

Trust Board Meeting ('Part 1') - Formal meeting, which is open to members of the public (to observe)

Thu 30 March 2023, 09:45 - 13:00

Virtually, via Webconference



Agenda

Please note that members of the public will be able to observe the meeting, as it will be broadcast live on the internet, via the Trust's YouTube channel (www.youtube.com/channel/UCBV9L-3FLrluzYSc29211EQ).

03-6

To receive apologies for absence

David Highton

03-7

To declare interests relevant to agenda items

David Highton

03-8

To approve the minutes of the 'Part 1' Trust Board meetings of 23rd February and 20th March 2023

David Highton

 Board minutes, 23.02.23 (Part 1).pdf (10 pages)

 Board minutes, 20.03.23 (Part 1).pdf (4 pages)

03-9

To note progress with previous actions


David Highton

 Board actions log (Part 1).pdf (2 pages)

03-10

Report from the Chair of the Trust Board

David Highton

 Report from the Chair of the Trust Board.pdf (1 pages)

03-11

Report from the Chief Executive

Steve Orpin

 Chief Executive's report - March 2023.pdf (3 pages)

Reports from Trust Board sub-committees

03-12

Quality Committee, 08/03/23

Maureen Choong

 Summary of Quality C'ttee, 08.03.23.pdf (2 pages)

03-13

Finance and Performance Committee, 28/03/23

Neil Griffiths

 Summary of Finance and Performance C'ttee 28.03.23.pdf (1 pages)

03-14

People and Organisational Development Committee, 24/03/23 (incl. approval of revised Terms of Reference)


Emma Pettitt-Mitchell

 Summary of People and Organisational Development Cttee, 24.03.23 (incl. revised Terms of Reference).pdf (5 pages)

03-15

Patient Experience Committee, 02/03/23 (incl. approval of the continuation of the current Terms of Reference)

Joanna Webber

 Summary of Patient Experience Committee, 02.03.23 (incl. Terms of Reference).pdf (5 pages)

03-16

Audit and Governance Committee, 01/03/23 (incl. an update on bribery-related best practice)


Maureen Choong

 Summary of Audit and Governance Committee, 01.03.23 (Incl. bribery act update).pdf (4 pages)

03-17

Charitable Funds Committee, 22/03/23

Maureen Choong (for David Morgan)

 Summary of Charitable Funds Cttee, 22.03.23.pdf (2 pages)

Integrated Performance Report

03-18

Integrated Performance Report (IPR) for February 2023

Steve Orpin and colleagues

 Integrated Performance Report (IPR) for February 2023.pdf (38 pages)

Quality items

03-19

Quarterly mortality data

Peter Maskell

 Quarterly mortality data - March 2023.pdf (10 pages)

03-20

To approve the Trust's Patient Safety Incident Response Plan (PSIRP)

Jo Haworth


 To approve the Trust's Patient Safety Incident Response Plan (PSIRP).pdf (24 pages)

Workforce

03-21

The findings of the national NHS staff survey 2022

Sue Steen

 The findings of the national NHS staff survey 2022.pdf (20 pages)

Systems and Place

03-22

Update on the West Kent and Care Partnership (HCP) and NHS Kent and Medway Integrated Care Board (ICB)


Rachel Jones

Planning and strategy

03-23

Update on the Trust's planning submissions for 2023/24


Rachel Jones

 Update on the Trust's planning submissions for 202324.pdf (28 pages)

03-24

Update to capital programme funding and expenditure approvals, 2022/23

Steve Orpin


 Update to capital programme funding and expenditure approvals, 2022-23.pdf (6 pages)

03-25

To approve the Full Business Case (FBC) for the additional orthopaedic elective capacity for Kent and Medway

Sean Briggs

N.B. The appendices have been uploaded to the "Documents" section of Admincontrol for the Committee's information (at "Trust Board/Documents/2023/03. 30.03.23/Elective Orthopaedic Centre Business Case Appendices).

 To approve the Full Business Case (FBC) for the additional orthopaedic elective capacity for Kent and Medway.pdf (174 pages)

03-26

To approve the Digital Pathology Outline Business Case (Kent and Medway Pathology Network)

Steve Orpin and Rachel Jones


N.B. The appendices have been uploaded to the "Documents" section of Admincontrol for the Committee's information (at "Trust Board/Documents/2023/03. 30.03.23/Digital Pathology Appendices).

 To approve the Digital Pathology Outline Business Case (Kent and Medway Pathology Network).pdf (86 pages)

03-27

To approve a Business Case for Trust Staff Accommodation

Rachel Jones


 To approve a Business Case for Trust Staff Accommodation.pdf (26 pages)

Annual Report and Accounts

03-28

Confirmation of the outcome of the Trust's 'going concern' assessment

Steve Orpin

 Confirmation of the outcome of the Trust's 'going concern' assessment.pdf (2 pages)

Other matters

03-29

To consider any other business

David Highton

03-30

To respond to any questions from members of the public

David Highton

03-31

To approve the motion (to enable the Board to convene its 'Part 2' meeting) that...

David Highton

in pursuance of Section 1 (2) of the Public Bodies (Admission to Meetings) Act 1960, representatives of the press and public be excluded from the remainder of the meeting having regard to the confidential nature of the business to be transacted, publicity on which would be prejudicial to the public interest.

**MINUTES OF THE TRUST BOARD MEETING ('PART 1') HELD ON
THURSDAY 23RD FEBRUARY 2023, 9:45 AM, PENTECOST-SOUTH,
ACADEMIC CENTRE, MAIDSTONE HOSPITAL**

FOR APPROVAL

Present:	David Highton	Chair of the Trust Board (Chair)	(DH)
	Sean Briggs	Chief Operating Officer	(SB)
	Maureen Choong	Non-Executive Director	(MC)
	Neil Griffiths	Non-Executive Director	(NG)
	Jo Haworth	Chief Nurse	(JH)
	David Morgan	Non-Executive Director (from item 02-10)	(DM)
	Emma Pettitt-Mitchell	Non-Executive Director	(EPM)
	Miles Scott	Chief Executive	(MS)
	Wayne Wright	Non-Executive Director	(WW)
In attendance:	Karen Cox	Associate Non-Executive Director	(KC)
	Hannah Ferris	Deputy Director of Finance (Performance)	(HF)
	Richard Finn	Associate Non-Executive Director	(RF)
	Rachel Jones	Director of Strategy, Planning and Partnerships	(RJ)
	Sara Mumford	Director of Infection Prevention and Control	(SM)
	Sue Steen	Chief People Officer	(SS)
	Jo Webber	Associate Non-Executive Director	(JW)
	Kevin Rowan	Trust Secretary	(KR)
Observing:	The meeting was livestreamed on the Trust's YouTube channel.		

02-1 To receive apologies for absence

DH noted that the meeting was the first face-to-face/in-person Trust Board meeting since July 2021, and the first face-to-face/in-person Trust Board meeting for RJ, JH and WW. Apologies were then received from Peter Maskell (PM), Medical Director; and Steve Orpin (SO), Deputy Chief Executive/Chief Finance Officer, but it was noted that HF was attending in SO's absence.

02-2 To declare interests relevant to agenda items

No interests were declared.

02-3 To approve the minutes of the meeting of 26th January 2023

The minutes of the meeting were approved as a true and accurate record of the meeting, subject to the following amendment:

- Item 01-13, page 7 of 10: Replace "The Maternity Voices Partnership Chair was now re-engaged with the Trust, following a gap of circa two to three months when the individual in the role had been unavailable" with "The recent recruitment of a new Maternity Voices Partnership (MVP) Chair had enabled the reinvigoration of MVP meetings".

Action: Amend the minutes of the 'Part 1' Trust Board meeting held on 26/01/23 to reflect the correction agreed at the Trust Board meeting on 23/02/23 (Trust Secretary, February 2023)

JH also then referred to item 01-11, page 6 of 10, and clarified that the Trust had to report all aspects of Friends and Family Test (FFT) compliance nationally, contrary to what JH had reported at the Trust Board meeting. It was therefore confirmed that a "post-meeting note" would be added to the final version of the minutes, to provide that clarification.

02-4 To note progress with previous actions

The content of the submitted report was noted.

02-5 Report from the Chair of the Trust Board

DH reported that the Trust was one of only eight general acute Trusts that had been allocated to segment 1 of the NHS Oversight Framework, and the Trust should be proud of the achievement, although, as MS had stated in the associated media release, there was more work to be done.

02-6 Report from the Chief Executive

MS referred to the submitted report and highlighted the following points:

- The Trust had been allocated to segment 1 of the NHS Oversight Framework.
- The Trust's arrangements for managing patient flow and elective activity had been subject to several high-profile recent visits & the staff in such areas had found such visits very motivating.
- The Trust had received confirmation that the Care Quality Commission (CQC) would conduct a Well Led inspection later in March, which would provide an opportunity for staff to demonstrate their good practice, and also for the Trust Board to acknowledge the risks faced by the Trust, and the actions being taken to address these.
- The Royal College of Nursing had suspended their planned industrial action. Although no such action had been planned at the Trust's sites, any progress on negotiations was very welcome.
- The British Medical Association (BMA) ballot of junior doctors had showed very strong support for industrial action, which had been announced would take place in March 2023. Although the specific dates had not yet been announced, such action would last for three days. The action would affect the whole of the NHS in England, and the impact would be of a higher order of magnitude than anything the NHS had faced before. The Trust was therefore preparing for that action, and engaging with consultants and other staff.
- The closing date for the Trust's Staff Awards was 28/02/23, so nominations were encouraged.

WW asked whether any of the Trust's lower-banded staff were taking industrial action. MS replied that none of the staff groups that had taken action thus far had affected the Trust, so the aforementioned junior doctors' action would be the first to involve the Trust. SS added that Unison were currently undertaking a re-ballot of its members, but there was no indication of the outcome as yet. SS also noted that the strike ballots had been targeted towards particular Trusts.

