

# Royal Free London NHS Foundation Trust Strategic Plan 2014-19

## Summary

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# Contents

1. Introduction .....	3
2. The board's declaration of sustainability .....	4
3. Market analysis and context.....	6
3.1 PEST factors.....	6
3.2 The commissioners' finances .....	6
3.3 The healthcare needs of the local population .....	6
4. Our strategy .....	8
4.1 Governing objectives .....	8
4.2 World class care values .....	8
4.3 The board's strategy .....	8
5. Our plans .....	10
5.1 Our financial plans .....	10
5.2 Our activity plan .....	10
5.3 Our workforce plan.....	10
5.4 Our workforce strategy.....	10
5.5 Our clinical strategy .....	11
5.6 Our plans for each of our sites .....	11
5.7 Priority service developments .....	12
6. Risks to the delivery of our strategic plan.....	13

## 1. Introduction

As an NHS foundation trust, we produce a 5 year strategic plan and submit it to Monitor, our regulator. This is how we ensure that we have co-ordinated plans in place to ensure appropriate, high quality and cost-effective services for patients on a sustainable basis.

This document is a summary of the Royal Free London NHS Foundation Trust's strategic plan for the period 2014-19, as submitted to Monitor in June 2014.

## 2. The board's declaration of sustainability

The Royal Free trust board declares that, on the basis of the plans set out in its strategic plan document (of which this document is a summary), the trust will be financially, operationally and clinically sustainable according to the current regulatory standards in one, three and five years' time.

The board bases this declaration of sustainability for the full five years of the plan on assurance in the following areas:

### Clinical sustainability

- Local services – We have developed an integrated care and demand management strategy jointly with local clinical commissioning groups based on clinical pathways agreed by GPs and hospital clinicians working together. The pattern of acute services in Barnet and Enfield is the product of extensive public consultation and is expected to remain unchanged in this planning period.
- Specialist services – UCLPartners, of which the Royal Free is a member, facilitates strengthening the quality of specialist services. The Royal Free expects to continue to develop larger, typically research based, specialist services in subjects in which the trust is recognised as a leading provider in and beyond UCLPartners. The benefits of scale realised through the incorporation of Barnet and Chase Farm's services will support sustainability in this area.
- Meeting standards – The trust will continue to meet and maintain safe standards for staffing matched with casemix; and it will continue to achieve clinical outcomes that are amongst the best in the country.

### Operational sustainability

- Meeting targets – Our track record in complying with operational performance targets indicates sustainability in this area.
- Recovery plan – Upon acquiring Barnet and Chase Farm Hospitals NHS Trust, the Royal Free as an enlarged organisation will immediately become non compliant in some areas (namely 18 weeks referral to treatment; A&E 4 hour wait; C. difficile). In collaboration with our commissioners we are developing recovery plans to reach these targets and bring the enlarged organisation to a position of sustainable full governance compliance by the end of year 2 of this plan.

### Financial sustainability

- Income assumptions for our IBP/LTFM and in this document have been rendered consistent with commissioners' plans.
- The trust has taken a prudent view of income and costs.
- The trust has a strong cash position forecast for the period ahead.
- The anticipated costs of the acquisition and subsequent integration are covered by the transaction funding covering the full period of this plan.

- There is a plan to rebuild Chase Farm Hospital that will enable high quality services in a modern and efficient setting to be managed economically and with environmental benefits.

## 3. Market analysis and context

The trust maintains an analysis of the operating environment for healthcare providers, locally and nationally, and uses this to inform its strategic planning. This analysis informs our corporate planning assumptions. Some factors affecting the trust in this planning period are summarised in this section.

### 3.1 PEST factors

The trust maintains an analysis of political, economic, social and technological factors in the current and future operating environment for healthcare providers and how these will be addressed.

One of the most significant factors is the NHS funding gap, projected to be £30 billion by 2020/21. Providers are currently facing unprecedented financial challenges – health costs are increasing, demand is growing and patient expectations are rising. At the same time, trusts are under pressure to deliver seven day services, to strengthen clinical staffing levels to reflect the increasing average acuity of hospital patients, and to redesign care pathways so as to meet patient needs closer to home and to relieve demand for hospital care. As a result the affordability challenge facing the NHS will double in the next financial year, from 3.1% in 2014/15 to 6.6% in 2015/16 (higher because of Better Care Fund transfers) and will continue at a high rate for the next three years (5.5% in 2016/17, 4.7% in 2017/18 and 4.6% in 2018/19).<sup>1</sup>

### 3.2 The commissioners' finances

Two of the trust's three largest CCG commissioners (Barnet and Enfield) are in recurrent financial deficit, and expect to remain so for at least the next two years. The trust's largest single commissioner, NHS England, also has a large financial deficit.

### 3.3 The healthcare needs of the local population

Local area insight is essential for informing strategic priorities and appropriate service delivery. The trust has therefore recently repeated its healthcare needs assessment to determine accurately the healthcare needs of the local population and ensure its services are aligned to them.

