

Annual Plan 2008/09

(for Public use)

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1. PAST YEAR PERFORMANCE

1.1 Chief Executive's Summary of the Year

All in all, a satisfactory trading year can be advised of with the platform established to enter into year three as a Foundation Trust with some measure of strength from both an operational and strategic perspective.

In addressing the key domains by which success or otherwise can be measured, the following is to be noted:

A) National Patient Service Targets

(i) A&E Waiting Times (4 hours)

Fully met from the point of view of the Healthcare Commission. The end of year position was 98.8% against a target of 98%.

(ii) 6 Week Diagnostics Target

A position of 99.9% was achieved against a target of 100%. There was a failure to see 5 patients within 6 weeks of referral for a diagnostic test.

(iii) 18 Week Referral to Treatment

This target was fully met. Against a target of 85% for admitted patients and 90% for non admitted patients the end of year position was 86.71% and 94.40 respectively.

(iv) Cancer Waiting Times (31 and 62 days)

The targets of 98% for the 31 day target and 95% for the 62 day target were fully met throughout the year. The end of year position was 100% and 96% respectively.

B) Healthcare Commission Annual Performance Ratings

Use of Resources: Excellent (2006 – Good)

Quality of Services: Good (2006 – Good)

The failure to achieve Excellent for Quality of Services focused on

- Incidence of MRSA bacteraemia – target of 47 cases or less with 74 reported.

Turning to Healthcare Acquired Infection, this is an issue that has and continues to bedevil and spoil the overall reputation of the Trust. As a consequence every endeavour was taken to minimise the risk of patients contracting an infection as a consequence of less than optimal care, clinical practice or environmental facility. The Board of Directors

has promulgated a policy of zero tolerance and, invested accordingly to educate, train and continually support with review and surveillance via a plethora of measures including refreshed leadership. There is a sense of continuous optimism that 2008/09 shall demonstrate a level of improvement to give confidence to the patient and commissioners of service.

- A breach of the 13 week diagnostic waiting time target involving dispensing of a backlog of patients seeking change from analogue to digital hearing aids, which the Commissioners were not prepared to underwrite the cost of. An appeal to Healthcare Commission was not upheld and the expectation was that irrespective of the financial consequences, the Trust had an obligation to meet the target.

It is to be noted that if the Healthcare Commission had chosen to uphold the appeal, then an Excellent rating would have been accorded to the Trust.

C) Other Indicative Measures of Quality in the National Setting

(i) Dr Foster

Named as one of 5 Trusts in the teaching hospital category '*Trust of the Year*' alongside Guys & St.Thomas', The Hammersmith; Nottingham University Hospitals; and St Georges Healthcare. A range of measures are used in assessing top performing healthcare providers. The details were published in the Daily Telegraph in April 2007. Dr Foster indicated that all five Trusts '*stood out*' and shared '*common success factors*'.

(ii) CHKS Top 40 Hospital Programme

One of only 6 organisations named in this category for an eighth consecutive year. Also 'highly commended' in respect of data quality in respect of clinical benchmarking.

(iii) 'Hospital Doctor of the Year' Awards

Outright winners:

- Cancer Team (with community outreach)
- Gastroenterology Team (with community outreach)

(iv) European Commission Survey

A survey on quality of life in 75 cities showed that people living in Newcastle upon Tyne and Liege, Belgium had the highest level of satisfaction (i.e. 87%) with the quality of the healthcare services offered by local hospitals. (June 2007)

D) Caseload Trends and Throughput (Using FCEs)

(i) Overall Activity

- In patient and day case activity up by 4.3% overall
- Outpatient caseload up by 2.7%
- Reduction in A&E and Walk in Centre by activity, 1.3%
- Patients on waiting lists down by 24.2%

(ii) Key Specialty Trends

- Renal transplants increased by 25%
- IVF treatments started increased by 45%
- Joint replacements increased by 11%
- Births up by 11%

Public Consultation promulgated by NHS '*North of Tyne*' in relation to the local Primary Care Organisations retaining and developing 'Arms Length Providers' for Community and related services, the Council of Governors responded with '**A Vision for Shared Care**' for the City of Newcastle upon Tyne and its environs. This was a manifesto to put the patient at the centre of healthcare provision with an integrated service delivery encompassing a wider range of care and where appropriate from a quality and added value perspective in a setting closer to home. The Governors promoted '*the golden thread*' of care through a single, integrated organisation and there was collaboration with the neighbouring Northumbria Healthcare NHS Foundation Trust to consider a similar strategic direction of joining up care and treatment pathways ie '*vertical integration*'. Disappointingly NHS '*North of Tyne*' simply acknowledged all of the responses to the consultation, sought no dialogue or provided any informed response to inform future options and in essence the status quo prevails. That said, the Board of Directors and the Council of Governors were not deterred and continue with the emerging opportunities now presented by *Darzi* and all this entails to promote enhanced healthcare delivery systems that a Foundation Trust can both offer and develop.

The Council of Governors matured and provided invaluable support as well as constructive challenge and an informed direction throughout the second year as a Foundation Trust. There are however outstanding and unresolved challenges to bring about a much greater and more representative membership. The Governors addressed and strengthened the recruitment strategy. Integral to this, the organisation shall be working closely with Newcastle City Council Social Inclusion Unit and other agencies to enable approaches to be made to traditionally '*hard to reach*' groups.

Developments in respect of strategic alliances with local and international partners embraced a wide variety of opportunities and truly positive commitments to further the benefits that are to be gained through Foundation status. Of particular note:

- (i) A joint venture in partnership with the University of Pittsburgh Medical Centre to introduce the **Newcastle 'E' Record** over the coming eighteen

months and which has involved severance with the Department of Health sponsored Connecting for Health – Electronic Patient Record Programme. (The guidance provided Monitor to inform Board of Director governance assessment in respect of a policy decision of some significance is acknowledged).

- (ii) Collaboration with Shanghai and in particular on developing the delivery of care and treatment for Diabetes. This has embraced healthcare professionals deployed by Newcastle PCT and facilitated a *'third way'* to address the benefits of *vertical integration*.
- (iii) Significant momentum was achieved in collaboration with the Egyptian Ministry of Health to develop specialist Haematology Services.
- (iv) Establishment of the *North East Stem Cell Institute* which has served to consolidate leading edge achievement and playing a proactive role with Universities of Newcastle and Durham as key partners.
- (v) Ongoing development of the nationally designated and sponsored *Specialist Biomedical Research Centre for Ageing and Vitality*. This is a key component of future business development in partnership with Newcastle University.
- (vi) Opening of the *Newcastle Surgical Training Centre* which is a licensed facility providing an environment for specialist education and training utilising the latest specialist instrumentation and cadaver material. The Centre provides structured training programmes in partnership with leading players in the instrument supply industry such as Keymed; Smith & Nephew; Johnson & Johnson; and Storz. Demand has been overwhelming and the nearest comparable competitor of reputation is located in France.
- (vii) Regeneration potential of the soon to be redundant Newcastle General Hospital site linked to the *Science City* initiative and to underpin emerging new business saw a major four week public consultation and exhibition event in partnership with Tesco plc and Newcastle University. This led to a comprehensive planning application incorporating a site master plan embracing mixed economy of retail, education, science and health under the overall banner of *Campus for Ageing and Vitality*. Of significance is the collaboration with Tesco plc and the opportunity to rapidly self fund the provision of a community health and research facility including a Walk in, diagnostic and nutrition centre.

Capital investment was dominated but not exclusively by the Transforming Newcastle Hospitals (TNH) Programme and which shall concentrate the institutional base on two rather than three sites. Progress is to cost and programme although the upside and downside of the a major Private Finance Initiative has shown through, hence demanding significant intervention by the Chief Executive as project sponsor and accountable officer. In an endeavour to ensure delivery of a quality product that is fit for purpose a range of initiatives have been enforced including Trust *'clerking'* rights during construction; scrutiny of design data; *'all party learning sets'* based on experience of those phases nearing completion; and challenge to address the value and independence of the *'Independent Tester'* who has not measured up to expectations.

The TNH programme does pose a distinct financial pinch point when the Unitary Payment kicks in with quantum in 2009/10 hence cost base reductions and efficiency gain is a key driver on the Executive agenda.

Less than effective commissioning and related governance issues of conflict that are manifest between primary care practitioners; community service providers; and the four overarching sub regional non statutory bodies who are part commissioning, provider, and much less strategic than anticipated has necessitated the Trust to do all that it can to be influential in dealing with the healthcare assessment and delivery agenda. Practice Based Commissioning has in reality floundered and the introduction of Choice has yet to gain meaningful application in the primary care settings. A positive approach was taken to refresh and strengthen traditional healthcare values and delivering effectiveness via professional networking. Primary Care Practitioners in particular have without hesitation welcomed the opportunity to actively participate in Governor forums. This has led to GPs being retained by the Trust as advisors with more open communication, problem solving and a drive towards care pathway redesign that can in turn better inform commissioning decisions. The Trust continued to seize the initiative in the policy making vacuum, over and above the rhetoric and comfort of one size fits all national policy directives.

Staff morale and industrial relations are reflected in the achievements and success with a true sense of responsibility being demonstrated by staff as a key stakeholder of the Foundation Trust.

The outlook for 2008/09 is one of confidence but tempered by the challenges that beckon in 2009/10 and subsequent years from both an economic perspective and the uncertainty implementation of *Darzi* may present for certain sections of the business.

1.2 Summary of Financial Performance for 2007/08

Overall Risk Rating of 4.0 reflects a satisfactory outcome.

The organisation reported an Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) surplus of £42.9 million and an Income and Expenditure (I&E) surplus of £7.5 million. The I & E surplus was lower than plan following an in year determination to utilise the surplus for the benefit of enhanced service infrastructure and delivery, all of which was in accordance with the investment philosophy promulgated by Monitor.

