Plans

The Trust's activity and income plans have been based on the expected activity for 2015/16 using the 2014/15 forecast as the base and applying changes in demand based on local knowledge combined with historical trends. The income associated with the contract has been calculated using the enhanced tariff option. The table below shows the income, by the main commissioner, that has been included in the budget and the status of the contract. The Trust's expenditure budgets have been aligned to meet the activity plans and include provision for the 24 additional beds and additional capacity.

The Trust's weighted activity growth in 2015/16 is estimated at 3.3% which is in line with Monitor's expected growth pressure of 3.0%.

The Trust's NHS clinical income growth in 2015/16 apportioned to activity movements is 1.7% which is only marginally below the weighted activity growth of 3.3%.

Table 10:

Commissioner	Expected value £'000	Status
Somerset CCG	75,750	Pending negotiation
Dorset CCG	13,750	Value agreed pending negotiation on allocation to service lines
NHS England – Specialised Commissioning	6,931	Pending negotiation
NHS England – Specialised Commissioning	1,200	Forecast drug costs above baseline

YDH is working with commissioners to agree and align activity plans.

Cash

The Trust's plans have been based on the assumption that transformation support income of £6.5m will be received in 2015/16 to provide the investment required to drive forward new models of care for South Somerset.

In addition and as a consequence of our deficit budget during 2015/16 the Trust will require short term financial support in the way of loans from the Department of Health. Plans have been based on loans of £24.3m during 2015/16 which is split as follows:

- Amortising loan (capital expenditure) - £5.9m.
- Non Amortising Loan (revenue) - £18.4m.

In line with the Department of Health guidance the amortising loan for capital expenditure has been modelled over 15 years with the principal repaid during this period. The non-amortising loan for revenue has been based on interest only with the principal due for repayment on maturity (on a 2 year rolling review).

Risk Rating

The risk rating for YDH across all the four quarters for 2015/16 is planned to be 1 as shown below.

Table 11:

	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Capital service rating cover	1	1	1	1
Liquidity rating	1	1	1	1
Continuity of service risk rating	**1**	**1**	**1**	**1**

Scenarios

During the budget setting process the impact of different scenarios with the greatest financial risk were modelled. These were identified as recruitment to medical and nursing staff vacancies, winter pressures and cost improvement achievement. The impact of these scenarios was used as a consideration when setting the risk budget.

Comparison to Five Year Plan

The five year plan completed in March 2014 forecast a deficit for 2015/16 of £3.1m compared to the current planned deficit of £18.4m, i.e. an increase in the deficit of £15.3m. The key movements relate to changes in the 2014/15 forecast outturn (see table 4 and 5), the fact that the 2015/16 CIP is based on expected achievement rather than the percentage in the tariff and finally additional investments have been included in the 2015/16 budget to support clinical, commercial and transformational developments.

Declarations of Sustainability and Resilience

Notwithstanding the challenges identified within this operational plan for 2015/16, the Board confirms that, on the basis of successful implementation of its strategic plans and operational risk mitigations, as summarised within this document, YDH will be financially, operationally and clinically sustainable over the coming five years. This is in line with the declaration made in the five year strategic plan developed last year. For 2015/16, YDH has prepared its financial plans and cash flow forecasts on the assumption that funding will be received from the Department of Health. Discussions to date indicate this funding will be forthcoming. These funds are expected to be sufficient to enable the Trust to meet its obligations as they fall due. These funds will be accessed through the nationally agreed process published by Monitor and the Department of Health. The Board has therefore concluded that there is a reasonable expectation that the Trust will have access to adequate resources to continue in operational existence for the foreseeable future.