

<b>Report Title</b>	Annual Operating Plan 2020/21		
<b>Sponsoring Executive</b>	Toby Lewis, Chief Executive		
<b>Report Author</b>	Raffaella Goodby, Director of People and OD Dinah McLannahan, Acting Director of Finance		
<b>Meeting</b>	Trust Board (Public)	<b>Date</b>	5 <sup>th</sup> March 2020

### 1. Suggested discussion points *[two or three issues you consider the Trust Board should focus on]*

The Trust is required to make a variety of submissions in response to Operating Guidance. These plans now merit aggregation into our STP/ICS Plan, which includes the local response to the NHS Long Term Plan. Notwithstanding this organisational and system focus, we continue to work at Place level with the intention of creating locally relevant improvements and shared financial risk management at population level.

The Board should consider in particular the workforce aspects of the CIP programme, which focus currently on reducing temporary spend by both filling vacancies and better Grip and Control. Sustaining that position is achieved through improved retention. Detail of Hard to Fill posts is re-presented to the Board on the basis of the work to be done to change roles.

FIC has previously reviewed non-pay savings plans, and material change is needed in March in the medicines plan if we are to enter Q1 with a full suite of detailed plans to deliver. A risk to plan remains under-delivery of national procurement towers, on which clarity is being sought.

Investment to address key safety or quality risks will be prioritised, and where possible such investment is sought through commissioning income as relevant. For example, backlog Eye Outpatient appointments are explicitly directed for purchasing in the planning guidance but are presently not part of the draft forward plan for external funding.

### 2. Alignment to 2020 Vision *[indicate with an 'X' which Plan this paper supports]*

Safety Plan	X	Public Health Plan	X	People Plan & Education Plan	X
Quality Plan	X	Research and Development	X	Estates Plan	X
Financial Plan	X	Digital Plan	X	Other <i>[specify in the paper]</i>	

### 3. Previous consideration *[where has this paper been previously discussed?]*

Workforce plans considered Oct/Jan and February Trust Board; Finance Plan Jan/Feb Board

### 4. Recommendation(s)

The Trust Board is asked to:

- a. RECOGNISE the intention to reduce pay expenditure in 20-21 vs. 19-20
- b. NOTE that an £18m CIP programme is the basis for our Annual Plan submission
- c. ACKNOWLEDGE ongoing contract income negotiation at Place and System level

### 5. Impact *[indicate with an 'X' which governance initiatives this matter relates to and where shown elaborate]*

Trust Risk Register	X					
Board Assurance Framework	X					
Equality Impact Assessment	Is this required?	Y	X	N	If 'Y' date completed	1/4/20
Quality Impact Assessment	Is this required?	Y	X	N	If 'Y' date completed	1/4/20

# SANDWELL AND WEST BIRMINGHAM NHS TRUST

## Report to the Public Trust Board: 5<sup>th</sup> March 2020

### Annual Operating Plan 2020/21

#### 1. Introduction

- 1.1 Final financial plans are due for submission on April 29<sup>th</sup>. Interim submissions are due on March 5<sup>th</sup>, and the Trust needs to have our Budget Book ledgered in time for month 1. A dispute process is in place in April if local agreement is not reached, which we expect it will be.
- 1.2 On this basis we have developed expenditure reduction plans with which the Board has familiar. Those rest on income at or around our submission to the wider STP LTP process in January. The current Trust income plan is wholly consistent with our submission then and over prior months. We are working with partners to ensure that fund intended for investment in the deprived communities of Sandwell, Ladywood and Perry Barr are explicitly and transparently invested there in 2020-2023.
- 1.3 Our revenue plans support capital investment, and in our case much of that investment is a dependency of the new hospital's wider configuration to out of hospital care. These funds are provided for in this plan, as are pre-contracted digital commitments.

#### 2. Expenditure reduction plans

- 2.1 Income investments through tariff are expected to cover pay rises and other inflationary considerations, as well as mandating a level of improved efficiency. The net of these assumptions is 1.4% uplift. Awards and incremental drift need to be funded on that basis.
- 2.2 Against that backdrop we are looking to reduce expenditure on pay to cover these costs, meet the costs of treating more patients outwith income and supporting necessary service improvements associated with quality or safety. We have previously agreed that this required a like for like budget reduction of £11m in our annual pay budget from £340m to £329m. The bulk of this improvement will come from reducing agency expenditure without seeing substantive pay in aggregate rise above month 9 levels.
- 2.3 Corporate directorates have made their allocated savings plan for 2020-2021. Each Clinical Group are finalised their plans, reflecting specific pay targets which take spend below prior year baselines. It will take until mid-March to ensure that such plans are in place. Interim FYE plans from Surgery are compliant, and there is a clear route to success in all other Groups. Any plans which materially reduce staffing levels will be

subject to QIA and EIA scrutiny and ongoing post implementation monitoring. The key focus now is on making sure plans are ready to implement from April 2020.

- 2.4 We know from the experience of Q3 and Q4 TD that improved substantive recruitment is positive in many ways, but does not necessarily drive reductions in agency spend. Revised Grip and Control arrangements will be implemented in April for at least one month in their new form. The outcome of those arrangements will be to (a) be certain of prospective approval (b) to ensure that reasons for spend is as claimed and (c) to create grit in choices about bank vs. agency. Each Group has developed a spend plan for agency which shows material gross improvement vs. outturn. Further work is needed next week to improve those plans' quantum further.
- 2.5 Non-pay has had fair scrutiny in other places and plans are reasonably well advanced. The Board may wish to consider a specific intervention mid-month to have these plans presented through Dinah Mclannahan, our workstream executive lead. As ever the challenge will be ensuring connectivity between central planning and local delivery.

### **3. Income expectations**

- 3.1 The Trust recognises that there is a fixed sum available in 2020-2023 for local healthcare and rising demand in all parts of the system, including primary care. We need to ensure spend and further investment on mental health, recognising that much mental health care is provided outside Mental Health Trusts, including within SWB. We also recognise that 20-21 will be the leanest year locally for funds, and that a multi-year agreement is needed. If that agreement can remove transaction costs from commissioning and from Trust back office all the better.
- 3.2 In supporting the January 2020 STP Plans wholeheartedly, the Board recognised that any investments through the LTP need to deliver genuine improvements and ideally cost reduction. This applies to changes in maternity services, and in primary care. For example, ring-fenced funds for PCN DES projects only make VFM sense if they genuinely alter both flow and cost in other sectors.
- 3.3 Reviewing the Trust's STP and LTP submissions since September it is clear that they have two phases: A larger ask prior to agreeing a financial settlement for the Midland Met contract, and the same submissions on every occasion since. The Trust's submissions form part of a tolerable and manageable collective one year gap. It is now essential that we work together to make sure that investment focuses on the populations and projects that are needed. Without immense effort a 0.6% investment in demand growth is unrealistic in six weeks time.
- 3.4 The Board is aware that we entered into a risk management plan with the SWB CCG for 2019-20. That plan explicitly sets out 'unwind' to 2020-2021. Any proposed funding model for future years must recognise that agreement, and the discount provided to commissioners in 2019-20. That discount has been met non-recurrently by savings plans within the Trust.

#### **4. Recommendations**

4.1 The Trust Board is asked to:

- RECOGNISE the intention to reduce pay expenditure in 20-21 vs. 19-20
- NOTE that an £18m CIP programme is the basis for our Annual Plan submission
- ACKNOWLEDGE ongoing contract income negotiation at Place and System level

Toby Lewis  
Chief Executive

28<sup>th</sup> February 2020

**Annex 1:** Finance Plan

**Annex 2:** Workforce Plan