The Income and Expenditure Account is detailed below:

	2007/08 (Full Year) £000
Income from activities	531,001
Other operating income	109,767
Operating expenses	<u>(623,768)</u>
OPERATING SURPLUS	17,000
(Loss) on disposal of fixed assets	<u>0</u>
SURPLUS BEFORE INTEREST	17,000
Finance income	3,502
Other finance costs - unwinding of discount	<u>(164)</u>
SURPLUS BEFORE AND AFTER TAXATION	20,338
Public Dividend Capital dividends payable	<u>(12,864)</u>
RETAINED SURPLUS/ (DEFICIT) FOR THE YEAR	<u><u>7,474</u></u>

The cash balance on 31st March 2008 was £33.9m of which £26m was invested in interest bearing accounts.

Capital expenditure for the year was £24.9m. This exceeded planned capital spend, as the Trust had been advised of some additional Public Dividend Capital (PDC) from the Department of Health during the course of the financial year.

The proportion of both corporate and directorate savings identified in 2007/08 amounted to £18.3m (97.3% of target). However the proportion of recurrent savings amount to £13.2m, which leaves a balance of recurrent savings to be carried forward into 2008/09.

1.3 Other Major Issues

(i) Board of Directors

Ensuring effective completion of a reconfiguration of roles and personnel including key subordinate officers.

The untimely death of Martin Ballinger, Chairman, did impact upon the management team from the perspective of sustaining the very distinct business ethos he had brought to the organisation. However the following appointments have proved to be effective in maintaining the momentum and ongoing refreshment that was clearly called for in operating as an effective Foundation Trust.

- Chairman

Mr Kingsley Smith, former Chief Executive of Durham County Council and an Accountant by profession (September 2007)

- Operations Director

Mr David Allison, former Director of Business and Industry, One NorthEast Regional Development Agency with a working background in manufacturing and factory level production. (May 2007)

- Business Director

Mr Martin Pettifor, former Marketing Director, Novartis (based in Switzerland) with a working background in pharmaceuticals and product placement including Boots plc and the introduction of new outreach ventures and franchising. (August 2007)

And to strengthen certain key roles that required refreshment below Board level:

- Human Resources Director

Mrs Clare Curran, former Human Resources Director, Northumbria University. (January 2008)

- Head of Estates and Facilities

Mr Steven Bannister, former Director of Estates, Huddersfield and Calderdale Foundation Trust. (October 2007)

- Clinical Director of Pharmacy Services

Mr Neil Watson, former Pharmacy Director, Royal Marsden Foundation Trust. (April 2007)

- Regional Head of Medical Physics

Professor Alan Murray, former Head of Medical Physics, Freeman Hospital. (April 2007)

- Head of IM&T

Mr Kinley McDonald, former General Manager of E Health, NHS Grampian Scotland. (July 2008)

- Newcastle E Record project Director

Andre Snoxall, former Independent Consultant to Kings College London advising on a set up of an Academic Science Centre.

(ii) **Change of Auditors**

Arising of out competition and market testing, the long standing External Auditors – Audit Commission (District Audit) were replaced with PricewaterhouseCoopers. The transition commenced in November 2007 and the handover was successful. The change has brought about a more challenging and meaningful scenario from the business point of view which has already added significant volume.

(iii) **‘Modernising Medical Careers’**

The instability created nationwide and directly by the flawed implementation of the Modernising Medical Careers programme posed significant risks in relation to calibre of staff; recruitment shortfalls; and inevitable consequences for service continuity. Extraordinary measures including contingency planning did however serve to sustain service performance.

Disappointingly, the most fundamental key recommendations (including the establishment of Medical Education England) that arose out of the Final Report of the Independent Inquiry into Modernising Medical Careers (the Tooke Report January 2008) have not been implemented as a matter of overriding priority.

In many respects, the Trust continues to see a significant risk in relation to the employment of junior medical staff. The issue is one of coping with deployment and quality assurance being the responsibility of the Strategic Health Authority in the form of NHS ‘*North East Education*’ and ‘*Northern Deanery*’ both of which are accountable to the SHA. To mitigate, contingency plans are being pursued to ensure the best interests of the Trust are secured.

2 FUTURE BUSINESS PLANS

2.1 Strategic Overview

2.1.1 Organisational Vision, Aims, Values and Objectives

The Board of Directors in collaboration with the Council of Governors, has refreshed the organisational vision, aims, values and objectives. In setting the strategic direction for the Trust it was considered important to include a summary of the Board’s work and this is detailed below:

(i) Strategic Vision

“To provide patients with the highest quality of healthcare and to be the most prolific and innovative Trust in moving the frontiers of clinical excellence forward for the benefit of people everywhere”.

(ii) Strategic Aims

- To put patients at the centre of all we do, providing the highest quality clinical care in our hospitals and associated locations as well as the local community we serve.
- To provide the highest quality support services to patients.
- In partnership with Newcastle University and others to be nationally and internationally respected for our successful clinical research and development programme which leads to benefits in healthcare and for patients.
- To promote healthy living and lifestyles through our own activities and in collaboration with partners in primary and social care and in statutory, voluntary and academic agencies.
- To ensure value for money and using the freedoms of Foundation Status to explore and develop new markets and partnerships and to exploit our strengths and specialisms to the full, including through vertical or horizontal integration and expansion where it is appropriate.
- To ensure effective corporate and clinical leadership while maintaining the highest standards of ethics and governance.
- To ensure a full appreciation throughout the organisation of the changing environment of competition, risk, regulation and patient choice and of our financial position.

(iii) Strategic Values

- To place our patients at the heart of everything we do, working for them in a sensitive and compassionate manner and with their safety and dignity of the utmost importance.
- To value the contribution of staff, volunteers, members, governors and other partners and stakeholders, trusting each other, working collaboratively and professionally and being committed to the development and improvement of skills.
- To focus upon continuous improvement in the pursuit of excellence and seeking and embracing new opportunities consistent with our aims.
- To manage our resources in a co-ordinated way, with an emphasis on value for money and sustainability.

- To see the diversity of our people and communities as a strength, underpinned by our commitment to equality of opportunity.

(iv) Strategic Objectives

Related to the vision, aims and values of the Trust, the following objectives have recently been agreed:

- Patient Safety
 - maintaining and improving compliance with NHS Litigation Authority (NHSLA) risk management standards and as a minimum meeting applicable Healthcare Commission (HCC) core standards (Timescale: Ongoing)
- Provider of Choice
 - ensuring that quality of care and access to services is maintained such that, in the context of Patient Choice and the Marketing Strategy (and its related targets), patients will elect to attend at Newcastle Hospitals (Timescale: Ongoing)
- Vertical Integration
 - to deliver defined services in community settings (to be operational by March 2009)
 - to tender for the provision of such services where these are offered into the market (Timescale: phased launch, June 2008 onwards)
- Meeting the Unitary Payment for TNH while Maintaining Financial Strength
 - improving financial information and control through the roll-out of Service Line Management (Timescale: Phased implementation through 2008/09 and beyond)
 - attracting additional income (Timescale: Ongoing)
 - delivering the defined cost improvement programme (Timescale: Ongoing)
- Delivering the Joint Venture with UPMC and Maximising the Benefits Arising out of the Newcastle Electronic Record
 - meeting the key milestones in the programme timetable and capitalising on the significant clinical and other benefits enabled by the system (Timescale: As per Work Programme)
- Continued Drive to Reduce all Healthcare Acquired Infections
 - implementation of revised Strategy for Prevention and Control of Healthcare Associated Infections (Timescale: from April 2008)
 - Ensuring Infection Prevention and Control through the implementation of the Saving Lives Care Bundles, the Ward Accreditation Programme and closer

- working with other providers and the community services (Timescale: From April 2008)
- Ensuring leadership and clinical engagement through the appointment of a new Director of Infection Prevention and Control, a revised approach to working of the Infection Control Team and strengthening the role of Ward Sisters / Charge Nurses. (Timescale: from April 2008)
- Reduced Multi-professional education and training (MPET) and NHS Research & Development (R&D) Funding Allocations and Other “At Risk” Income Streams
 - attracting additional income (Timescale: Ongoing)
 - active commercialisation of R & D: completion of audit of Intellectual Property (Timescale: by October 2008)
 - carry out leading edge Research and Development, particularly in partnership with Newcastle University (Timescale: Ongoing)

2.1.2 General Strategic Context

Clearly linked to the above, the organisation’s 10 year Service Development Strategy (SDS), published at the inception of the Foundation Trust and endorsed by the Board, set out a clear strategic direction. The assumptions underpinning this and the associated activity projections are reviewed and refreshed each year as part of the annual planning process to take account of:

- Impact of patient choice
- Market analysis, including forecasted demographic changes
- Competitor analysis
- Opportunities for growth and development
- Policy developments such as the provision of care closer to home
- Performance targets, particularly in relation to the 18 week Referral to Treatment Target and HCAI
- The opportunities and risks associated with the TNH Investment Programme

The revised activity projections and associated financial implications resulting from this review and outlined in sections 2.1.3 and 2.1.4 form the basis of the Annual Plan.

Alongside the above, there are a number of key strands of work, which form the central pillar of the strategic direction going forward. These are most challenging and high profile areas of work, which will underpin an extensive range of service improvements delivered to patients over the next few years including:

- Recognising the impact of the *Darzi* Initiative
- Our Vision for Shared Care (The Vertical Integration Agenda)
- The Transforming Newcastle Hospitals (TNH) programme
- The ongoing partnership work with University of Pittsburgh Medical Centre (UPMC)

- Reducing the number of major acute sites from 3 to 2 and as part of this, the transformation of the Newcastle General Hospital site
- Further Development of Specialised Services

Underpinning and supporting the above, are number of key enabling strategies, which are highlighted below:

2.1.2.1 *Recognising the Impact of the Darzi Initiative (NHS Next Stage Review – Leading Local Change)*

The Trust is aware of the opportunities and risks afforded by the changes arising from the national work of Lord Ara Darzi, the ‘Our health, our care, our say’ white paper and related to this, The NHS North East’s ‘Our NHS, Our Future’ vision statements and service delivery objectives (published May 2008).

The thrust of the North East vision is to tackle the dichotomy between the region having very highly rated hospitals, as assessed by the Healthcare Commission, but very poor levels of public health. This leads to the desire to rebalance the healthcare system by moving expenditure from acute to preventative care. This poses a threat to the size of the acute hospital sector as a whole.