Reports from Trust Board sub-committees

02-7 Quality Committee, 10/02/23

MC referred to the submitted report and highlighted the following points:

- A longstanding red-rated risk had been considered, and the Committee had been impressed by the team's work to mitigate the risk in a sustainable way, and reduce the rating to amber, by working across the system, via the Pathology network.
- The Committee noted that wider staff groups might benefit from hearing the presentations given at the 'deep dive' meetings, so it had been agreed to explore whether these could be placed on the Trust intranet.

02-8 Finance and Performance Committee, 21/02/23

NG referred to the submitted report and highlighted the following points:

- The meeting had undertaken a 'deep dive' into urology, which explored the various issues faced by the service in detail. Such issues included staffing, the potential purchase of a surgical robot, and the desired development of a new Urology Investigation Unit (UIU). The Business Case for the robot would be submitted within the next two months.
- The Committee had noted that the number of medically optimised for discharge (MOFD) patients had reduced.
- An update on the Electronic Patient Record (EPR) was considered, and it was noted that some operational issues had arisen which were being addressed.
- It was also noted that the financial plan for 2023/24 would be considered more at the Committee's next meeting.

02-9 People and Organisational Development Committee, 17/02/23 (incl. quarterly report from the Guardian of Safe Working Hours)

EPM referred to the submitted report and highlighted the following points:

- Some extensive listening events had been undertaken with various cohorts of staff, but the process was quite intensive, and there was more to do.
- The Committee had considered a presentation about Learning and Development funding, and it was noted that the situation would be considered by the Executive Team Meeting (ETM).
- The Committee had received details of the work being carried out to support the internationally-educated nurses.
- The Guardian of Safe Working Hours report was enclosed as an Appendix, and EPM would like to thank the former Guardian for their contribution.
- The new Director of Medical Education (DME) had attended the meeting and had thanked their predecessor DME.

MS asked for EPM's and the other Non-Executive Directors' comments on the listening events. EPM stated that positive themes had emerged, but there had also been some negative themes. EPM continued that the listening events had only been undertaken with 500 staff i.e. less than 10% of the total workforce, but the Committee believed in the methodology. EPM added that she believed there was still much to do, and still many challenges to be addressed.

WW remarked that one of the themes that had emerged from the events was the visibility of the executive team.

RF confirmed that the listening events were a new process that replaced the previous engagement work, and added that he was very supportive of the events, as some data had been received from the new process that would not have been obtained previously. RF then elaborated on the comments regarding leadership and noted that more work was required with the Trust's leaders.

MC then stated that the issues arising from the listening events resonated with the issues that had emerged from the Freedom to Speak Up work, and the listening events were an improvement, albeit they took longer to organise. MC also noted that she believed visibility by the Executive Directors had improved significantly, but there was an issue with dignity and respect.

KC noted that the Committee had also discussed how some issues could be responded to quickly, to enable swift feedback to be given, to demonstrate that the staff's comments had been acknowledged and that learning had occurred. EPM added that one of the actions that could be taken quickly pertained to the staff that had highlighted that they had not had one-to-one meetings with their line manager; as could the staff's frustrations with navigating particular systems and processes. EPM also noted that staff wanted leaders to recognise what they were doing, via a straightforward 'thankyou', rather than a fanfare.

SS then reiterated the resource-intensive nature of the listening events and gave further details about the frustrations that systems and processes often caused.

Integrated Performance Report

02-10 Integrated Performance Report (IPR) for January 2023

SS referred to the "People" Strategic Theme and reported the following points:

- Staff turnover was reducing, but the stretch target was for the rate to be 12% by end of the year, so as the rate was currently above 13%, that target would not be met. More work was underway to properly 'onboard' staff, and an 'onboarding' survey would be launched soon, to enable surveys to be given upon joining, and then one month afterwards. It was anticipated that the surveys would enable productive feedback to be obtained and SS would expect the surveys to highlight the length of time it took to complete the process for new staff to join the Trust.
- The vacancy rate was now at 9.6%, which was a marked improvement from the 15% rate at the start of the year. The reduction was related to the recent very high volume of recruitment.
- One of the issues discussed at the Strategy Deployment Review (SDR) session at the ETM on 21/02/23 was the end-to-end process to recruit, which currently took an average of 38 days from

a person being offered a job to them starting at the Trust. That average time included notice periods but it was acknowledged that this was a long time for more junior members of staff.

MC referred to the latter point and asked how much of the end-to-end recruitment process was related to waiting for Disclosure and Barring Service (DBS) checks. SS confirmed that DBS checks did not lead to a delay, provided such checks were applied for early in the process.

SS then continued and explained that the “Sickness Rate” had increased to 5.3% in December, but the percentage mirrored what had been seen in previous years during winter. DM asked whether the target was ‘flexed’ across the year or was constant. SS confirmed it was constant across the year.

DH noted that the flu vaccination uptake percentage by staff was much lower than in previous years, and was likely due to vaccination fatigue, so opined that the Trust would need to re-energise its efforts to improve the rate in the future. SS agreed and acknowledged that the campaign could start earlier in the year, but pointed out that the Trust had the second highest flu vaccination rate in the region, so the issue was not unique to the Trust. SS then elaborated on the actions that had been implemented and gave assurance that all appropriate steps had been taken. DH acknowledged the uncertainty regarding the flu and COVID-19 situation, and MS added that the underlying sickness rate had risen to circa 4%, from circa 3% following the COVID-19 pandemic, so MS believed that more benefit would be obtained from focusing on the basic line management of staff sickness absence. The point was acknowledged.

EPM asked whether there had been an increase in long-term sickness. SS confirmed there had been no such trend, but staff were now more likely to take sickness absence when they experienced symptoms such as coughing and sneezing, whereas they would likely have previously still attended work with such symptoms. WW asked whether there were any particular areas of high sickness absence. SS replied that there were some trends in certain areas, and certain areas were more likely to experience particular types of sickness, but there was nothing to warrant concern. MS highlighted that page 10 of 39 contained a bar chart that showed sickness absence by Division.

SS then continued & reported the following points in relation to the “Appraisal Completeness” metric:

- The rate was at 90% compliance, which was positive, but that still meant that 10% of staff had not had an appraisal.
- The appraisal ‘window’ would open again on 01/04/23, and unlike in previous years the window would not be extended. Communication would therefore commence to line managers, which would emphasise that a ‘light touch’ appraisal approach would be acceptable for 2023, before a revised approach, which was currently being developed, would be introduced for 2024.

DM proposed that SS consider adjusting the target for the “Appraisal Completeness” metric to reflect the fact that performance would likely decline during the appraisal ‘window’, and the final position would not be known until the ‘window’ had closed. SS agreed to consider.

Action: Consider adjusting the target for the “Appraisal Completeness” metric to reflect the fact that performance would likely decline during the appraisal ‘window’, and the final position would not be known until the ‘window’ had closed (Chief People Officer, February 2023 onwards)

NG noted that the aforementioned urology ‘deep dive’ at the last Finance and Performance Committee meeting had identified some workforce risks, such as pensions and retirement, and asked whether such risks were unique to the urology service. SS replied that the pensions issue was common to all consultants and posed a problem, so issues such as split contracts had been explored. DM opined that there was a danger that independent financial advisers would give staff a very narrow view of the situation rather than consider wider issues. SS agreed but gave assurance that more detailed discussions were held with the affected individuals, to explore their options in full.

SS then confirmed she would explore whether any further action was required to address the workforce-related risks that were highlighted during the ‘deep dive’ into urology.

Action: Explore whether any further action was required to address the workforce-related risks that were highlighted during the “Deep dive – Urology department” item at the

Finance and Performance Committee meeting on 21/02/23 (Chief People Officer, February 2023 onwards)

MS commended SS and her colleagues for the success that had been achieved in relation to recruitment, and stated that there would likely be a different Breakthrough Objective for 2023/24.

KC asked if recruitment had been adversely affected by visa-related issues. SS acknowledged that there had been some such issues and elaborated on the specific details.

RF noted that the 'onboarding' of internationally-educated nurses had been discussed at the latest People and Organisational Development Committee meeting, and the good work that the Deputy Chief Nurse – Workforce & Education had undertaken had been recognised. RF continued that it had however been acknowledged that more work was to be done for the 12 to 18 months beyond the 'onboarding' stage. DH agreed and observed that the experience of internationally-educated nurses had changed significantly since his time as an NHS Chief Executive. JH acknowledged the point and confirmed that supporting such nurses was a key priority for her and her team. JH also referred to the "Getting to Equity" sponsorship programme and noted that colleagues in Birmingham liaised with their internationally-educated nurses before they arrived in the country, so that was being explored at the Trust, although that would take some time to come to fruition.

EPM commended the success with recruitment but highlighted the importance of ensuring that staff retention improved. DH acknowledged the point and noted that some research had indicated that staff decided whether they would stay with an employer long-term within their first month, or sometimes their first week, of starting in post.

In PM's absence, SM then referred to the "Patient Safety & Clinical Effectiveness" Strategic Theme and reported the following points:

- The "Incidents resulting in Harm" metric was subject to common cause variation.
- The Deputy Chief Nurse - Quality and Experience had done a lot of work on patient falls with the wards, to enable the wards to generate their own ideas and counter measures, rather than rely on the involvement of the falls team.
- PM was also leading work on falls through the West Kent Health and Care Partnership (HCP), and a HCP falls programme was in development.
- There had been a slight reduction in the Hospital Standardised Mortality Ratio (HSMR) and Summary Hospital-level Mortality Indicator (SHMI), as had been expected.
- Dr Foster now produced a bespoke report for the Trust and attended the Mortality Surveillance Group (MSG) meeting each month, to assist with analysis and next steps.
- Work had been undertaken on clinical coding, to help clinical staff document clinical episodes more accurately, and it was hoped such work would reduce the number of episodes where no co-morbidities were recorded.
- Members of the MSG would attend clinical governance meetings, to help ensure lessons were learned, and relay the relevant messages in relation to clinical coding.