Some of the notable features of the population served by the trust are:

- Rapidly growing population – the populations of Barnet, Enfield and Camden are all predicted to grow at 8-9% over the next five years.
- Ageing population in some areas - 15.8% of the South Hertfordshire population is aged 65+. In some areas of the Royal Free catchment the population aged 80+ is expected to grow by 13-15%.
- Ethnically diverse - Camden, Barnet and Enfield have comparable ethnic compositions with minority White British populations (under 50%). The ethnic composition of areas is changing all the time and is unpredictable, as shown by the difference between recent censuses.

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<sup>1</sup> Foundation Trust Network, "How to make the NHS payment and pricing system work more effectively in 2015/16?" (London, 2014), p1

- Large differences in life expectancy - Camden and Enfield have significant large pockets of deprivation, which is associated with lower life expectancy.
- Burden of disease - COPD is one of the highest burdens of disease and is mainly attributable to smoking. Camden also has a significantly higher prevalence of mental health conditions, and a significantly higher rate of alcohol related admissions to hospital than other local areas.

## 4. Our strategy

This, along with all other trust plans, is aligned to:

- The Royal Free governing objectives;
- The Royal Free world class care values; and
- The board's vision and strategy for the organisation.

### 4.1 Governing objectives

The board's enduring governing objectives are:

- excellent outcomes: clinical, research and teaching
- excellent experience: for patients, staff and GPs
- excellent value
- safety and full compliance
- a strong organisation.

These objectives provide the structure for all that we do – planning and annual objectives, strategic risk management, and operational delivery.

### 4.2 World class care values

All members of staff at the Royal Free are expected to operate according to our world class care values, and all future staff will be expected to do so. Those values are:

- positively welcoming
- actively respectful
- clearly communicating
- visibly reassuring.

### 4.3 The board's strategy

The board has, since 2011, been pursuing an explicit strategy that will bring progress towards the governing objectives. Our six development themes that express that strategy in both service and financial terms are:

- extending the role of a major acute provider;
- being a network and system leader, and the surgical hub;
- being a leader in the academic health science system;
- being experts in integrated care;
- reducing unit costs with UCL Partners; and
- gaining new markets and income sources.

The Royal Free strategy is shown in figure 4.1. The short term priorities were refreshed in April 2014 to reflect both progress against those priorities agreed in 2011 and the planned benefits of the acquisition, and the medium term themes have been re-expressed to reflect achievements to date.



## 5. Our plans

### 5.1 Our financial plans

The financial strategy supports the strategic direction of the trust and the board's stated intention to reduce unit costs and to gain new markets and income sources. In doing so it targets high level performance within a framework of engaging the organisation in the financial challenges of the next five years and supporting decision making around the portfolio of services to be delivered in the future, both as a provider for the local community and in specialised tertiary services. In support of this the trust plans to continue to make improved surpluses to re-invest in the capital infrastructure and in other developments. The trust will hold sufficient cash to guarantee its liquidity; any additional funds will be reinvested in our services. Savings targets have been set at a level to achieve these aims but with the engagement of the whole organisation to ensure coherent planning and deliverability. The continued development of service line management and patient level costing is intended to give managers and clinicians the information and tools that they need to deliver against individual service level plans.

Our formal strategic plan submission was accompanied by a detailed financial plan for the next five years.

### 5.2 Our activity plan

The trust maintains an activity plan for future years which is informed by our planning assumptions and in turn informs our financial and workforce plans.

### 5.3 Our workforce plan

The calculation of workforce need depends on a variety of factors, all of which inform our workforce plan. These include:

- The service portfolio of the trust;
- The size of services;
- How services are delivered;
- The gap between need and resources; and
- Rising quality standards, sometimes reflected in specified minimum staffing levels.

The trust will, upon completing the acquisition of Barnet and Chase Farm Hospitals NHS Trust, employ approximately 9500 staff, and there is a plan in place, aligned with financial and activity plans, setting out anticipated staff numbers for the next five years.

### 5.4 Our workforce strategy

Any situation in which two organisations integrate has widespread people implications, including change management and cultural challenges. Our workforce strategy outlines the proposed approach to the main workforce and organisational development issues. Our workforce strategy is founded in the broader organisational vision and strategy, as set out in section 4. Some of its key elements are:

- Organisational culture – based on the world class care values
- Organisational structure – built on clinical service lines, whilst ensuring strong day to day operational control at each site

- Staff engagement and communication – continuing to maximise opportunities for staff engagement through all that we do

## 5.5 Our clinical strategy

The acquisition of Barnet and Chase Farm presents the opportunity to advance the Royal Free's integrated care strategy by making clinical pathways between primary care, secondary care and other providers more straightforward for patients.