The impact of the Darzi Initiative for this Trust depends on the extent to which we can embrace the change and take a leadership role in the development of clinical pathways. The clinical network model and consolidation of more specialist care with those providers most able to deliver that care to the required standard presents us with a clear opportunity, as evidenced by the reduction in providers qualifying for the specialist top up payments. There may also be opportunities in the creation of regional centres for new services. However, it is unclear to what extent the political will exists to transform services in this radical manner.

At the same time, less specialised areas of our activity are threatened by the transfer of care from hospitals into community settings and the development of alternative models of care such as those led by GPs with a special interest. A focus of the North East vision is on reducing the level of dependency on hospital based services which is considered to have constrained the development of out of hospital services. The Trust will seek to mitigate the effect of the transfer of services and funding by the development of vertical integration and outreach services.

2.1.2.2 *The Vertical Integration Agenda*

Active embracement of the Vertical Integration Agenda is one of the organisation’s key strategic objectives and the Trust believes that it has the necessary vision, skills and expertise to lead the development of community based services within the local health economy. Work has already commenced with respect to this and potential schemes are being actively explored. Consideration is also being given to the location of services and in some specialties the use of mobile facilities is being considered e.g. Ear Nose and Throat Services.

Where services are offered into the market the Trust will tender for these as appropriate and will expect to receive fair and equal consideration as part of a transparent process.

The Trust is actively exploring the opportunities associated with the polyclinic model of new health centres and additional GP practices in 'under-doctored' areas in partnership with other local providers. In this context, the Trust recognises the potential threat to its plans to provide community services which is posed by any future bid for Foundation Trust status by the current community service provider arms of Newcastle and North Tyneside PCOs.

2.1.2.3 *The Transforming Newcastle Hospitals (TNH) Project*

TNH is a hugely exciting capital programme, which will see the development of world class healthcare facilities across both the Freeman and Royal Victoria Infirmary (RVI) hospital sites over the next 2-3 years.

Over £300m is being invested in what is the largest healthcare project and Private Finance Initiative (PFI) ever in the North East of England. This mammoth development, which has involved an 8 year construction programme, includes the creation of a landmark Children's Hospital for the North East at the RVI. This is the first time Children's Services in the city will be under one roof. The development also includes one of the best equipped A&E departments in the whole of the UK, supported by a fully integrated trauma centre.

On the other side of the city, the Freeman Hospital is introducing a new Renal Services Centre as well as a new state-of-the-art Northern Centre for Cancer Care (NCCC), of which shall both "go live" in mid 2008.

TNH is central to the SDS and the Trust's financial planning. In 2009/10, the Trust will effectively be paying around 97% of the total Unitary Payment, some £25.5 million in additional costs. This cost pressure shall be underwritten through a combination of cost base reduction and additional income.

2.1.2.4 *Working with the University of Pittsburgh Medical Centre*

The Trust has developed a range of important partnership initiatives with non-NHS bodies locally and internationally. Of particular note is the relationship established with the University of Pittsburgh Medical Centre (UPMC) in the United States of America (USA).

The innovative and leading edge programme of work that has been agreed with UPMC includes a number of key strands and, in particular:

- The procurement of IT solutions which will create a substantial element of a true Electronic Patient Record (EPR)
- The opportunity to procure a number of further innovative IM&T products designed to increase the depth and quality of clinical information flows across acute and primary care providers.
- The potential development of a Healthcare Simulation and Training Facility

- The potential development of an Institute of Transplantation
- The export of a number of Trust developments in the fields of Genetics, Reproductive Medicine and exploitation of Radio Frequency Identification (RFID) technology applications.

The Trust is investing a substantial sum in completely upgrading its IT systems. As a central part of this programme, EPR is expected to deliver a range of very real benefits to patients both within the Trust and the wider community. This is a major change programme designed to enhance and change clinical care by ensuring that clinicians have timely access to the best possible data set and will put the Trust at the leading edge of clinical practice.

The work around the development of a Healthcare Simulation and Training Facility is another enormously exciting strand of work. The vision, endorsed by the SHA, is to create a leading edge facility which will act as a catalyst to changing how clinical and first on scene staff are educated and in a safe and managed environment provided with the skill set to translate this into practice.

Close collaboration in relation to the establishment of an Institute of Transplantation in the Freeman Hospital is to be progressed.

2.1.2.5 Other Partnerships Abroad

Partnerships abroad have also been developed in Egypt and Shanghai. The Trust's relationship with the Egyptian Ministry of Health will continue to be developed in 2008/09 with regard to the development of Haematology Services in Egypt. Relationships with Shanghai are ongoing with regard to Diabetes Services.

2.1.2.6 Transformation of the Newcastle General Hospital (NGH) Site

The Trust is very positive about the future of the NGH site. Arising out of the relocation of acute services to FH and RVI sites by 2010, it is felt that there is enormous potential to develop a range of healthcare services and activities, which are aligned to healthcare and medical science. It is anticipated that these activities will, in the future, generate significant income streams as well as providing employment opportunities for local and surrounding communities.

As part of the longer term plan for the site, the Trust envisages a partnership with Tesco plc and Newcastle University, the development of a '*Science Village*' with four distinct quarters where the overall theme centres on Older People, Rehabilitation and Health Promotion. The four quarters of the site are likely to include:

An Academic Quarter, which will embrace, amongst other facilities, The Wolfson Research Centre, whose work is focused around dementia and degenerative disease, The Henry Wellcome Biogerontology Research Building, a Clinical Ageing Research Unit, a Translational Research Building plus a Magnetic Resonance Imaging (MRI) Centre and Positron Emission Tomography (PET) Computerised Tomography (CT) suite.

A Clinical Quarter; which shall include an NHS Centre for Health of the Elderly, NHS Services for Old Age Psychiatry (provided by the Mental Health Trust), expanded Rehabilitation facilities, certain Primary Care Services (provided perhaps by the PCO) and population based clinical studies such as the Newcastle 85+ Study.

A 'Business and Engagement' Quarter; this is likely to include a Teaching Centre, facilities for the Voluntary Sector, a Research and Innovation Facility, a Centre for Assistive Technology, Industry Research Buildings, facilities for Newcastle City Council's Social Services staff and a Food and Nutrition Research Centre. The latter will focus on the health benefits associated with food with obesity prevention as a major theme.

A Retail Quarter; this is likely to include a major retail outlet attracting a significant cross-section of the public focussing upon a flagship store pioneering facilities and services for older citizens. This section will offer the opportunity to interact with older people, as well as their families and carers, at a variety of different levels so that, for example, health status can be monitored (e.g. blood pressure, arthritis, diabetes, memory decline). There will also be the opportunity to work in partnership with other agencies, for example, providers of assistive technologies.

2.1.2.7 Further Development of Specialised Services

In relation to specialised services, in 2008/09, PCOs are to jointly designate the local providers of 10 nominated services and to commence the designation process for 4 other specialised services, the majority of which are provided by the Trust and have a value in excess of £33 million. The Trust will work through the designation process with PCOs and the North East Specialised Commissioning Group (NESCG) to maximise the significant opportunities in this area.

Some specific service developments are also currently being considered within the Trust. Some of these are still being assessed in terms of feasibility, whilst planning is at an early stage in relation to some others.

A key potential area for the future includes development of an Institute of Transplantation, which seeks to broaden the portfolio of services already offered by the Trust in relation to organ transplantation. In particular, the Trust is keen to expand its work around the use of live donors, specifically for liver patients. As already mentioned above, UPMC, who have extensive experience in this area will be working with the Trust to fully define the future programme of work.

In relation to organ transplantation, Trust Directors are already working with national commissioners to take forward the recommendations of the Organ Donation Taskforce, which include increasing organ donation by 50% over the next 5 years.

The Trust is also seeking to expand the scope of specialist services it provides to Children, which will be offered at the new Children's Hospital based at the RVI.

The new facilities will mean that for the first time, Children's Services across the city will all be provided under one roof. In relation to Children, there are some local frustrations around District General Hospitals (DGHs) referring to these new services. In terms of changing this, the implementation of clinical networks, as supported by the Lord Darzi review, will be key.

2.1.2.8 Other Areas of Strategic Focus

Apart from those areas listed above, in 2008/09 and beyond, the Trust will obviously continue to focus on the achievement and maintenance of key performance targets. Clearly there will be a high level of focus on all targets; however HCAI and the 18 week referral to treatment target will be uppermost on the Trust's agenda given the challenges in these areas.

2.1.2.9 Key Enabling Strategies

Building Workforce Capacity and Capability

In taking forward its very sizeable agenda over the coming years the Trust recognises that the workforce is key to success. Recruiting the right staff that are appropriately qualified and possess the necessary skills set is crucial. In relation to this, the work of the Human Resources Department in ensuring good workforce planning and in embracing issues such as Agenda for Change (A4C) is of paramount importance.

Clearly A4C is challenging to implement from a financial perspective. In relation to this, the Trust is currently piloting Service Line Management and Reporting. This will result in greater financial autonomy and control at specialty level, with the potential opportunity to identify savings and reinvest these in areas of financial pressure.

Enhancing Teaching, Training Capacity and Capabilities

Very much related to the above, as a tertiary centre and a leader in professional teaching and training for medical, nursing and other disciplines, the Trust is constantly reviewing its capacity and capability to deliver the highest possible levels of education.

In this context, the Trust is already 'leading the way' with key initiatives that have recently been established. Of note is the Newcastle Surgical Training Centre where trainees (initially senior medical staff from throughout the UK) undertake surgical procedures on cadavers originally donated to the Anatomy Department of the Medical School. It is to be noted that the only facility of this scope and stature was located in France.

In keeping with the leading edge approach taken by the Trust to date, as already mentioned, the organisation is currently looking to develop a Healthcare Simulation and Training Facility and is working with UPMC in taking this forward. The vision, which has been endorsed by the SHA, is to create a state of the art facility which will act as a catalyst to changing how clinical and first on scene staff

are educated and in a safe and managed environment provided with the skill set to translate this into practice. One NorthEast, Regional Development Agency have awarded a substantial grant to develop the business case and option appraisal.