MS then noted that in relation to falls and harm, the ETM had discussed falls as a Breakthrough Objective, but there was a lot of 'noise' within the associated data, as one would expect the data to show that safe staffing and the falls interventions that had been taken had led to improvement. MS continued that it had therefore been agreed to consider falls as a key driver metric, but have sepsis as a Breakthrough objective, so the Trust Board would need to consider the assessment underlying that decision. The point was acknowledged.

JW observed that the single room environment at Tunbridge Wells Hospital had been stated to be a factor in falls, so asked if there were any comparator Trusts that could be approached to test that assumption, and learn from best practice. DH stated that he would be far more interested in seeing the association between safe staffing and falls, but MS highlighted that the evidence of that association was very clear from international research, although the improvement was not evident from the rates of falls in the Trust's data, so that needed to be understood before falls moved on from being a Breakthrough Objective. JH acknowledged the need to continue to learn from other organisations but stated that she believed the falls work could become 'business as usual'.

SM highlighted that it was intended that the new Breakthrough Objective would be on “care of the deteriorating patient”, which would include range of Serious Incident (SI) categories and not just be limited to sepsis, which only involved a small number of patients. The point was acknowledged. SM also reported that SIs had increased in January 2023, when compared to December 2022, but that was just a re-balancing towards the previous position.

SM then reported the following points in relation to the "Infection Control" metrics:

- There had been a small increase in *Clostridioides difficile* cases, but the number was in accordance with expectations.
- The number of COVID-19 cases had reduced in January, and that had been sustained during February, but the various precautions continued to be applied.

DH asked SM to comment on the potential future reduction of the use of the 'red' and 'green' COVID-19 pathways, in relation to the current risk. SM clarified that there were no 'red' and 'green' COVID-19 pathways in place, and there was just a respiratory pathway in the Emergency Department (ED), while all elective patients were placed in the same pathway, unless they tested positive for COVID-19. DH however noted that some clinical areas still referred to the old 'red' and 'green' terminology.

SB referred to the “Patient Access” Strategic Theme and reported the following points:

- The ED 4-hour waiting time target performance had increased recently and SB would like to thank the wide range of staff that had contributed to that improvement. The Trust had been rated regularly as the second-best performer in the country, to Northumbria Healthcare NHS Foundation Trust, so a visit would be planned to that Trust, to aim to learn from their practice.
- The Trust still did not have any patients who had waited 52-weeks or more for treatment, but the aim was to not have any patients waiting 40 weeks or more. The position had worsened slightly, and at the end of January there were 677 such patients, although the number had reduced in February, and SB was quietly confident that the figure would be close to zero by the end of March 2023. If that was achieved, the Trust would be the only Trust in the country to deliver that outcome.
- For the cancer access targets, there were challenges in urology and oncology, both of which had been affected by increased demand.
- Performance against the Diagnostics Waiting Times and Activity (DM01) standard had been static, and echocardiogram tests remained the main challenge. The equipment issues had been resolved but there were still staffing challenges. It was however intended to deliver the required standard by April or May 2023.

DH then referred to the “Percentage OP Clinical Utilised (slots)” data page on 19 of 39 and noted that the performance was still far below the target level. SB explained the intricacies involved in validating and removing the old outpatient clinic templates that were still active, as that had adversely affected the ability to properly discuss the underlying issues. SB then noted the need to undertake a large programme of improvement work. DH asked whether the individual clinical areas owned the old templates, instead of these being owned centrally. SB confirmed that was correct and acknowledged that the validation of clinical templates was not clinical areas' number one priority.

JH then reported the following points in relation to the “Complaints responded within target” metric:

- There had been a significant reduction in the number of overdue complaints, so the overall performance had been sustained at around 57%. It was intended to now focus on improving the overall response position, and close the more complex complaints.
- A new complaints manager would start in post in March 2023.

SB commended the reduction in the complaints backlog, and the empowerment that JH and her team had given to clinical areas, to enable them to close complaints.

DM referred to the target “To reduce the overall number of complaints or concerns each month” and asked how the number of complaints received compared to the number of patients that could potentially complain, because they had some form of interaction with the Trust. MS stated that the latter number was about 1000 per day. DM pointed out that the Trust was only receiving one or two complaints per day. The point was acknowledged.

JH then continued and reported the following points in relation to the “FFT Response Rates – all areas” metric:

- Small improvements had been made in the FFT response rate for inpatient and maternity areas.
- There remained a challenge for the ED FFT response, but a different method of data collection had been implemented, which involved speaking to patients at the point of discharge. The position had however also been helped by the recent reduction in activity. The use of volunteers in inpatient areas had also been beneficial.
- The maternity FFT response was still circa 10%, but there were many different forms of obtaining feedback within the maternity service.
- Outpatients remained a challenge, but a ‘deep dive’ would identify the areas with the highest activity, to consider targeting efforts towards such areas.
- Regardless of the response rates, 95% of the patients that completed an FFT survey had recommended the Trust.

RJ then referred to the “Systems” Strategic Theme and reported the following points:

- The target for the “Discharge before Noon” metric was 33% and performance was at circa 24%, so steady progress had been made.
- There had been some issues in accessing the Hilton Nursing Partners Limited pathway, but that was no longer an area of focus. Criteria-led discharge was now being progressed, and JH would develop an associated policy. More work was however needed on e-Rostering, to ensure there was sufficient staff on duty at night.
- The decline in performance on Wednesdays was believed to be due to the staffing profile in the discharge lounges on that day. The staffing profile at the weekend was also a factor, so that would also aim to be addressed.
- In relation to future Breakthrough Objective, an objective under the “Patient Access” Strategic Theme related to weekend working, so RJ and SB would liaise to ensure their associated actions were aligned. That work may lead to a different Breakthrough Objective for 2023/24.

DH noted that there was a slight risk that the “Discharge before Noon” metric was a perverse incentive, as it could, for example, encourage staff to discharge patients during the evening, rather than wait until the following day and then failing to discharge that patient before 12pm. MS acknowledged the point but stated that he had seen no evidence of such behaviour. RJ also gave assurance that ‘discharge before noon’ was not the only metric monitored in relation to discharge. SB added that the length of stay position was an important barometer in relation to DH’s comment.

WW asked where RJ expected the position to be within the next quarter. RJ confirmed that she would expect to see some progress within that quarter. WW then asked RJ to clarify her comments regarding Hilton Nursing Partners Limited. RJ explained that the Trust had struggled to utilise the available Hilton capacity, but that utilisation had now increased significantly.

MC asked how patient experience and quality was measured for out-of-hospital care providers, such as Hilton, and who was responsible. RJ confirmed that there was a joint responsibility and gave assurance that patient experience and quality information was collected. MC stated that she did not recall seeing any such data. JH acknowledged the validity of MC’s point and RJ agreed to liaise with JH to consider the issues. SB commented that the same question could be applied to Independent Sector Providers (ISPs). JH however noted that there was a Quality Governance Review Meeting in place for ISPs.

Action: Liaise to confirm how patient experience and quality was measured for out-of-hospital care providers (such as Hilton Nursing Partners Limited) and agree how such data should be reported to the Trust (Director of Strategy, Planning and Partnerships and Chief Nurse, February 2023 onwards)

DH then referred to the county-wide contract for non-emergency patient transport and asked whether the providers within the Integrated Care Board (ICB) should collaborate to control the contract directly. SB acknowledged the point and emphasised that the Trust would have spent an additional £500k by the end of 2022/23 to supplement the contract, and the Trust had received a formal apology from the ICB and the transport provider for the latter’s very poor performance. DH remarked that the status quo was therefore not working. SB agreed, and noted that the contract

had been poorly written, although the ICB was aware. WW asked what action was therefore proposed. SB replied that the Trust needed to continue to work with ICB colleagues, and SB had made it clear that he believed the Trust could manage the service better alone. MS highlighted the importance of the issue being discussed with the ICB, and noted that ICB were taking the matter seriously, so proposed that SB and RJ provide an update to the Trust Board in two months, but that action continue to be taken. This was agreed.

Action: Provide an “Update on the provision of for non-emergency patient transport” at the Trust Board meeting in April 2023 (Chief Operating Officer and Director of Strategy, Planning and Partnerships, April 2023)

EPM asked whether the contract had been reviewed for break clauses etc. RJ noted that she had been at the Clinical Commissioning Group when the contract had been agreed, but the problem was that the contract was so large, and contained very few levers, and the Trust was not in a position to cease the contract, as such a decision would need to be taken by the ICB. MS also highlighted that the funding for patient transport had been removed from the national payment tariff, as it had been felt it was inefficient for individual Trusts to commission their own contracts.

SO then referred to the “Sustainability” Strategic Theme and reported the following points:

- Agency expenditure was reducing but not as quickly as required, and not as quickly as the reduction in vacancies, so further work would be undertaken. It was however expected that the reduced turnover and increased number of new staff would soon make a difference.
- The escalation ward situation was difficult, as agency staff had to be used in such areas.
- Work was taking place in relation to longstanding agency staff, and increased agency controls and approval requirements were being explored.
- The agency expenditure target for the Kent and Medway Integrated Care System (ICS) system in 2023/24 would be 3.7% of total expenditure, and the Trust’s expenditure was currently at circa 6.4%, so there was a long way to go to achieve the target level.

EPM noted that the agency expenditure metric had been reviewed at the People and Organisational Development Committee, and it would be subject to a ‘deep dive’ at the next Committee meeting, as some frustrations had been expressed that perhaps a different approach was needed to deliver the objective.