Thanks to their skills and experience in assessing risk, GPs are excellent at gatekeeping emergency resources. They therefore make the most effective clinicians in urgent care centres, and we will implement that model at Barnet Hospital and Chase Farm hospital. On the other hand specialists, always fully up to date with current clinical standards in their field, are best placed to assess hospital referrals, and can offer patient management advice to GPs so as to avoid referral and so speed up treatment.

Our clinical strategy has the following principles:

- Standardised approach to pathway delivery across CCGs and hospitals
- Senior clinical triage with access to multidisciplinary triage where appropriate
- Majority of out-patients managed within a community or primary care based service
- Community services supervised by senior clinicians
- Diagnostics ordered once and only when clinically necessary – reduce over ordering
- One stop service/co-location to improve patient experience
- Follow-up once, and only when necessary
- Patient centred, safe services
- Payment mechanism based on whole system management and clinical outcomes
- Quality of GP referrals and clinical thresholds improved – protocol driven
- Educational support for primary care through training and development led by senior clinicians
- Provision of health and advice telephone lines for clinicians
- Integrated IT/information portal/podcasts
- Use of technology to deliver virtual services – videoconference/telephone follow-up
- Decommission procedures of low clinical effectiveness

## 5.6 Our plans for each of our sites

The acquisition of Barnet and Chase Farm Hospitals NHS Trust will move the Royal Free from being based on one major site (although operating on many others) to being based on three major sites. Whilst no change is planned for any clinical services for day 1, we anticipate that services will become increasingly integrated; services will be organised around patients, rather than institutions, reducing duplication and waste, whilst optimising the use of expensive resources. At this stage we see the roles of the enlarged organisation's three main sites over the next five years as being broadly as follows:

- **Barnet Hospital** – this entirely modern and compact general acute hospital will provide a full range of secondary care out-patient and day case services, those elective in-patient services that require the resources of an acute hospital (such as intensive care), maternity and neonatal intensive care, accident and emergency, and emergency admissions.
- **Chase Farm Hospital** – for its growing population in the medium term we plan to redevelop Chase Farm Hospital, building a high quality, highly efficient out-patient

and elective hospital with an urgent care centre. This will be an important part of the trust's strategic planning work in the next five years. In the short term we will ensure a safe and decent environment for patients.

- **Royal Free Hospital** – like most undergraduate teaching hospitals the Royal Free Hospital will continue to have two main and equally important roles, as a specialist centre and as a local hospital. The Royal Free Hospital's role as a provider of local services will continue. The enabling works for a new accident and emergency department and associated functions are under way, designed specifically to deal effectively and efficiently with the changing patterns of emergency demand.

## 5.7 Priority service developments

Some significant workstreams planned for the next five years that will advance the Royal Free towards the board's vision (shown in figure 4.1) are as follows:

- **Benefits realisation** – as the Royal Free is due to acquire Barnet and Chase Farm Hospitals NHS Trust on 1 July 2014, a successful integration of the two trusts will be a fundamentally important focus of the years 2014-19.
- **Our QIPP programme** - Cost reduction schemes will remain crucially important throughout the duration of this plan, as reflected in the trust's strategy (figure 4.1).
- **Chase Farm Hospital** – as per section 5.6, the trust is planning the redevelopment of the Chase Farm Hospital site.
- **Institute for Immunity and Transplantation** - UCL's Institute for Immunity and Transplantation was opened at the Royal Free in June 2013. It is the first of its type in the UK, one of only five in the world and the first outside the US. Phase 2 of the construction of the Institute will be completed in 2017/18, and will see the development of a 4500m<sup>2</sup> standalone building adjacent to the Royal Free, housing further treatment facilities, laboratories and the 200 leading researchers who will work at the Institute.
- **Cancer and cardiovascular strategy** - NHS England has been leading a review of specialist cancer and cardiovascular services in north and east London and west Essex. Under the proposals, Royal Free Hospital would become the only provider of renal cancer services in the area, and one of two Heart Attack Centres for the area. Given the stage that the NHS England work has reached, there is now more certainty on the outlook for these services in the local area and so the trust is soon to commence work on its overall cancer and cardiac strategies for the next ten years.
- **Pathology joint venture** – the Royal Free's pathology services are expected to be delivered through a joint venture.
- **Research strategy** – the trust has recently supported a new research strategy, which outlines plans for 2015-20 and highlights opportunities for development beyond this time frame to ensure that the Royal Free remains a major national and international centre for biomedical research.
- **Specialist services developments** – A strategic focus for the trust over the next five years will be the continued development of the specialist services it offers, including renal, liver, cancer, cardiology and non-malignant haematology.

## 6. Risks to the delivery of our strategic plan

The board maintains an assurance framework, which sets out the risks for each strategic governing objective, along with the controls and assurances in place. Its strategic risk perspective is generally for the three years ahead, although the action and mitigation elements are naturally current.

Structured according to the trust's five governing objectives, the risks within it are regularly reviewed by the committees of the board responsible, and the framework as a whole by the board.