Marketing Strategy

The Trust recognises the importance of continuing to develop the Marketing Strategy, endorsed by the Board in 2007/08, to establish the Trust as provider of choice for patients and GPs as well as continuing to foster positive relationships with PCOs and specialised services commissioners.

An important plank of the marketing strategy is a completely refreshed interactive website accessible to public and professional users which went live in March 2008. This provides clear and accurate information about the service portfolio.

The Trust will also continue to develop '*Choose and Book*' for the benefit of patients and referrers by making the system as accessible as possible and refining the *Directory of Services* to facilitate ease of use.

Communications Strategy

In taking forward the range of initiatives outlined above, it is important to work with a wide range of stakeholders and to communicate in an effective and timely manner about changes that are taking place. In this context, the Trust recognises the importance of a well developed Communications Strategy in ensuring that this happens and work is currently underway to complete this.

2.1.3 Activity Forecasts

Detailed analysis and modelling of activity has been undertaken at specialty and sub-specialty level as part of the planning process and used to inform negotiations with commissioners. There has been a particular emphasis on modelling the impact of achieving 18 weeks by December 2008 and on understanding underlying growth trends and the recurrent and non-recurrent elements of historic and future activity.

Activity forecast figures for elective and non elective in patients as well as new and review outpatients are shown overleaf.

Activity Forecast Figures

	Nature of Funding	Current Plan 2008/09	Current Plan 2009/10	Current Plan 2010/11
ELECTIVE	Recurrent	112,999	115,390	117,482
	Non-Recurrent	2,310	-	-
	Total	115,323	115,390	117,482

NON-ELECTIVE	Total	61,496	61,444	61,608
NEW OUTPATIENTS	Recurrent	189,819	214,519	216,561
	Non-Recurrent	1,196	0	0
	Total	191,015	214,519	216,561
REVIEW OUTPATIENTS	Total	506,083	578,905	585,648

Activity and financial assumptions in relation to private patient work have been relatively conservative but there are plans to facilitate growth subject to the outcome of the ongoing consultation led by Monitor. Income generated within the current plan would be below the private patient income cap (1.22%)

Specific work has also been undertaken recently around average and risk adjusted length of stay given the link between this and the organisation's ability to manage increasing levels of activity. This work has helped the organisation to identify specialties which are working at full capacity as well as those where potential improvements in patient through put may be achieved. An action plan is currently being developed to take forward further detailed work in this area over the next few weeks.

2.1.5 Local Health Environment

Within the Tyne and Wear, Northumberland and Durham catchments, all acute providers are NHS Foundation Trusts. In addition, there is further competition from the independent sector providers as part of the Extended Choice Network and the introduction of free choice in elective care from April 2008. There is, therefore, a competitive local market and it is likely that by 2009/10, following achievement of the 18 week referral to treatment target, that there will be overcapacity in the local health economy. There is already evidence of increased competition in particular localities and specialty areas as local FTs look to expand market share. The Trust is continuing to address this risk through the parallel of growing the business and service redesign whilst reducing the cost base. During 2008/09 this will include a review of outreach services to ensure that the Trust is maximising the benefits of providing services offsite while providing care closer to home for patients.

The Commissioners of services underwent reorganisation as a consequence of 'Commissioning a Patient Led NHS' at PCO, specialised services and practice based commissioning levels and there has been a lengthy period of substantial instability whilst the new structures and personnel became established. Considerable effort is being taken to develop constructive working relationships and legally binding contracts for 2008/09 were concluded in accordance with the national timetable. 2008/09 is the final year of three year contracts with PCO commissioners and, hence the Trust will not adopt the new standard NHS contract and associated coordinating commissioner arrangements before 2009/10.

However, the consequences of moving to the new contract in 2009/10 are being modelled, with appropriate sensitivity analysis.

Specific local targets are being agreed with Commissioners with respect to MRSA and C.Diff. Definitive figures are still awaited. In the meantime, the Trust is committed to the national targets set out in the NHS Operating Framework 2008/09 as outlined below:

MRSA: maintaining the annual number of MRSA bloodstream infections at less than half the number in 2003/04.

Clostridium Difficile : differential Strategic Health Authority (SHA) envelopes to deliver a 30 per cent reduction nationally by 2011, compared to the 2007/08 baseline figure.

2.2 Service Development Plans

The Service Development Plan is developed through a systematic process of close working with Clinical Directorates and Departments. Alongside this, there is close working with Commissioners to understand and determine the additional volumes of activity that are required to deliver national waiting time targets and ensure compliance with national policy guidance in terms of service change and configuration. These are in line with the ten year SDS and financial plans submitted to Monitor when securing the license to operate as a Foundation Trust. The service developments reflect the specialist nature of the services provided and build on the Newcastle Hospitals brand of ***Excellence through Expertise***.

The Plan includes the following significant changes and developments:

2.2.1 Access – 18 week pathway targets

2.2.2 Access - Emergency Pressures

2.2.3 Primary Percutaneous Coronary Intervention (PCI)

2.2.4 Cancer Services

2.2.5 Children's Services

2.2.6 National Service Frameworks / NICE Guidance

2.2.7 Specialised Services

2.2.8 Older People

2.2.9 Integrated Care Pathways between Primary Care and Secondary Care

2.2.10 Public Health

2.2.11 Mandatory Services

2.3 Operating Resources Required to Deliver Service Developments

The operating expenses required to deliver service developments are included in the Income and Expenditure Plan. The total value of 2008/09 developments are as follows:

i)	Waiting List Initiatives	£4,565,000
ii)	Service Developments included within SLAs	£2,345,000
iii)	Other Developments	£2,235,000

NB – Excludes consumable and other non pay costs

These developments were identified as ‘Essential Developments’ in the Business Plan.

2.4 Investment and Disposal Strategy

The major investment is the ongoing Private Finance Initiative (PFI) - Transforming Newcastle Hospitals (TNH), which has been in the construction phase since May 2005. Construction is progressing in line with contracted handover dates, enabling a new Renal Services Centre, and Northern Centre for Cancer Care, to be brought into use at the Freeman Hospital in mid 2008. Progress is equally impressive at the Royal Victoria Infirmary (RVI), which is due to be commissioned during 2009/10.

Complimentary to the PFI sourced the investment meant, the Trust In underwriting the new Cancer Centre with state of the art Linear Accelerators and Imaging equipment. A significant element of the capital programme over the next three to four years is devoted to either major equipment purchases or supporting refurbishment programmes to ensure that organisations will maximise the benefits from the new accommodation.

Completion during 2008/09 of a £3m investment programme to ensure that its Sterile Services comply with the latest statutory guidelines in relation to standards of decontamination is anticipated.

Further major investment is planned in additional theatre and supporting facilities at the Freeman Hospital, which should commence during 2008/09.

As the Trust anticipates its cash balances increasing further during the course of the next three years it is actively engaged in determining additional strategies that can make best use of the significant cash resources available.

2.5 Working Capital

The Trust has an irrevocable loan facility of £50 million with Lloyds Bank. The cost of having access to this facility is £62,500 per annum and the cost of utilising the facility is 0.125 % above base rate. The cash position of the Trust is healthy and there has been no need to call upon this facility.

3 RISK ANALYSIS

3.1 Risks Facing the Organisation in 2008/09

The key risks facing the organisation are summarised in tabular format on pages 37 through to 41. A number of these were included in last year's Plan although in some areas the degree of risk has been adjusted for this year. It was also considered important to include some new areas of risk for this coming year.

The key risks for the coming year are summarised below under Monitor's key pillars of risk assessment as follows:

- Governance
- Finance
- Mandatory Services

3.2 Governance Risk

The Trust is confident that it remains compliant with the seven elements of governance requirements, as follows:

- Legality of constitution
- Growing a representative membership (see also Membership Report in Section 5 later in this document)
- Appropriate Board roles and structures (in this regard the Top 5 standing committees and panels of the Board have all had their Constitution and Terms of Reference reviews undergone)
- Service performance (i.e. national targets and core standards)
- Clinical quality
- Effective risk and performance management; and
- Cooperation with NHS bodies and local authorities.

The Trust does, however, consider it important to highlight some key areas of risk in relation to clinical quality and service performance. Some lesser concerns are also highlighted with regard to representative membership and related issues with regard to the Council of Governors.

3.2.1 Service Quality

(1) Healthcare Associated Infection - MRSA

The achievement of the MRSA bacteraemia target is a top priority in terms of ensuring safe and effective patient care. Performance to date has been very poor and progress too slow to realize the required results. A zero tolerance approach is now well established and proactively pursued in no uncertain terms.

Significant risks to the achievement of the 2008/09 target focus on a lack of clinical engagement, a lack of consistent clinical practice in key areas and a failure to work effectively with others to influence the entire patient pathway. To mitigate these risks a robust action plan is now in place.

Whilst this is a high risk area, given the steps that are being taken to address HCAI, the Trust does not consider that there is any risk of non compliance with the, Terms of Authorisation.

(ii) Healthcare Associated Infection – Clostridium Difficile

The Trust comfortably surpassed its target for 2007/08 with respect to Clostridium Difficile. The 08/09 target, however, presents further challenges and in this regard, this area has been included as a new risk for 2008/09. This area is graded as medium risk in terms of likelihood that the target will not be achieved.

3.2.2 Service Performance

(i) 18 Week Referral to Treatment Target

With regard to service performance, the Trust fully met the 18 week Referral to Treatment Target, for both admitted and non admitted patients, at the end of March 2008. This was however tremendously challenging and this is expected to be an area of ongoing pressure and, consequently high risk, throughout 2008/09. The Trust has clear action plans to mitigate risk in his area and does not consider that there is any risk of non compliance with the Terms of Authorisation.

3.2.3 Council of Governors Membership Issues

In terms of governance it is considered that there are two medium grade risks associated with the Council of Governors representation. Firstly, over the past 12 months, the Trust has had some difficulty in recruiting Members that are representative of all sectors of the local community. A clear action plan has again been developed to address this issue. This involves taking a more targeted approach to recruitment with the support of partner agencies including e.g. Newcastle City Council's Social Inclusion Unit.