[Post-meeting note: The “Further update on the actions to reduce agency fees as part of the “Strategic theme: Sustainability” item at the People and Organisational Development Committee is actually scheduled for the Committee’s ‘main’ in April 2023, not the meeting in March 2023]

RF added that the People and Organisational Development Committee had also heard that approximately one third of agency expenditure was unrelated to medical and nursing staff, so it was important to ensure there was also a focus on such agency staff. MS acknowledged the point but emphasised the need to maintain the course in relation to medical and nursing staff, as well as consider other staff groups. HF gave assurance that analysis had been undertaken on the staff to which RF had referred, but the primary focus would continue to be on medical and nursing agency staff. HF also elaborated on the work being done with the divisions on their top 25 agency staff.

NG asked HF to comment on the Annual Leave (A/L) accrual issues that had been discussed at the Finance and Performance Committee meeting on 21/02/23. HF explained that there was a risk that if staff did not take their A/L in March 2023, there would be a higher than planned for level of accrual, although that had not been quantified.

Systems and Place

02-11 Update on the West Kent Health and Care Partnership (HCP) and NHS Kent and Medway Integrated Care Board (ICB)

RJ referred to the submitted report and highlighted the following points:

- Work continued on the Joint Forward View document, and it was due to be finalised by the relevant Steering Group by 28/03/23. It would then be considered at the ETM in late March/early April, and would then be submitted to the Trust Board in April 2023.
- The Trust had submitted its draft operational plan for 2023/24 to the ICB by 10/02/23.

- Progress had been made on the development of Provider Collaborative models, and further work on that would be submitted to the Trust Board in due course.
- The report contained details of the new appointments at the ICB, which included the appointment of the former Chief Finance Officer at Dartford and Gravesham NHS Trust as the Director of Health and Social Care for the Dartford, Gravesham and Swanley (DGS) HCP; and the appointment of a GP from Thanet as the Deputy Chief Medical Officer (Primary Care).

DH asked for further details of the Director of Health and Social Care, West Kent role and RJ explained the position. DH also asked who that role was responsible to and accountable to. RJ confirmed that the post holder was responsible to the West Kent HCP, and therefore responsible to RJ and accountable to MS, as the Senior Responsible Owner (SRO). RJ then gave further details of the working relationship between RJ and the Director of Health and Social Care, West Kent.

NG asked whether there had been a reduction in managerial posts when compared to the previous system arrangements. RJ replied that she was not certain, but confirmed that the ICB had rethought its approach. MS added that the ICB had to operate according to a strict management allowance that was not in place at NHS Trusts, so was already under much of scrutiny in relation to its management costs. The point was acknowledged.

JW asked about the role of Kent County Council (KCC) in the ICB, as many of the new appointments included 'social care' in the job title. RJ explained that KCC was a member of the ICB and had representatives within the ICS, HCP, and at different levels within the various organisations.

JW also asked about East Sussex, given that some patients treated within the Kent and Medway ICS were from that county. MS emphasised that the important point for such patients was for the Trust to engage with the equivalent ICS/ICB structures in East Sussex, and there were some good examples of such engagement, although there was always more that could be done.

RF emphasised the ICB's future importance to the Trust, and asked whether the Trust was sufficiently resourced to undertake and manage the various partnerships and engagement that was required. MS noted that RJ's team had increased in size two- or three-fold from when the Director of Strategy, Planning and Partnerships post was first established a few years ago, but highlighted the need to prioritise the most important partnerships, as the HCP would likely be increasingly significant, given the implementation of the neighbourhood teams, which could lead to a step-change for patient flow-related improvements. MS also added that the Trust's plans for 2023/24 would recognise the need to engage with such neighbourhood teams, and that would require some project management.

RJ then elaborated on the integrated neighbourhood teams that MS had referred to, and noted that the establishment of the nine teams represented the single largest priority for the West Kent HCP. RJ continued that a Job Description for a Primary Care Medical Director for West Kent had been agreed, which would be important in bringing the nine Primary Care Networks (PCNs) together, and it was hoped the job would be advertised soon.

RJ then referred to the workstreams that had been developed through the application of 'A3 thinking', and agreed via the HPC Discharge Capacity Programme Board. RJ continued that the workstreams included "Business intelligence", which would focus on demand and capacity planning and would enable any future investment for social care or primary care to be better directed and planned for; and "Transfer of Care hub – gap analysis".

DM commended the progress that had been made regarding the HCP, but observed that the risk, when considering the experience from the private sector, was that a new layer of management would create additional work without adding any additional value. RJ acknowledged the point but explained the position.

DH then remarked that he had always hoped that the Trust's Care Coordination Centre (CCC) could become a West Kent CCC, but that would mean that packages of care providers would need to provide information to the Trust's CCC, and they were not currently obliged to do so, as their

contracts were usually with KCC. DH added that it was however a worthy ambition to have such an approach. RJ agreed and confirmed that such an approach was part of the future plans.

Assurance and policy

02-12 Emergency Planning Annual Report, 2022 and future emergency planning

SB referred to the submitted report and highlighted the following points:

- It had been another successful year for the Trust's Emergency Planning & Response team, who had had to contend with a varied range of issues. SB believed the Trust had the best such team in the country, and the team members advised many other organisations.
- Fire and security had been incorporated into the team's responsibilities during the year.

WW asked about the team's link with cyber security. JH confirmed that it was under the remit of the Director of IT, but there was good liaison between the Emergency Planning & Response team and the cyber team.

Trust Board members then viewed a brief "Emergency Planning and Response – Review of the Year, 2022" video, during which the YouTube livestream was paused for copyright reasons.

02-13 To consider any other business

There was no other business.

02-14 To respond to questions from members of the public

KR confirmed that no questions had been received.

02-15 To approve the motion (to enable the Board to convene its 'Part 2' meeting) that in pursuance of Section 1 (2) of the Public Bodies (Admission to Meetings) Act 1960, representatives of the press and public be excluded from the remainder of the meeting having regard to the confidential nature of the business to be transacted, publicity on which would be prejudicial to the public interest

The motion was approved, which enabled the 'Part 2' Trust Board meeting to be convened.

MINUTES OF THE EXTRAORDINARY TRUST BOARD MEETING ('PART 1')
HELD ON MONDAY 20TH MARCH 2023, 11AM, VIRTUALLY, VIA
WEBCONFERENCE

FOR APPROVAL

Present:	David Highton	Chair of the Trust Board (Chair)	(DH)
	Sean Briggs	Chief Operating Officer (N.B. Left during item 03-3 – refer to the specific minute for the relevant details)	(SB)
	Maureen Choong	Non-Executive Director	(MC)
	Neil Griffiths	Non-Executive Director	(NG)
	David Morgan	Non-Executive Director	(DM)
	Steve Orpin	Deputy Chief Executive/Chief Finance Officer	(SO)
	Emma Pettitt-Mitchell	Non-Executive Director	(EPM)
	Miles Scott	Chief Executive (for most of item 03-3 – refer to the specific minute for the relevant details)	(MS)
	Wayne Wright	Non-Executive Director	(WW)
In attendance:	Karen Cox	Associate Non-Executive Director	(KC)
	Richard Finn	Associate Non-Executive Director (N.B. Left during item 03-3 – refer to the specific minute for the relevant details)	(RF)
	Rachel Jones	Director of Strategy, Planning and Partnerships	(RJ)
	Sue Steen	Chief People Officer (N.B. Left during item 03-3 – refer to the specific minute for the relevant details)	(SS)
	Jo Webber	Associate Non-Executive Director	(JW)
	Kevin Rowan	Trust Secretary	(KR)
Observing:	The meeting was livestreamed on the Trust's YouTube channel.		

03-1 To receive apologies for absence

Apologies were received from Jo Haworth (JH), Chief Nurse; and Peter Maskell (PM), Medical Director. It was also noted that Sara Mumford (SM), Director of Infection Prevention and Control, would not be in attendance.

03-2 To declare interests relevant to agenda items

No interests were declared.

Planning and strategy

03-3 To approve the Trust's final 2023/24 planning submission

RJ referred to the submitted report and highlighted the following points:

- The Trust's submission would be submitted to the Kent and Medway Integrated Care Board (KM ICB) on 22/03/23, but it was possible that a further submission would be required, given the overall national NHS position and the position within the ICB. The need for a further submission had not however been confirmed.
- The Trust's plan was based on activity levels, which were in turn predicated on workforce/staffing numbers, and work was still taking place on the triangulation between the two factors and the associated finances.

DH referred to the latter point and also noted that the pay assumptions within the plan did not include the outcome of the recent national NHS pay discussions, which had not yet been confirmed. RJ confirmed that was correct, and then continued by highlighting the following points:

- Page 4 of 27 explained the three categories that would apply to the funding of activity in 2023/24: NHS Payment Scheme (NHSPS) payment within the scope of the activity target; NHSPS payment that were outside the scope of the activity target; and within fixed payment.
- The first KM ICB submission was a £217.4m deficit plan, which comprised a £55.4m deficit for the ICB and a £162m aggregate deficit across the five providers.
- The Trust's current core capacity plan for 2023/24 equated to 107% of the value of the activity from 2019/20, for activities in scope of the Elective Recovery Fund (ERF). However, it was

understood that the ERF thresholds would be revised downwards. The Trust's activity numbers did not include activity for the Kent & Medway Elective Orthopaedic Centre.

SO referred to the latter point and noted that although the activity for the Elective Orthopaedic Centre had not been included in the Trust's plan, discussions were underway with the ICB as to whether such activity should be included, as the Trust's plan included the income and costs associated with the Centre, so if the activity was excluded, it would seem like the Trust's costs had just increased. The point was acknowledged.

RJ then continued and highlighted the following points:

- The Trust's Referral to Treatment (RTT) trajectory showed a 1.9% deterioration in performance over the financial year, with no patients waiting longer than 52 weeks against a target to eliminate 65-week waits.
- Outpatient follow-up activity was within the fixed element of the contract, but the outpatient follow-up plan did not move the Trust towards the national ambition of a 25% reduction. This therefore represented both a risk and an opportunity.

MS added that at the end of 2022/23, the Trust would be at, or close to, having a maximum 40-week wait for treatment, so discussions were taking place with the ICB to enable the Trust to maintain that position, and explore what the Trust could do to support 'levelling up' across the ICB. The point was acknowledged.

RJ then continued and highlighted the following points:

- The plan included a commitment for the Trust to be compliant with the 99% Diagnostics Waiting Times (DM01) performance target by March 2024; and comply with all cancer waiting time standards throughout 2023/24.
- The Trust was forecast to continue to see growth in Emergency Department (ED) attendances, but would be compliant with the ED 4-hour waiting time targets throughout the year.
- The Trust's forecast non-elective bed occupancy was higher than the national ambition of 92.5%.

DH referred to the non-delivery of the ambition to reduce outpatient follow-up appointments by 25%, and asked what discussions had taken place with the clinical Divisions in relation to changing clinical practice. RJ replied that the required transformation would be challenging, but RJ felt that the opportunity should be taken to release capacity. SB added that the Chief of Service for Core Clinical Services and Clinical Director for Outpatients would lead on the changes in clinical practice that were required, and a good start had been made, particularly in relation to the introduction of a pathway which involved improved triage, 'straight to test', and then an appointment. SB also noted that SO had been very supportive in ensuring the change programme was appropriately resourced, but there was more work to be done.

NG remarked that it was difficult to know, when reviewing the outpatient data, how efficient the Trust was, by speciality, as it was not clear how hard clinical productivity was being driven, and what that meant for clinical care. SB reported that there was good clinical engagement in identifying the need for change, and there was good evidence that the aforementioned 'straight-to-test' pathway was more efficient than the current default pathway, under which an outpatient appointment was scheduled automatically once a GP referral was received. SB continued that there was less opportunity for change in theatre productivity, but there was a desire to increase the number of cases undertaken each week, which would make a major difference.

WW noted the previous problems in delivering the Cost Improvement Programme (CIP), so asked for a comment on the confidence that the targets in the plan would be delivered. RJ replied that there had been an increased focus and prioritisation on core activity, and the plan had removed all unfunded capacity, while key posts that would deliver the core base capacity had been prioritised. RJ also emphasised that there had been absolute clarity on the assumptions that had been made.

WW also referred to the forecast increased ED attendances, and asked whether the Executive Directors were comfortable with the proposed plan. RJ explained that there was confidence behind the plan, given the performance recovery that had occurred since December 2022. SB agreed and

pointed out that the Trust's performance between January and March 2023 had been in the top two in the country, and the Trust's performance in December 2022 had still been good in relative terms, despite the Trust not being satisfied with such performance. SB added that smaller increases in attendances were manageable, but the increases of circa 10%, such as had been seen in December 2022, needed an improved response.

SO then noted that there was some growth in pay costs in certain areas which presented an opportunity to make further improvements in both the overall cost base, and the pay.

RF referred to the "Recovery plan trajectory for challenged service lines" for cardiology on page 9 of 27, and noted that SB had regularly referred to the issues with echocardiogram tests, so queried whether the cardiology recruitment plans represented a risk. SS explained the approach that would be applied to such recruitment, but acknowledged the challenge associated with the ambition in the plan, and the need to do things differently. RJ added that the echocardiogram position had been affected by two issues: staffing and equipment, but the equipment issues had now been resolved, which would enable the Trust to make best use of the staff it had, while the new, reliable, equipment should support recruitment efforts. RJ then confirmed that the plan was to achieve 99% compliance by the end of March 2024. RF asked about the maturity of the recovery plans and whether these had been considered by the executive. SB explained that the recovery had started well in February, particularly with echocardiogram tests, and SB was confident. DH agreed that brand new equipment would be an attraction factor in recruiting new staff.

DH then noted that the Trust still had escalation capacity open, while the number of medically optimised for discharge (MOFD) patients had started to increase, with the number at 111 that morning, from circa 70 or 80 in recent weeks. DH continued that a lot depended on how well the Social Services settlement was deployed within the Local Authority, and how that relationship would work system-wide. DH continued that he had assumed that the number of MOFD patients would need to reduce to enable the escalation beds, which came at significant cost to the Trust, to be closed. DH then noted that the Chief Executive of Kent Community Health NHS Foundation Trust (KCHFT) was leading on such work across the ICB so asked MS if there was an update. MS reported that the funding had been confirmed, but the work being led by the KCHFT Chief Executive would undertake a thorough review of all the funded schemes, to enable these to be prioritised according to their impact. MS added that the work on discharge would therefore need to be undertaken in parallel with the work on the other planning items. DH acknowledged the point but stated that the Trust Board would therefore need to monitor the position closely during quarter 1 of 2023/24.

SO then referred to the "Financial Bridge (2022/23 Outturn to 2023/24 Plan)" section on page 14 of 27 and highlighted the following points:

- The bridge had not materially changed over the past month, so the Trust was forecasting a breakeven position in 2022/23 but an underlying deficit position of £32.1m due to the non-recurrent measures implemented in 2022/23 and non-recurrent COVID-19 funding.
- The forecast for 2023/24 predicted a deficit of £45.4m. A CIP target had been set at £30m which would result in a £15.4m deficit if fully delivered.
- The £13.3m increase in the deficit was mainly due to the national efficiency target of £6.3m; inflationary pressures above national funding, of £3.9m, which mainly related to the PFI charge; and an increase in the Clinical Negligence Scheme for Trusts (CNST) subscription.

DM observed that the plan showed the 'arch' for income and expenditure, but did not include details of how the CIP would be achieved. DM therefore asked whether it would be possible to include an 'arch' for each of the major income and expenditure categories, as DM believed such detail would enable Trust Board members to better understand the delivery of the CIP. SO noted that the Trust's processes were not set up to show such details, but agreed to explore what could be developed, either as part of the aforementioned further potential submission of the 2023/24 plan or as a concluding report.

Action: Explore what could be developed to show the 'arch' for each of the major income and expenditure categories, to enable Trust Board members to better understand the delivery of the CIP for 2023/24 (Deputy Chief Executive/Chief Finance Officer, March 2023 onwards)

SO then referred back to WW's earlier query regarding the delivery of the CIP, and highlighted that there was inherent risk involved in the position, as there was currently £7.5m of unidentified CIP schemes, and the £30m target was one of the highest across the NHS.

JW remarked that most of the CIP was scheduled to be delivered towards the end of the year, so asked whether SO was comfortable with the way the risk was spread. JW also asked how much of the CIP would be recurrent. SO pointed out that all of the £7.5m of unidentified schemes had had to be phased for the second half of the year, but the goal was to improve that position as much as possible. SO then emphasised that neither SO nor his executive colleagues were comfortable with the current position; and also reported that the starting position was always to identify recurrent CIP items, and of the £10m that was within the low risk category, the majority was recurrent. SO also noted that the level of recurrent CIP would be made clear in the future.

[N.B. MS left the meeting at this point]

DH noted that page 17 of 27 stated that "The Trust has identified potential income opportunities of c£6m...", and as had been discussed at the 'Part 2' Trust Board meeting on 23/02/23, DH was concerned that the Trust's increase in activity in 2022/23 had not been recognised in the baseline activity position. DH continued that if the Trust did receive any additional income from its increased activity, that income should be used to reduce the overall deficit, and not just be used to offset CIP delivery, unless that was absolutely necessary. DH also queried whether any escalation was required in relation to the Trust receiving income for its activity growth. SO confirmed that the income in the plan was not related to recognition of activity growth, and SO had raised the points made by DH with colleagues at the ICS, but given that the ICS was exceptionally financially challenged, any income received by the ICS would be used to address that underlying challenge, and not be used to reflect activity growth. SO however noted that the Trust had seen significant growth when compared to other providers, so SO and MS had made that point, to no avail, so a discussion may be required outside of the Trust Board meeting to consider escalating the matter.

[N.B. SS left the meeting at this point]

MC noted that the plan was predicated on effective system partnership, so MC would be interested in hearing how the ICS governance would work, given the high levels of trust required. SO agreed and noted the importance of SO, RJ and MS ensuring the Trust Board was adequately briefed. SO also noted the dynamic of the Trust being within segment 1 of the NHS Oversight Framework, while two of the Trusts in the ICS were within segment 4.

SO then continued and highlighted that the Trust was currently forecast to spend 4.3% (£17.7m) of its total pay expenditure on agency staffing, which was 0.63% more than the target set by NHS England; while it had been assumed that some of the costs for the Elective Orthopaedic Centre would be agency-related. SO then elaborated on the content of the "Capital Plan 2023/24" section on pages 20 to 23 of 27, and emphasised that the Trust would start the year from a very challenging capital position.

[N.B. SB and RF left the meeting at this point]

SO then concluded by elaborating on the content of the "Risks & Opportunities" section on page 25 of 27.

DH then thanked RJ and SO for the presentation of the plan, and noted the possibility that a further submission would be required, but asked that the submitted plan be approved. The Trust's 2023/24 planning submission was duly approved as submitted.

03-4 To consider any other business

There was no other business.

03-5 To respond to questions from members of the public

It was confirmed that no questions had been received.