The second area of risk is concerns the conflicting interests of the numerous stakeholders on the Council of Governors. The wide variety of organisations and interests represented makes productive debate difficult on occasion and at its worst extreme there is the potential that this could have some negative impact upon the Trust's overall plans. There is recognition that a strategy

needs to be developed so that the Trust can enjoy a more productive working relationship with the Council of Governors.

3.2.4 Risk Management

Doctors working hours are a potential risk area. The NUTH was 100% compliant with both New Deal and European Working Time Directive by August 2004 thus ensuring that all doctors worked less than an average of 56 hour per week. A further reduction to 48 hours per week would have a significant impact on the organisation.

3.3 **Financial Risk**

A number of financial risks are referenced in the risk schedule included at pages 38 through to 41. Those considered to be high risk include the following:

3.3.1 Financial stability of the organisation is significantly affected by reducing activity volumes

Whilst the income and activity forecast streams look positive in year 1 the organisation is likely to face significant challenges in years 2 and 3. As a consequence, the cost base is the subject of ongoing scrutiny and every opportunity is to be taken to secure additional activity and income streams. There are significant opportunities to pursue the latter but commissioner support and commitment is a variable.

3.3.2 NHS Reform : Education and Training Income

There is an emerging risk if a loss of Education and Training income if the SHA re-allocates training funds. Disappointingly a policy objective loosely referred to as 'wealth redistribution' but without an evidence base to substantiate the stance being taken is beginning to take root. To mitigate against this risk the Trust will remain actively engaged in the development of national policy and local implementation. However, such issues are ultimately out with the control of the Trust and the risk can only be managed, not eliminated.

3.3.3 The Impact of the Darzi Review (NHS Next Stage Review – Leading Local Change)

The Trust recognises the potential threat of the outcomes of the Lord Darzi review and sees this as a high risk area. There are also however significant opportunities for the organisation. Exploiting the latter is likely to involve using clinical networks to facilitate the consolidation of specialist services within fewer Trusts who provide tertiary services.

3.3.4 Implementation of the New National Contract in 2009.

This has the potential to erode Foundation Trust freedoms. There is also the possible risk of increased administrative costs for data collection and management and the potential loss of income.

3.4 Mandatory Services Risks

The Trust is confident that risks to Mandatory Services are minimal, as the schedule is based upon signed Service Level Agreements.

3.5 Key Risks Identified in the 2007/08 Plan Compared with the 2008/09 Plan

The table on the following page summarises all areas of risk and indicates those which are new to the 2008/09 Plan alongside those previously included in the 2007/08 Plan. Where areas of risk have been included in both plans, the table indicates whether the level of risk has been considered to be the same for both years or whether the risk has been upgraded.

Area of Risk	Included in the 2007/08 Plan	Included in the 2008/09 Plan	Level of Risk is the Same in Both Plans	Level of Risk is Upgraded from the 2007/08 Plan
(i) GOVERNANCE RISKS				
Achievement of MRSA Target	Y	Y		Y
Achievement of C. Diff. Target	N	Y		
Achievement of 18 Week Referral to Treatment Target	Y	Y	Y	
Recruitment of new members to the Council of Governors, which are representative of all sections of the community	N	Y		
Managing the diverse and conflicting interests of the Council of Governors	N	Y		
(ii) FINANCIAL RISKS				
Overall financial stability of the organisation	N	Y		
NHS Reform – changes in Education and Training Income	Y	Y	Y	
Impact of the Lord Darzi Review – threat to size of acute sector	N	Y		

Area of Risk	Included in the 2007/08 Plan	Included in the 2008/09 Plan	Level of Risk is the Same in Both Plans	Level of Risk is Upgraded from the 2007/08 Plan
Implementation of the new National Contract	N	Y		
Paediatric Activity Growth is not as expected	Y	Y	Y	
Development of NGH site to its full potential is compromised	N	Y		
Electronic Patient Record – Decision to step outside of the Connecting for Health Programme	N	Y		
Escalating cost of the Trust's Capital Programme	N	Y		
Transfer of activity to competitors and / or primary care	Y	Y	Y	
Changes to Payment by Results e.g. use of HRG4	Y	Y	Y	
Changes to Research and Development Income	N	Y		
Shortfall in the Cost Improvement Programme and the savings projected from Transforming Newcastle Hospitals	Y	Y	Y	
Change in International Financial Reporting Standards	N	Y		
Inflation Risk	Y	Y		Y
Cash receipt from land sales	Y	Y	Y	
Investment income	N	Y		
Doctors Working Hours	N	Y		

3.6 Risk of any Other Non-Compliance with Terms of Authorisation

The Trust does not at present perceive any risk of non-compliance with its Terms of Authorisation.

SUMMARY OF RISKS

Area of Risk	Likelihood of Occurrence	Potential Impact	Mitigating Action	Residual Risk
1. GOVERNANCE RISKS				
(i) Service Quality				
Management of Healthcare Associated Infections - Failure to achieve MRSA Target	High	Threat to reputation of organisation and consequent impact upon activity and income.	Revised Strategy / Clear Action Plan developed and already being implemented.	Continues to be high, given the challenges in this area.
Management of Healthcare Associated Infections – Failure to achieve C.Diff. Target	Medium	Threat to reputation of organisation and consequent impact upon activity and income.	Revised Strategy / Clear Action Plan developed and already being implemented.	Continues to be medium, given the challenges in this area.
(ii) Service Performance				
Failure to achieve the 18-week Referral to Treatment target	High	Potential threat to income as activity is one of the major drivers.	Additional capacity and improvements to information management systems are planned for 2008/09 to enable the achievement and maintenance of the 18 week target against a background of continued referral and activity growth in hard pressed specialties.	Medium
(iii) Risk Management				
Doctors working hours Achieving 48 hour working week	Medium	Restructuring of medical resource will be necessary	Clear HR action plan to manage this area	Low
(iii) Council of Governors Representation				
Recruitment of New Members to the Trust Members Council	Medium	Lack of representation on the Council of Governors across age, gender and ethnic groupings potentially affecting the advice that the Member's Council provides around Trust policy and direction of travel.	The Trust is focusing on using targeted routes to minority and “hard to reach” communities, utilising the expertise and knowledge of partners such as Newcastle City Council's Social Inclusion department and local community associations.	Low
Conflicting Interests of the Numerous Stakeholders on the Member's Council	Medium	Will have an impact upon the Trust's future plans and direction	The Trust is currently developing a clear strategy around how to work more productively with a wide range of stakeholder members where there are conflicting interests.	Low

2. FINANCIAL RISKS	Likelihood of Occurrence	Potential Impact	Mitigating Action	Residual Risk
Financial Risks continued				
Financial stability of the organisation	High	Whilst the position is positive in year 1, there are likely to be significant challenges in years 2 and 3, which may affect the overall financial stability of the organisation at this time.	It is essential for the organisation to both challenge its cost base and identify opportunities for additional income and activity. There are likely to be significant opportunities to pursue the latter but commissioner support and commitment will be required.	Continues to be high given the challenges in this area.
NHS Reform - Changes in Education and Training Income	High	Potential loss of income if the SHA re-allocates training funds.	To mitigate against these risks the Trust will remain actively engaged in the development of national policy and local implementation. However, such issues are ultimately out with the control of the Trust and the risk can only be managed, not eliminated.	Continues to be high, given the challenges in this area.
Impact of Lord Darzi Review	High	Reduction in the size of the acute hospital sector	The Trust recognises the potential threat of the outcomes of the Lord Darzi review but also sees opportunities for the organisation. Exploiting the latter is likely to involve using clinical networks to facilitate the consolidation of specialist services within fewer Trusts who provide tertiary services.	Medium

FINANCIAL RISKS	Likelihood of Occurrence	Potential Impact	Mitigating Action	Residual Risk
Financial Risks continued				
Payment by Results	Medium	Potential loss of income	There is a risk associated with any change to PbR, such as the move to HGR4 or any proposals to bring new services onto tariff, as that will affect the Trust's income creating potential windfall gains and losses outside the Trust's control. The Trust will continue to take opportunities to be engaged in the development of PbR and will attempt to assess exposure and model potential changes.	Continues to be Medium given the challenges in this area.
Development of NGH Site to Full Potential	Medium	Plans will be frustrated as a result of the organisation failing to achieve planning permission	The Trust will continue to work very closely with all stakeholders to ensure the best possible understanding of the issues. This will include working with the North East Chamber of Commerce who is very positive about the NGH site and the potential economic benefits of this development. The Trust will also continue with its marketing activities, including a structured campaign to raise awareness of forthcoming developments.	Continues to be Medium given the challenges in this area
Shortfalls occur in the CIP and the Savings Projected from TNH	Medium	Potential higher than anticipated expenditure.	There is now a culture of CIP within the Trust. The current plan recognises the risk of "CIP fatigue" with lower targets in later years, and the need to remove the risk of any double counting of CIP and TNH savings.	Continues to be Medium given the challenges in this area.
Fall in R&D Income	Medium	Significant loss of R&D income to the Trust	Carry out leading edge R&D, particularly in partnership with Newcastle University. Active commercialisation of R&D: completion of audit of intellectual property. Preparation of additional bids to attract additional income but it is recognised that these are likely to take some time to come to fruition.	Continues to be Medium given the challenges in this area.