Trust Board Meeting – 30th March 2023

Log of outstanding actions from previous meetings	Chair of the Trust Board
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Actions due and still 'open'

Ref.	Action	Person responsible	Original timescale	Progress ¹
02-10a	Consider adjusting the target for the "Appraisal Completeness" metric to reflect the fact that performance would likely decline during the appraisal 'window', and the final position would not be known until the 'window' had closed.	Chief People Officer	February 2023 onwards	Discussions are ongoing to indicate a trajectory for the three-month window of appraisal completion.
03-3	Explore what could be developed to show the 'arch' for each of the major income and expenditure categories, to enable Trust Board members to better understand the delivery of the CIP for 2023/24.	Deputy Chief Executive / Chief Finance Officer	March 2023 onwards	Work is underway to incorporate this request in any future presentation of the 2023/24 plan and future plans.

Actions due and 'closed'

Ref.	Action	Person responsible	Date completed	Action taken to 'close'
02-3	Amend the minutes of the 'Part 1' Trust Board meeting held on 26/01/23 to reflect the correction agreed at the Trust Board meeting on 23/02/23.	Trust Secretary	February 2023	The minutes were amended as agreed.
02-10b	Explore whether any further action was required to address the workforce-related risks that were highlighted during the "Deep dive – Urology department" item at the Finance and Performance Committee meeting on 21/02/23.	Chief People Officer	March 2023	This has been discussed at People and Organisational Development Committee and within the People and Organisational Development team.
02-10c	Liaise to confirm how patient experience and quality was measured for out-of-hospital care providers (such as Hilton Nursing Partners Limited) and agree how such data should be reported to the Trust.	Director of Strategy, Planning and Partnerships and Chief Nurse	March 2023	Where the Trust works directly with partners such as Hilton and Kent Community Health NHS Foundation Trust on out of hospital care, and have Service Level Agreements (SLAs) in place the Trust monitors quality via the contract-monitoring process. Where the SLA is with other

1

Not started

On track

Issue / delay

Decision required

Ref.	Action	Person responsible	Date completed	Action taken to 'close'
				organisations, such as Kent County Council, then that organisation performance that role the information is accessible to the Trust, via a request to the relevant commissioner.

Actions not yet due (and still 'open')

Ref.	Action	Person responsible	Original timescale	Progress
02-10d	Provide an "Update on the provision of for non-emergency patient transport" at the Trust Board meeting in April 2023.	Chief Operating Officer and Director of Strategy, Planning and Partnerships	April 2023	<div style="background-color: green; height: 15px; width: 100%;"></div> <p>The item has been scheduled for the Trust Board meeting in April 2023.</p>

Report from the Chair of the Trust Board

Chair of the Trust Board

Consultant appointments

I and my Non-Executive colleagues are responsible for chairing Advisory Appointment Committees (AACs) for the appointment of new substantive Consultants. The Trust follows the Good Practice Guidance issued by the Department of Health, in particular delegating the decision to appoint to the AAC, evidenced by the signature of the Chair of the AAC and two other Committee members. The delegated appointments made by the AAC since the previous report are shown below.

Date of AAC	Title	First name/s	Surname	Department	Potential / Actual Start date	New or replacement post?
08/03/23	Consultant Anaesthetist post with special Interest in Bariatric Surgery	Andrew	Bailey	Anaesthetics	03/04/23	New
08/03/23	Consultant Anaesthetist post with special Interest in Bariatric Surgery	Robert	Guy	Anaesthetics	01/06/23	New
14/03/23	ICU Consultant with special interest in regional anaesthesia and major surgery	Sarah	Eshelby	Anaesthetics	01/06/23	New

Which Committees have reviewed the information prior to Board submission?

N/A

Reason for submission to the Board (decision, discussion, information, assurance etc.)¹

Information

¹ All information received by the Board should pass at least one of the tests from 'The Intelligent Board' & 'Safe in the knowledge: How do NHS Trust Boards ensure safe care for their patients': the information prompts relevant & constructive challenge; the information supports informed decision-making; the information is effective in providing early warning of potential problems; the information reflects the experiences of users & services; the information develops Directors' understanding of the Trust & its performance

Report from the Chief Executive

Deputy Chief Executive / Chief Finance Officer

I wish to draw the points detailed below to the attention of the Board:

- The Care Quality Commission (CQC) have picked up inspection activity after the pause in visits during the COVID pandemic and this week we had our 'Well-led' inspection. This followed an unannounced visit to our hospitals earlier in the month focussing on our End of Life services. Our last CQC inspection was in 2017 and there has been significant and sustained improvements across the Trust since. Colleagues welcomed the inspectors and talked about our achievements, including our progress in cancer and urgent care. During the visit, as well as talking to our senior management team, the inspectors met staff working in a wide range of clinical and non-clinical areas to learn more about their role and the work they do to ensure patients are given access to the best possible care. We know there is still more work to be done but we are very proud of the improvements in care that have been made in recent years and we look forward to receiving feedback from the CQC later in the year.
- Our hospitals this month have been managing the challenge of national industrial action by the British Medical Association (BMA). This involved approximately 320 of our junior doctors for a continuous 72-hour period. While we worked hard to put plans in place to ensure any impact to patients was kept to a minimum, we did unfortunately have to postpone a number of appointments and procedures. Those people who were impacted were contacted before their appointment and rescheduled to the nearest possible date. The vast majority of care did however continue as normal, with urgent and oncology appointments prioritised. We welcomed our junior doctors back after the industrial action and are continuing to work closely with Staff Side colleagues to support staff and our services and reduce the impact of any future action on our patients, including the newly announced dates from 11-15 April. This includes planning for any potential industrial action from our consultants who are to ballot for industrial action from next month - a six-week ballot will open on around 17 April. The move towards a formal ballot follows a consultative ballot in which 86 per cent of senior hospital doctors indicated they would back strike action, from a turnout of more than 60 per cent.
- Earlier this month the results of the NHS annual staff survey results were announced and I am pleased that [across the seven People Promise themes](#), we scored above the national average for four themes and were in line with the national average for three. Almost 3,000 colleagues completed the survey and particular highlights include our staff remain committed to providing the very best care for patients and staff would be happy to recommend MTW to friends and family. Our staff also said they have a voice that counts, feel safe to speak up about concerns, and feel part of a team within a compassionate and inclusive environment. Another area of improvement relates to the additional steps MTW has taken to support staff health and wellbeing. To ensure we provide the support staff need and listening to their feedback in the 2021 Staff Survey we've delivered an enhanced package of health and wellbeing initiatives over the last 12 months.

However, we are aware that overall our scores have dropped over the last two years – as they have nationally – and after hearing feedback we are now looking to make future improvements such as:

- Following up with areas that have had a lower score than three years ago such as staff within Estates and Facilities
- Progressing the 'we are always learning' theme (where we scored 56% overall) and reviewing our appraisal process to better support staff in gaining the information and support they need for career development; and empowering staff at all levels to decide and take action in areas where improvement is needed

- Expanding our Exceptional Leaders programme (currently for Band 8A and above) is now to be extended to include Band 5 – 7 for the next cohort in the Spring
- Working with the Divisions to review leavers survey and stay interviews to enhance our insight to understand more about the issues behind people's motivation for leaving the organisation
- Working with Divisions to develop and plan Organisational Development interventions including focus on leadership and values

I am very pleased that the survey results show the majority of staff have felt the impact of this additional support. At MTW, we remain committed to listening to the feedback from our staff to make the Trust both a better place to work and to receive care and we are now sharing the results with senior leaders and developing action plans with our divisions to ensure improvements are made in each area.

- As we approach the end of the financial year, work on a number of key projects continues. This includes:
 - The development of the new Kent and Medway Orthopaedic Centre at Maidstone Hospital which will boost elective capacity across the Kent and Medway health system by around 5,000 cases per year. Enabling works on site are progressing quickly and off-site manufacture of the modules has begun, with an expected delivery date of August. The Full Business Case has been submitted and planning approval received for the three-theatre option.
 - Design development of the new works for Phase 2 of our Community Diagnostic Centre is being finalised. Once this project is complete, it will enable us to provide 140,000 additional scans each year, including MRIs, CTs, x-rays and ultrasounds.
 - The completion of a Hyper Acute Stroke Unit (HASU)/Acute Stroke Unit (ASU) at Maidstone Hospital in line with the agreed development of the system wide stroke services in Kent and Medway. The first phase was completed in December and is now open. Once the entire unit is finished MTW will have an 18 bed HASU and 35 bedded ASU to support stroke care for our communities.
 - The options for expanding Cardiology have been detailed in an outline business case and are due for submission. This will enable us to develop Cardiology services on to the Maidstone site, releasing space elsewhere across the Trust.
 - At Tunbridge Wells Hospital, work on a medical student accommodation and academic building continues with the majority of the modules now on site. The fitting out of these modules will continue over the summer.
- The Trust has continued to sustain urgent care performance, and our Emergency Departments (ED) were the best performing Type 1 departments in the country for a number of weeks in February and March. This is against a backdrop of a 25% increase in attendances in recent years and is due to the fantastic work of many teams working together across our hospitals. Every day we see more than 600 patients in our EDs and delivering on ED performance ensures they are receiving the right care quickly. Also regularly in the top five in the country, this performance is supported by our 'same day emergency care' services (SDECs). We have further developed our SDEC pathways and recently opened a new Orthopaedic Assessment Unit (OAU) opening at Tunbridge Wells Hospital. Patients arriving at hospital with relevant conditions can be rapidly assessed, diagnosed and treated without being admitted to a ward and, if clinically safe to do so, will go home the same day. The Unit also supports the prompt discharge of patients and enables them to return for review as an outpatient. The OAU joins a growing number of SDEC units at the Trust, including a Surgical Assessment Unit, an Ambulatory Care Unit and an Acute Frailty Unit. Patients can be referred directly into the appropriate unit, avoiding the need to go via the Emergency Department. The Trust now treats

500 patients each week through the SDECs which reduces pressure on the Emergency Departments and supports prompt ambulance handovers.