Area of Risk	Likelihood of Occurrence	Potential Impact	Mitigating Actions	Residual Risk
Financial Risks				
Electronic Patient Record and Decision to work out with Connecting for Health	Medium	The Trust has made a decision to work with the University of Pittsburgh Medical Centre to develop EPR. Should the work not be successful the reputation of the organisation is potentially at risk. There would also be a consequent loss of income.	The Trust is working closely with UPMC who are a world leader in this field. A clear programme of work has been agreed with an underpinning governance structure.	Low
Cost of the Trust's Capital Programme	Medium	Having an adverse impact upon the Trust's I&E account through additional infrastructure and equipment costs	The Capital Programme for 2008/09 is significantly in excess of the capital expenditure sums included within the SDS and the subsequent financial plan (2007/08). Much of the additional expenditure will have a negative impact upon the Trust's I&E account through additional capital charges and associated revenue costs such as maintenance	Low
Transfer of Activity to Competitors and/or Primary Care	Medium	Loss of income with difficulty in releasing costs	The Trust is aware of ongoing relatively modest ambitions amongst commissioners to transfer activity, coupled with noticeable marketing efforts in neighbouring organisations. There is therefore acknowledgement that loss of income through competition remains a risk. The Trust appointed a new Business Director in August 2007. Since this time a comprehensive marketing strategy has been developed to enable the Trust to focus how it will protect and develop its market share.	Low
Change in International Financial Reporting Standards	Medium	The value of TNH buildings will be required to be capitalised on the Trusts balance sheet.	The Trust will be required to account for capital charges as well as the unitary payment. This will have a cosmetic but detrimental effect on the Income and Expenditure account. It is, however, noted that central government has deferred implementation to 2009/10.	Low
Inflation Risk	Medium	Risk that the financial model overestimates income or underestimates cost.	The model has been specified at 2008/09 pay and price levels and there is no risk for that year. From that point on the model broadly assumes parity between general inflation on income and expenditure, however the model also includes specific cost pressures (and general contingencies) and in effect therefore includes a higher rate of expenditure income. The Trust will model alternative inflation assumptions to assess the level of risk and develop contingency plans.	Low

Area of Risk	Likelihood of Occurrence	Potential Impact	Mitigating Action	Residual Risk
Financial Risks Continued				
Investment Income	Low	The model assumes £2.8m income per annum from investments (of which £1.8m is considered at risk). If NHS regulations change and the Trust is unable to retain this, cash income will be lost.	At present, change in NHS regulations is not anticipated, merely a possibility. The Trust will therefore continue to support the status quo. In addition, the Trust will continue to seek appropriate investment opportunities that will allow cash balances to be deployed in a responsible manner.	Low

4. DECLARATIONS AND SELF-CERTIFICATION

4.1 Self-Certification

The appropriate signed templates are enclosed as an Appendix to this document.

4.2 Board Statements

The Board confirms the following:

- for clinical quality, that:
 - it is satisfied that, to the best of its knowledge and using its own processes (supported by Healthcare Commission, CHKS and Dr Foster metrics), its NHS Foundation Trust has and will keep in place effective arrangements for the purpose of monitoring and continually improving the quality of healthcare provided to its patients
- for service performance that:
 - it is satisfied that plans in place are sufficient to ensure ongoing compliance with all existing targets (after the application of thresholds) and national core standards, and with all known targets going forward
 - it is satisfied that plans in place are sufficient to ensure ongoing compliance with the *Code of Practice for the Prevention and Control of Healthcare Associated Infections* (including the Hygiene Code).
- for other risk management processes, that:
 - issues and concerns raised by external audit and external assessment groups (including reports for NHS Litigation Authority assessments) have been addressed and resolved. Where any issues or concerns are outstanding, the Board is confident that there are appropriate action plans in place to address the issues in a timely manner;
 - all recommendations to the Board from the Audit Committee are implemented in a timely and robust manner and to the satisfaction of the body concerned;
 - the necessary planning, performance management and risk management processes are in place to deliver the annual plan;
 - a Statement of Internal Control is in place and the NHS Foundation Trust is compliant with the risk management and assurance framework requirements that support the SIC pursuant to the most up to date guidance from HM Treasury; and
 - all key risks to compliance with the authorisation have been identified and addressed.

- for compliance with the authorisation, that:
 - the Board will ensure that the NHS Foundation Trust remains compliant with the authorisation and relevant legislation at all times;
 - the Board has considered all likely future risks to compliance with the authorisation, the level of severity and likelihood of a breach occurring and the plans for the mitigation of these risks; and
 - the Board has considered appropriate evidence to review these risks and has put in place action plans to address them where required, to ensure continued compliance with the authorisation.

- for Board roles, structures and capacity, that:
 - the Board maintains its register of interests and can specifically confirm that there are no material conflicts of interest in the Board;
 - the Board is satisfied that all Directors are appropriately qualified to discharge their functions effectively, including setting strategy, monitoring and managing performance, and ensuring management capacity and capability;
 - the selection process and training programmes in place ensure that the Non-Executive Directors have appropriate experience and skills;
 - the management team has the capability and experience necessary to deliver the annual plan for the next three years; and
 - the management structure in place is adequate to deliver the annual plan objectives for the next three years.

5. MEMBERSHIP

5.1 Membership Report

This report provides details of past and planned membership.

It should be noted that Computershare provided the socio economic profile contained within the Annual Plan for Newcastle Upon Tyne Hospitals NHS Foundation Trust. This was mapped from A Classification of Residential Neighbourhoods (ACORN) to National Readership Survey (NRS) and the mapping identified the most prominent socio economic group within each ACORN category. Although both the population and the Trust's Membership contain the socio economic groups of C2 and E, they are not the most prominent group and are therefore not present in the profile submission.

The Trust is aware that there is under representation of certain groups within the Membership and is taking corrective action to address this. Further detail is provided later within this section.

5.1.1 Membership size and movements

Public Constituencies	Last Year (2007/08)	Next Year (estimated)
At year start (1 st April)	5484	6399
New Members	1522	4101
Members leaving	607	500
At year end (31 st March)	6399	10000
Staff Constituency		
At year start (1 st April)	2873	3011
New Members	155	1004
Members leaving	17	15
At year end (31 st March)	3011	4000
Total:	9410	14000

It should be noted that the Trust does not have a separate Patient constituency.

5.1.2 Analysis of Current Membership

Public Constituencies	Number of Members	Eligible Membership
Age (years):		
0-16	Not applicable	Members must be 18 or over 18-21 year olds = 21,130
17-21 (18+)	84	
22+	5595	183,672
Unknown	720	Unknown

Public Constituencies	Number of Members	Eligible Membership
Ethnicity:		
White	5982	241,684
Mixed	31	2,290
Asian or Asian British	187	11,374
Black or Black British	46	959
Other	8	3231
Unknown	145	Unknown
Socio-Economic Groupings:*		
ABC1	4152	851215
C2	0	0
D	1591	538385
E	0	0
* Note this profiling only relates to the Newcastle upon Tyne and Northumberland, Tyne & Wear constituencies		
Gender:		
Male	3163	125,473
Female	3223	134,063
Unknown	13	Unknown

5.1.3 Membership Overview

Membership Source	Number of Members	Eligible Membership
Newcastle upon Tyne Public Constituency	2501	204,802
Northumberland Tyne and Wear Public Constituency	3267	1,747,938
County Durham & Tees Valley and Beyond Public Constituency	631	35,490,542
Total Public Membership	6399	37,443,282
Admin Clerical Managerial & Hospital Chaplains Staff Constituency	636	1,815
Allied Health Professionals and Scientists Staff Constituency	12	1,828
Ancillary & Estates Staff Constituency	499	1,277
Health Professions Council Staff Constituency	523	1,039
Medical and Dental Staff Constituency	313	832

Membership Source	Number of Members	3,140
Nursing and Midwifery Staff Constituency	947	
Volunteer Staff Constituency	74	
Unknown Staff Constituency	7	
Total Staff Membership	3011	
Total Membership	9410	

Membership Breakdown

Ethnicity	Newcastle upon Tyne	Northumb erland Tyne and Wear	County Durham & Tees Valley and Beyond	Total Public Membership
White	2251	3134	597	5982
Black	135	46	6	187
Asian	27	15	4	46
Other	7	1		8
Mixed	18	9	4	31
Unknown	63	62	20	145
Total	2501	3267	631	6399

Age Group	Newcastle upon Tyne	Northumb erland Tyne and Wear	County Durham & Tees Valley and Beyond	Total Public Membership
0-16	0	0	0	0
17-21	36	39	9	84
22+	2197	2860	538	5595
Unknown	268	368	84	720
Total	2501	3267	631	6399

Gender	Newcastle upon Tyne	Northumb erland Tyne and Wear	County Durham & Tees Valley and Beyond	Total Public Membership
Male	1165	1677	321	3163
Female	1329	1585	309	3223
Unknown	7	5	1	13
Total	2501	3267	631	6399

5.1.4 Membership Commentary

The Terms of Authorisation of NHS Foundation Trusts and the revised Annual Plan requirements necessitate a proactive Membership Strategy, aimed at growing the

Membership annually and securing a representative cross-section of the Staff and Public in their respective constituencies. Within this context, the Trust will be taking specific measures to secure the recruitment of younger people and those from ethnic minorities.

When the original Foundation application was deferred in March 2005, the Board agreed to suspend active recruitment of Members until such time as there was greater certainty about the “go live” date. From that time, there continued to be a steady flow of Membership applications from both Staff and Public but this was measured in hundreds rather than thousands in the course of the year.

Following successful licensing in June 2006, the application forms were refreshed to reflect the “live” Foundation status and the relevant web pages were updated. There continued to be a flow of applications. Lessons were learnt from the June 2006 mail out about the importance of maintaining the Membership databases and in consequence these were outsourced to Computershare Ltd in February 2007.

Governors began to be engaged in the revision of the Patient and Public Involvement strategy in the summer and autumn of 2006 and the review highlighted the Membership as one key strand. The decision to develop a Marketing strategy, focused around loyalty, was a further driver for a coherent and integrated strategy for the recruitment of more Members. In consequence, a 50,000 person mail out to former patients was conducted in summer 2007. Regrettably, the outcomes in terms of additional Public Membership were very disappointing, with just 1,219 new Members recruited – a response rate of 2.44%. This modest increase was also offset by the loss of some 537 Public Members in the course of the year, primarily in the over 60s age group and as a consequence of death or resignation from the Membership (predominantly amongst the over-80s). The promotion at Easter 2008, linked to a wider marketing campaign and using giant video presentations in two major shopping centres was proportionally more successful, delivering an additional 650 applications (although a number of these were ineligible in that applicants were under 18).

Moving forward from the above, a refreshed strategy is required in order that the Trust can make further progress against the original Year 2 target of 10,000 Public Members. The Strategy will be complemented by the Patient and Public Involvement Strategy and also support the Marketing Strategy (underpinning its “branding” and loyalty focus). The recent redesign of the Trust website also offers scope for highlighting recruitment.

The elections in May 2007 were very disappointing in that fewer nominations were received than the number of available seats. This resulted in a number of Governors being returned unopposed and several vacancies continuing. The January 2008 elections to replace Public Governors whose term of office was due to expire, as well as Public and Staff Governors who had resigned, provided an opportunity therefore for a reinvigorated recruitment drive. During this time, the benefits of Membership in terms of both standing for and voting in the Governor elections were strongly promoted and it was very pleasing to see a considerably enhanced response in terms of the volume of nominations received. 53 nominations were received for 3 seats in Newcastle, 32 for 2 seats in Northumberland, Tyne & Wear and 7 for 2 seats

in Co Durham, Tees Valley and beyond. Voter turnout was reasonable and in line with that seen in local authority elections in recent years (see analysis below).

A core challenge continues to be reaching out to the Trust's regional and national populations, of three million or more, with Public Constituency 3 effectively covering the whole of England, Wales and Ireland. This constituency is so large because it reflects the supra-regional and national services provided by the Trust, such as transplant surgery but which by their nature tend to relate to only a few dozen patients and their relatives, rather than the thousands in the immediate, local, population.

It is proposed for Public Constituencies 1 and 2 to pilot a "Contact your Governor" scheme, zoning Members and prospective Members by Postcode to their nearest Governor and using access via Trust email addresses to allow direct two-way communications and contact to be made.

As ever, selecting the appropriate methods by which to reach the key audiences will be essential. A whole array of mechanisms have been used in the past and analysis showed that

- Simple recruitment stands in shopping centres and other public spaces are not cost-effective or productive
- newsletters need to be very timely in their content and delivery. It is proposed to issue these twice-yearly now.

Positive actions will include:

- for new staff, a Membership form is part of the joiner's pack
- Managers can use all presentations to staff and public audiences as an opportunity to promote Membership. Indeed, this has been a recurrent theme in a number of staff forums, particularly in Nursing & Midwifery
- "multipliers" or "champions", including staff and Governors, are often the best method of recruitment, particularly those who have signed up "on-line" and are able to vouch for the ease and rapidity of doing so
- An invitation to Membership will be added to all "good news" media releases
- Once the new PAS system is in place, appointment letters can automatically include an invitation to Membership
- In terms of access to younger people and ethnic minorities, the Trust is building upon existing City Council links into local communities; and the presence of its own staff in certain ethnic minority communities
- the local free papers (Chronicle Extra, CityLife) are delivered to every household in the city weekly / bi-monthly
- the website is expected to be a very powerful tool, and already includes a fully electronic online application form. It has been noticeable that there has been a significant increase in the use of this application method in recent months.

Specific actions are to be developed in detail, assigned to named staff to lead and monitored for implementation and effectiveness.

5.2 Board Declaration

The Board of Directors confirms that the elections held in May 2007 and January 2008 were conducted in accordance with the Department of Health's revised model election rules, in compliance with the requirements of the Constitution.

Date of Election	Constituencies	Election Turnout
May 2007	Newcastle upon Tyne Northumberland Tyne & Wear Co. Durham, Tees Valley and Beyond)) uncontested)
January 2008	Newcastle upon Tyne Northumberland Tyne & Wear Co. Durham, Tees Valley and Beyond	34% 37% 39%

6 FINANCIAL PROJECTIONS

Detailed financial templates will be submitted to Monitor with the Annual Plan. These figures will be consistent with the strategic and financial assumptions outlined earlier in this plan.

7 SUPPORTING SCHEDULES

- 1. Mandatory Education and Training Schedule – Pages 52-53**
- 2. List of Mandatory Goods and Services – Pages 54-56**
- 3. Board Declarations and Self Certification – Pages 57-58**
- 4. Summary of Abbreviations Used in the Newcastle Upon Tyne Hospitals NHS Foundation Trust Annual Plan – Pages 59-60**

Commissioning Body	Educational Body	Contract Length (Years)	Expiry date of contract	Student group	Type of training	Number of students	Contract value (£000's)
North-East SHA	Newcastle University Dental School	1 year	31/03/2009	Dental Students	BDS undergraduate education	366	8,800 tbc
North-East SHA	Newcastle Dental Hospital	Rolling annual contract	31/03/2009	Dental Nurse Students	NVQ level 3 – oral health care	24	432
North-East SHA	Newcastle University	Rolling annual contract	31/03/2009	Dental Hygiene Students	Undergraduate diploma in Dental Hygiene	20	Within Dental Student funding
North-East SHA	Telford College, Edinburgh	Rolling annual contract	31/03/2009	Dental Technician Students	Scotvec HNC	16	Within Dental Student funding
North-East SHA (Regional Provider)	Association for Clinical Cyto genetics (ACC) and Clinical and Molecular Genetic Society	1 year	31/03/2009	Clinical Scientists – Genetics	Professional	8	197
North-East SHA	Northumbria University	Rolling annual contract	31/03/2009	Secondees (HCA's)	Professional	27	404
North-East SHA	Newcastle University	Rolling annual contract	31/03/2009	Biomedical Students	Professional	12	41
North-East SHA	Northumbria University	1 year	31/03/2009	PPF/LP	Professional	7	126
North-East SHA	Northumbria University	Rolling annual contract	31/03/2009	ODP	Professional	3	42
North-East SHA	Postgraduate institute for Medicine & Dentistry (Northern Deanery) and Medical/Dental Royal Colleges	1 year	31/03/2009	Junior Doctors and Dentists in accredited training posts	MMC	664	21,135
North-East SHA	Newcastle University Medical School	1 year	31/08/2009	Medical Students	MBBS undergraduate education	319.6 (wte)	24,207
North – East SHA	Northumbria University	18 months	31/08/2009	Midwifery 18 month		1	12
North – East SHA	Northumbria University	3 years	31/08/2009	Physiotherapy		1	11
North – East SHA	Association of Anatomical Pathology Technicians	1 year	31/08/2009	MTO's	Professional	4	114
North – East SHA	Salford University, Bradford University, Kent & Canterbury University	1 year	31/08/2009	Nuclear Medicine	PG Dip Nuclear Medicine	4	114
North-East SHA (Regional Provider)	Awarding Body City & Guilds NVQ Centre: Pharmacy Education & Training Office, Freeman Hospital	3 year rolling contract	31/03/2009	Pre-Registration trainee pharmacy technicians	Professional NVQ Level 3 Pharmacy Services	35	839 Tbc

Commissioning Body	Educational Body	Contract Length (Years)	Expiry date of contract	Student group	Type of training	Number of students	Contract value (£000's)
North-East SHA	Awarding Body: Edexcel Undertaken at Tyne Metropolitan College	1 year	31/08/2009	Pre-Registration trainee pharmacy technicians	Professional BTEC National Certificate in Pharmacy Services	35	117 Tbc
North-East SHA (Regional Provider)	Sunderland University	1 year	31/03/2009	Physiological Measurement Technicians	BSc Clinical Physiology	30	446 tbc
North-East SHA (Regional Provider)	Aberdeen University	27 month	31/03/2009	Medical Physicist trainees (Grade A Scientist – physics)	Professional	9	221
North-East SHA (Regional Provider)	Manchester University	1 year	31/03/2009	Audiological Scientists	Professional	6	143

Year: 2008-09

Trust: The Newcastle upon Tyne Hospitals NHS Trust

Code	Specialty	Emergency Spells	Elective Spells	Day case Spells	A&E Attendances	Outpatient Attendances	Critical Care Bed Days	Other Attendances	Other (2) Cycles
100	General surgery	4,697	4,951	7,041	-	37,376	-	-	-
101	Urology	1,749	4,326	7,846	-	16,034	-	-	-
110	Trauma and orthopaedics	1,747	4,165	1,425	-	52,628	-	-	-
120	Ear, nose and throat (ENT)	1,852	4,184	1,649	-	38,924	-	-	-
130	Ophthalmology	361	985	11,695	-	75,628	-	-	-
140	Oral surgery	508	543	1,697	-	20,421	-	-	-
141	Restorative dentistry	-	-	-	-	43,115	-	-	-
142	Paediatric dentistry	-	-	-	-	9,061	-	-	-
143	Orthodontics	-	-	-	-	14,259	-	-	-
145	Oral and maxillo facial surgery	-	-	-	-	-	-	-	-
146	Endodontics	-	-	-	-	-	-	-	-
147	Periodontics	-	-	-	-	-	-	-	-
148	Prosthodontics	-	-	-	-	-	-	-	-
149	Surgical dentistry	-	-	-	-	-	-	-	-
150	Neurosurgery	1,476	2,693	2,972	-	11,656	-	-	-
160	Plastic surgery	3,173	1,944	2,846	-	39,525	-	-	-
170	Cardiothoracic surgery	734	1,872	13	-	4,456	-	-	-
171	Paediatric surgery	1,727	592	1,642	-	4,733	-	-	-
180	Accident and emergency (A&E)	-	-	-	102,419	-	-	-	-
190	Anaesthetics	-	-	-	-	-	-	-	-
192	Critical care medicine	-	-	-	-	-	19,803	-	-
200	ITU	-	-	-	-	-	-	-	-
210	HDU	-	-	-	-	-	-	-	-
300	General medicine	17,002	981	7,345	-	14,668	-	-	-
301	Gastroenterology	-	-	-	-	6,183	-	-	-
302	Endocrinology	-	-	-	-	5,873	-	-	-