- With our sites becoming busier and busier year on year, it is more important than ever to improve flow across our hospitals and one way we are doing this is with the use of virtual wards (VW), allowing patients to receive the care they need at home and monitored via the West Kent centralised monitoring hub in the Care Co-Ordination Centre at Maidstone. Since going live in December 2022, we have now treated 42 in total patients via virtual wards saving the Trust approximately 260 bed days. We have more scope to increase this number and offer this service to a wider group of clinical teams for the ongoing support of their patients. Currently we are working towards our target of 90 patients at any given time on the VW which we aim to achieve by December 2023. To ensure we are constantly developing this service, from 3 April we are looking to expand pathways and roll-out a 24/7 service with the help of our partners and listening to the feedback of our colleagues to help embed improvements.
- Over recent months, our teams have welcomed in a number of high-profile visitors, including the CEO and Chair of NHS England and the Secretary of State for Health and Social Care. Last month it was the turn of our Pharmacy Team to play host after they enjoyed a visit from NHS England's Chief Pharmaceutical Officer, David Webb and other members of the national pharmacy team. The visit to Maidstone Hospital was an opportunity for our 162 pharmacy colleagues who work within the directorate to showcase their progress and innovation and highlight two areas of investment which have helped to increase capacity by 70%. This has included the new pharmacy robot based at Maidstone Hospital (which has improved efficiencies in dispensing and stock management) and our [Aseptic Unit at Tunbridge Wells Hospital which officially opened in June 2021](#).
- After we announced the return of our staff Star Awards earlier this year, we received over 400 nominations from both staff and members of the public. The difficult judging task across ten categories will take place early next month and I look forward to announcing the winners at a special awards ceremony on 28 April.
- In response to patient and visitor feedback, we have re-designated approximately 100 staff car parking spaces back to patient and visitor spaces (including more disabled parking and drop-off bays) at both Tunbridge Well Hospital and Maidstone Hospital, close to A&E. To increase the number of staff parking spaces, the Wellbeing Lounge (currently based in a car park at Maidstone Hospital) will move into the main hospital. This is a more central location and will improve access for staff. Once completed we will be able to move the temporary lounge and release additional staff parking spaces.
- Congratulations to the winner of the Trust's Employee of the Month award for February – Pharmacist, Obi Uzochukwu. Obi is a vital member of the team and was nominated for his commitment to the role, even taking time to hand deliver a prescription to a patient on his way home from work. Nilo Lumauag was also recognised as the Highly Commended winner this month. Nilo has been a buddy to a new Internationally Educated Nurse, he has been using his own time to support the nurse in welcoming him to the country and helping him to discover the area.

Which Committees have reviewed the information prior to Board submission?

N/A

Reason for submission to the Board (decision, discussion, information, assurance etc.) ¹

Information and assurance

¹ All information received by the Board should pass at least one of the tests from 'The Intelligent Board' & 'Safe in the knowledge: How do NHS Trust Boards ensure safe care for their patients': the information prompts relevant & constructive challenge; the information supports informed decision-making; the information is effective in providing early warning of potential problems; the information reflects the experiences of users & services; the information develops Directors' understanding of the Trust & its performance

Summary report from Quality Committee, 08/03/23

Committee Chair
(Non-Executive Director)

The Quality Committee met on 8th March (a 'main' meeting), via virtual means.

1. The key matters considered at the meeting were as follows:

- The **reports from the Committee's sub-committees** (The Sepsis Committee; The Infection Prevention and Control Committee; The Complaints, Legal, Incidents, PALS, Audit and Mortality (CLIPAM) group; The Joint Safeguarding Committee; The Health and Safety Committee; and The Drugs, Therapeutics and Medicines Management Committee) were reviewed and it was agreed under the Sepsis Committee report that the Director of Infection Prevention and Control / Deputy Medical Director should liaise with the Deputy Chief of Service, Medicine and Emergency Care to investigate the root causes for Trust staff starting, but not completing, the Sepsis Electronic Screening Tool. It was agreed under the Health and Safety Committee report that the Lead Matron, Medicine and Emergency Care should check, and confirm to Committee members, the timeline to ensure compliance of contractors with the Trust's DBS requirements. It was also agreed under the Complaints, Legal, Incidents, PALS, Audit and Mortality (CLIPAM) group report that the Deputy Chief Nurse, Quality and Experience should liaise with the Trust's Safeguarding Leads to investigate what, if any, mechanisms could be implemented to improve the Medical Capacity Act (MCA) training of Junior Doctors and Consultants.
- The report from the last **Quality Committee 'deep dive' meeting** held on 08/02/23 was noted.
- The issues raised from the **reports from the clinical Divisions** included details of the Serious Incidents (SIs) which had been reported within the reporting period; the additional measures which had been implemented to increase mortuary capacity for bariatric patients; the continued focus on the closure of open patient safety incidents; and details of the 'go live' date of the Laboratory Information Management System (LIMS). It was agreed under the Women's, Children's and Sexual Health Divisional Governance report, which included the latest "Quarterly Maternity Services report" (which will be submitted to the 'Part 1' Trust Board meeting in April 2023) that the Director of Quality Governance should liaise with the Chief Nurse and Medical Director to consider what, if any, actions should be implemented to mitigate the impact of the submission of the details of Serious Incidents to the Trust Board on the families involved in such Serious Incidents.
- The Interim General Manager, Outpatients attended for the latest **update on the Outpatients transformation programme** which included a comprehensive overview of the patient portal engagement events and details of the improved telephone answer times within the Ophthalmology Department and 2 Week Wait Office.
- The Deputy Chief Nurse, Quality and Experience provided an **update on the work to achieve an 'Outstanding' CQC rating** wherein the Committee promoted the importance of ensuring staff were confident to highlight areas of 'best practice'.
- The Director of Quality Governance provided an **update on the reporting and monitoring process for outstanding Central Alerting System (CAS) alerts**, which included details of the significant progress which had been made in relation to the closure of CAS alerts and it was agreed that the Director of Quality Governance should submit an "update on the process for the allocation and monitoring of outstanding Central Alerting System (CAS) alert action plans" to the May 2023 'main' Quality Committee meeting.
- The Committee received an **update on response to the Human Tissue Authority (HTA) and UKAS Cellular Pathology inspections: Action plan to move to 'Business as Usual'** which included details of the future reporting arrangements and the position feedback which had been received by the Trust's Mortuary Team by the Care Quality Commission (CQC).
- The Medical Director provided the latest **Mortality update** wherein it was agreed that the Medical Director should Liaise with representatives from T Health to ensure that future "Mortality update" reports included further narrative associated with the data that was presented. It was also agreed that the Medical Director; Director of Quality Governance; and Director of Infection Prevention and Control / Deputy Medical Director should liaise to consider

what, if any, amendments should be made to the review process for incidents of “poor” and “very poor” care.

- The latest **Serious Incidents (SIs)**, which included the report from the Learning and Improvement (SI) Panel, were reported by the Director of Infection Prevention and Control (DIPC), wherein a brief discussion was held regarding the Trust’s Duty of Candour performance and it was agreed that the DIPC / Deputy Medical Director should investigate whether future “Update on Serious Incidents (SIs)...” reports could identify whether incidents of non-compliance with the ten-day deadline for Duty of Candour notification was due to delays in the identifying the incident as an SI or a failure to act by the members of staff involved.
- The Deputy Chief Nurse, Quality and Experience provided the latest **update from the Enteral feeding and Nasogastric tube (NGT) placement working group** which included details of the e-learning training which had been implemented and it was agreed that the Deputy Chief Nurse, Quality and Experience should consider whether any face-to-face / in-person training should be implemented for staff within the Children’s Directorate regarding the placement of Nasogastric Tubes. It was also agreed that the Deputy Chief Nurse, Quality and Experience should investigate the implementation of enhanced training material to support staff in the completion of the e-learning course for the interpretation of chest x-rays for Nasogastric Tube placement.
- The Committee reviewed the **Trust’s Patient Safety Incident Response Plan (PSIRP)**, which has been submitted to the Trust Board under a separate agenda item, and it was agreed that the Director of Quality Governance should explore the development of multilingual and accessible versions of the Trust’s Patient Safety Incident Response Plan (PSIRP), which incorporates infographics, for publication on the Trust’s website.
- The recent **findings from relevant Internal Audit reviews** were noted.
- The Committee conducted an **evaluation of the meeting**, wherein the Committee emphasised their support for the revised template which had been adopted for the Divisional Governance reports; although, acknowledged the further work required to automate aspects of the generation of the template.

2. In addition to the agreements referred to above, the meeting agreed that: the Director of Quality Governance should liaise with the Deputy Chief of Service, Medicine and Emergency Care to investigate the root causes for Trust staff starting, but not completing, the Sepsis Electronic Screening Tool.

3. The issues from the meeting that need to be drawn to the Board’s attention are: N/A

4. Which Committees have reviewed the information prior to Board submission? N/A

Reason for receipt at the Board (decision, discussion, information, assurance etc.) ¹
Information and assurance

¹ All information received by the Board should pass at least one of the tests from ‘The Intelligent Board’ & ‘Safe in the knowledge: How do NHS Trust Boards ensure safe care for their patients’: the information prompts relevant & constructive challenge; the information supports informed decision-making; the information is effective in providing early warning of potential problems; the information reflects the experiences of users & services; the information develops Directors’ understanding of the Trust & its performance

Summary report from the Finance and Performance Committee, Committee Chair (Non-Exec. Director)
28/03/23

The Committee met on 28th March 2023, via a webconference.