Code	Specialty	Emergency Spells	Elective Spells	Day case Spells	A&E Attendances	Outpatient Attendances	Critical Care Bed Days	Other Attendances	Other (2) Cycles
303	Clinical haematology	479	385	4,311	-	14,485	-	-	-
304	Clinical physiology	-	-	-	-	-	-	-	-
305	Clinical pharmacology	-	-	-	-	-	-	-	-
310	Audiological medicine	-	-	-	-	-	-	-	-
311	Clinical genetics	-	-	-	-	-	-	-	-
312	Clinical cytogenetics and molecular genetics	-	-	-	-	-	-	-	-
313	Clinical immunology and allergy	-	-	-	-	5,814	-	-	-
314	Rehabilitation	-	-	-	-	-	-	-	-
315	Palliative medicine	-	-	-	-	-	-	-	-
320	Cardiology	4,713	2,357	1,292	-	21,848	-	-	-
321	Paediatric cardiology	-	-	-	-	-	-	-	-
330	Dermatology	177	154	3,440	-	53,897	-	-	-
340	Thoracic medicine	997	961	739	-	17,868	-	-	-
350	Infectious diseases	269	75	45	-	3,259	-	-	-
352	Tropical medicine	-	-	-	-	-	-	-	-
360	Genito-urinary medicine	-	-	-	-	-	-	-	-
361	Nephrology	984	198	1,045	-	14,962	-	40,858	-
370	Medical oncology	-	-	-	-	-	-	-	-
371	Nuclear medicine	-	-	-	-	-	-	-	-
400	Neurology	314	666	1,822	-	17,889	-	-	-
401	Clinical neuro-physiology	-	-	-	-	-	-	-	-
410	Rheumatology	117	31	1,240	-	27,821	-	-	-
420	Paediatrics/SCBU	7,135	1,200	6,652	-	27,008	-	-	-
421	Paediatric neurology	91	91	206	-	2,419	-	-	-
430	Geriatric medicine	1,059	42	581	-	3,530	-	-	-
450	Dental medicine	-	-	-	-	-	-	-	-
460	Medical ophthalmology	-	-	-	-	-	-	-	-
501	Obstetrics	7,375	3	-	-	32,245	-	-	-
502	Gynaecology	1,108	1,256	2,209	-	22,113	-	-	683
560	Midwifery	-	-	-	-	-	-	-	-
600	General medical practice	-	-	-	-	-	-	-	-
601	General dental practice	-	-	-	-	-	-	-	-

Code	Specialty	Emergency Spells	Elective Spells	Day case Spells	A&E Attendances	Outpatient Attendances	Critical Care Bed Days	Other Attendances	Other (2) Cycles
700	Learning disability (previously known as mental handicap)	-	-	-	-	-	-	-	-
710	Mental illness	-	-	-	-	-	-	-	-
711	Child and adolescent psychiatry	-	-	-	-	-	-	-	-
712	Forensic psychiatry	-	-	-	-	-	-	-	-
713	Psychotherapy	-	-	-	-	-	-	-	-
715	Old age psychiatry	-	-	-	-	-	-	-	-
800	Clinical oncology (previously Radiotherapy)	885	1,771	8,016	-	15,161	-	-	-
810	Radiology	-	4	3	-	23,462	-	-	-
820	General pathology	-	-	-	-	-	-	-	-
821	Blood transfusion	-	-	-	-	-	-	-	-
822	Chemical pathology	-	-	-	-	-	-	-	-
823	Haematology	-	-	-	-	-	-	-	-
824	Histopathology	-	-	-	-	-	-	-	-
830	Immunopathology	-	-	-	-	-	-	-	-
831	Medical microbiology	-	-	-	-	-	-	-	-
900	Community medicine	-	-	-	-	-	-	-	-
901	Occupational medicine	-	-	-	-	-	-	-	-
902	Community health services - dental	-	-	-	-	-	-	-	-
903	Public health medicine	-	-	-	-	-	-	-	-
904	Public health dental	-	-	-	-	-	-	-	-
950	Nursing episode	-	-	-	-	-	-	-	-
960	Allied Health Professional Episode	-	-	-	-	-	-	-	-
999	Dummy Rounding Code	159	10	22	-	-	-	-	-
191	Pain Management	7	6	518	-	1,940	-	-	-
Total		60,894	36,445	78,313	102,419	700,259	19,803	40,858	683

Annex Y – Board self-certification

Board Statements (1 of 2)

In the event that an NHS foundation trust is unable to fully self-certify, it should not tick the relevant tickbox. It must provide a commentary (in the space provided) explaining the reasons for the absence of full self-certification and the action it proposes to take to address it. Monitor may adjust the relevant risk rating if there are significant issues arising and this may increase the frequency and intensity of monitoring.

Clinical quality

The board of directors is required to confirm the following:

The board is satisfied that, to the best of its knowledge and using its own processes (supported by Healthcare Commission metrics and including any further metrics it chooses to adopt), its NHS foundation trust has and will keep in place effective arrangements for the purpose of monitoring and continually improving the quality of healthcare provided to its patients.

Service performance

The board of directors is required to confirm the following:

The board is satisfied that plans are in place to ensure ongoing compliance with all existing targets (after the application of thresholds) and national core standards, and a commitment to comply with all known targets going forwards.

The board is satisfied that plans in place are sufficient to ensure ongoing compliance with the *Health Act 2006: Code of Practice for the Prevention and Control of healthcare Associated Infections (the Hygiene Code)*

Risk management

The board of directors is required to confirm the following:

Issues and concerns raised by external audit and external assessment groups (including reports for NHS Litigation Authority assessments) have been addressed and resolved. Where any issues or concerns are outstanding, the board is confident that there are appropriate action plans in place to address the issues in a timely manner;

All recommendations to the board from the audit committee are implemented in a timely and robust manner and to the satisfaction of the body concerned;

The necessary planning, performance management and risk management processes are in place to deliver the annual plan;

A Statement of Internal Control (“SIC”) is in place, and the NHS foundation trust is compliant with the risk management and assurance framework requirements that support the SIC pursuant to most up to date guidance from HM Treasury (www.hm-treasury.gov.uk); and

All key risks to compliance with their Authorisation have been identified and addressed.

Board Statements (2 of 2)

Compliance with the Terms of Authorisation

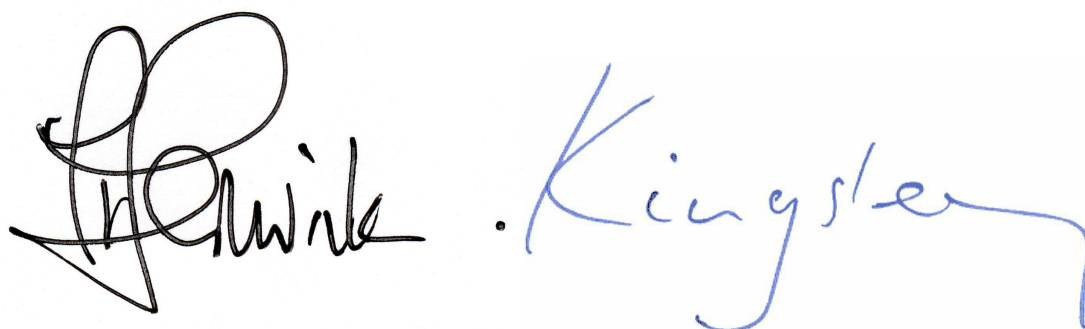
The board of directors is required to confirm the following:

- The board will ensure that the NHS foundation trust remains compliant with their Authorisation and relevant legislation at all times;
- The board has considered all likely future risks to compliance with their Authorisation they face going forwards, the level of severity and likelihood of a breach occurring and the plans for mitigation of these risks; and
- The board has considered appropriate evidence to review these risks and has put in place action plans to address them where required to ensure continued compliance with their Authorisation.

Board roles, structure and capacity

The board of directors is required to confirm the following:

- The board maintains its register of interests, and can specifically confirm that there are no material conflicts of interest in the board;
- The board is satisfied that all directors are appropriately qualified to discharge their functions effectively, including setting strategy, monitoring and managing performance, and ensuring management capacity and capability;
- The selection process and training programmes in place ensure that the non-executive directors have appropriate experience and skills;
- The management team have the capability and experience necessary to deliver the annual plan; and
- The management structure in place is adequate to deliver the annual plan objectives for the next three years.

The image shows two handwritten signatures. The first signature, on the left, is written in black ink and appears to be 'H. Wink'. The second signature, on the right, is written in blue ink and appears to be 'Kingston'. There is a small dot between the two signatures.

In capacity as Chief Executive &
Accounting Officer

In capacity as Chairman

Signed on behalf of the board of directors, and having regard to the views of the governors.

**Summary of Abbreviations Used in the Newcastle Upon Tyne Hospitals NHS
Foundation Trust Annual Plan**

AIDS – Acquired Immune Deficiency Syndrome

ACORN - A Classification of Residential Neighbourhoods

AML – Alliance Medical Limited

CIP – Cost Improvement Programme

C Diff – Clostridium Difficile

DGH – District General Hospital

EBITA – Earnings before Interest, Tax and Amortisation

EPR – Electronic Patient Record

FRH – Freeman Road Hospital

FT – Foundation Trust

HCAI – Healthcare Associated Infection

HCC – Healthcare Commission

HIV – Human Immunodeficiency Virus

HRG – Healthcare Resource Group

I&E – Income and Expenditure

IFRS – International Financial Reporting Standards

NHSLA – National Health Service Litigation Authority

LBC – Legally Binding Contracts

MPET – Multi-Professional Education and Training

MRSA – Methicillin Resistant Staphylococcus Aureus

NECN – North East Cancer Network

NGH – Newcastle General Hospital

NMET – Non-Medical Education and Training

NUTH – Newcastle Upon Tyne Hospitals NHS Foundation Trust

NPSA – National Patient Safety Agency

NRS – National Readership Survey

NSCAG – Northern Specialised Commissioning Advisory Group

PbR – Payment by Results

PDC – Public Dividend Capital

PCT – Primary Care Trust

PET CT – Positron Emission Tomography – Computerised Tomography

PFI – Private Finance Initiative

R&D – Research and Development

RFID – Radio Frequency Identification

RREMS – Regional Rehabilitation, Engineering and Maintenance Service

RVI – Royal Victoria Infirmary

SDS – Service Development Strategy

SHA – Strategic Health Authority

SIFT – Service Increment for Training

SLA – Service Level Agreement

TNH – Transforming Newcastle Hospitals Project

UP – Unitary Payment

UPMC – University of Pittsburgh Medical Centre

WTE – Whole Time Equivalent