1. The key matters considered at the meeting were as follows:

- The **Patient Access strategic theme metrics for month 11** (i.e. Feb. 2023) were reviewed, which highlighted that the cancer access standards had continued to be achieved in January, despite that being a very challenging month. The adverse impact of the recent junior doctors' industrial action was however identified as a risk to the achievement of the standards in March. The challenges associated with the continued increase in attendances were also raised. A discussion was also held about the potential for the Trust to assist other local providers with the delivery of elective activity during 2023/24; while the progress being made in outpatient transformation was considered, and it was agreed that the Chief Operating Officer should submit an update on the transformation programme to the Committee's meeting in April 2023.
- The review of **financial performance for month 11** highlighted that the Trust remained on target to deliver the financial plan for 2022/23 of a breakeven position. The Trust's approach to financial reserves was explained, and it was agreed that the Committee should discuss the approach further when the final financial plan submission for 2023/24 was considered
- The Committee confirmed its support that the annual financial accounts for 2022/23 should be prepared under the **going concern** principle.
- The Chief Operating Officer and Director of Estates and Capital Development provided a quarterly **update on the Facilities and Estates (respectively) responses to the external Estates and Facilities review**, both of which highlighted the good progress that had been made in some areas, and the further work that was required.
- An **update on the Trust's planning submissions for 2023/24** was given, which confirmed that the Trust's submission had been made, following the extraordinary Trust Board meeting on 20/03/23, but a further submission would now be required. It was also noted that the financial plan had improved since 20/03/23, and the deficit in the plan was now at £12.9m, although it was hoped to reduce that even further.
- The Committee reviewed three significant **Business Cases** and it was agreed that all three should be recommended for approval by the Trust Board. For the Trust staff accommodation Case however, the need to improve the accommodation management of the occupancy was acknowledged. The Full Business Case for the additional orthopaedic elective capacity for Kent and Medway was confirmed to not have significant changes from the Outline Business Case (OBC); and an OBC for Digital Pathology was confirmed to be a centrally-funded system-wide Case. The approval of the OBC would enable the development of the FBC, which would enable the full details of the financial position (both revenue and capital) to be confirmed.
- The final **capital programme position for 2022/23** was supported and confirmed; and several small value replacement equipment capital expenditure Business Cases were approved.
- The **Summary report from the People and Organisational Development Committee in February 2023** was noted; as were the latest **use of the Trust Seal**.

2. In addition to the agreements referred to above, the Committee agreed that:

- The Director of Strategy, Planning and Partnerships should arrange for a post-investment review to be undertaken of the rental income assumptions in the Business Case relating to the Trust's disposal of the properties at Springwood Road, Maidstone.
- The Committee's report templates should include details of which person will speak to a report.
- The Committee should receive the reports that would be submitted to the People and Organisational Development Committee in relation to the "Reduce the amount of money the Trusts spends on premium workforce spend" Breakthrough Objective.

3. The issues that need to be drawn to the attention of the Board are as follows: N/A

Which Committees have reviewed the information prior to Board submission? N/A

Reason for receipt at the Board (decision, discussion, information, assurance etc.) ¹

Information and assurance

¹ All information received by the Board should pass at least one of the tests from 'The Intelligent Board' & 'Safe in the knowledge: How do NHS Trust Boards ensure safe care for their patients': the information prompts relevant & constructive challenge; the information supports informed decision-making; the information is effective in providing early warning of potential problems; the information reflects the experiences of users & services; the information develops Directors' understanding of the Trust & its performance

Summary report from the People and Organisational Development Committee, 24/03/23 (incl. approval of revised Terms of Reference)
**Committee Chair
(Non-Exec. Director)**

The People and Organisational Development Committee met (virtually) on 24th March 2023 (a 'deep dive' meeting).

The key matters considered at the meeting were as follows:

- The **actions from previous 'main' meetings** were reviewed and it was agreed that the Assistant Trust Secretary should provide the Chair of the Patient Experience Committee with the response to action 01-4a ("Liaise with representatives from other NHS Trusts which had implemented elective orthopaedic centres..."), for information and consideration of what, if any, further patient and staff engagement was required by the Trust to ensure the patient experience, staff development and staff morale requirements were appropriately addressed.
- The **Terms of Reference** were reviewed as part of the annual process and some proposed amendments were agreed and a brief discussion was held to provide the Committee was assurance regarding the reporting arrangements of the Health and Wellbeing Committee. The revised Terms of Reference, are enclosed in Appendix 1 (with the proposed changes 'tracked'), for the Trust Board's approval.
- The Head of Wellbeing & Freedom to Speak Up Guardian attended for a further **review of the Trust's response to the "Raising Concerns" questions in the latest NHS staff survey (incl. the actions to improve staff satisfaction in relation to the incident reporting process)**, which included an in-depth discussion on the importance of ensuring robust evidence that there was an improving trajectory in regards to engagement with 'hard-to-reach' / underrepresented staff groups. The Committee also emphasised the importance of ensuring the lessons learned from After Action Reviews (AARs) were robustly captured and disseminated and the following actions were agreed:
 - Head of Wellbeing and Freedom to Speak Up Guarding; and Deputy Chief People Officer, Organisational should investigate what, if any, mechanisms could be implemented to evidence increased engagement from 'hard-to-reach' / underrepresented staff groups
 - The Chief Nurse should liaise with the Director of Communications to ensure that the next "Six-monthly review of internal communications" report included details of staff engagement with the Patient Safety Learning Hub
 - The Chief People Officer; Deputy Chief People Officer, Organisational Development; and Head of Wellbeing and Freedom to Speak Up Guardian should liaise to consider what, if any, actions could be implemented to increase the feedback provided to Trust staff in relation to any concerns raised
 - The Chief Nurse should explore what, if any, mechanisms could be implemented to increase healthcare support worker (HCSW) engagement with the Patient Safety Learning Hub
- The Trust's Engagement Lead presented a **review of the findings of the national NHS Staff Survey 2022**, which included a comprehensive overview of the Trust performance in 2022 compared to 2018 and the potential initiatives to improve the culture and engagement at the Trust. The Committee outlined the importance of the further work which was required in relation to the Estates Directorate and Facilities Directorate to improve staff engagement and satisfaction and the following actions were agreed for the Trust's Engagement Lead:
 - Consider, and confirm to Committee members, which of the initiatives outlined within the "Moving forward: Implementing People and Culture Strategy, 2022-25" were expected to have the greatest impact on the Trust's culture
 - Consider what, if any, actions should be implemented to obtain additional granular detail, beyond what was provided by the national NHS Staff Survey 2022, in relation to key areas of concerns for Trust staff
 - Liaise with representatives from those NHS Trusts which were within the "best performing" category of the national NHS Staff Survey 2022 to investigate what, if any, innovative approaches could be adopted by the Trust

- The Committee conducted the latest **Monthly review of the “Strategic Theme: People” section of the Integrated Performance Report (IPR)**, which included details of the Trust’s turnover and vacancy rates and the initiatives to promote the career development and progression of Agenda for Change (AfC) band 2 to 5 Administrative and Clerical Staff and it was agreed that the Assistant Trust Secretary should ensure that the Programme Director for Premium Staffing Spend was invited to attend for the “Update on the progress with the Sustainability Strategic Theme four key themes...” item at the April 2023 ‘main’ People and Organisational Development Committee meeting. It was also agreed that the Chief People Officer should provide Committee members with further details of the potential mechanisms which could be implemented to increase staff awareness of the Trust’s Employee Value Proposition (EVP).
- The Committee’s **forward programme** was noted.
- The Committee conducted an **evaluation of the meeting** wherein supported was stated for the attendance of observers and attendees, from the Trust, for specific items.

In addition to the actions noted above, the Committee agreed that: N/A

The issues from the meeting that need to be drawn to the Board ‘s attention as follows:

- The Committee’s Terms of Reference are enclosed under Appendix 1 for approval

Reason for receipt at the Board (decision, discussion, information, assurance etc.)¹

1. Information and assurance
2. To approve the Committee’s revised Terms of Reference (see Appendix 1)

¹ All information received by the Board should pass at least one of the tests from ‘The Intelligent Board’ & ‘Safe in the knowledge: How do NHS Trust Boards ensure safe care for their patients’: the information prompts relevant & constructive challenge; the information supports informed decision-making; the information is effective in providing early warning of potential problems; the information reflects the experiences of users & services; the information develops Directors’ understanding of the Trust & its performance

People and Organisational Development Committee

Terms of Reference



1. Purpose

The Committee is constituted at the request of the Trust Board to provide assurance to the Board in the areas of people development, planning, performance and employee engagement.

The Committee will work to assure the Trust Board that the Trust has the necessary strategies, policies and procedures in place to ensure a high performing and motivated workforce that supports success.

2. Membership

- Non-Executive Director (Chair)*
- Non-Executive Director or Associate Non-Executive Director (Vice Chair)*
- One other Non-Executive Director or Associate Non-Executive Director*
- Chief Nurse*
- Chief People Officer*
- Deputy Chief Executive / Chief Finance Officer*
- Deputy Medical Director (with responsibility for workforce issues)
- Director of Medical Education (DME)
- Wellbeing Guardian

* Denotes those who constitute the membership of the 'deep dive' meeting (see below)

Members can send an appropriate deputy if they are unable to be present at a Committee meeting.

3. Quorum

The 'main' meeting of the Committee will be quorate when the following members are present:

- The Chair or Vice Chair of the Committee and one other Non-Executive Director or Associate Non-Executive Director¹
- Two ~~members of the~~ Executive DirectorsTeam (i.e. Chief Nurse, Chief People Officer or Deputy Chief Executive/Chief Finance Officer). Deputies representing an members of the Executive DirectorTeam will count towards the quorum.

The 'deep dive' meeting (see below) will be quorate when the following members are present:

- The Chair or Vice Chair of the Committee and one other Non-Executive Director or Associate Non-Executive Director¹
- One ~~member of the~~ Executive DirectorTeam (i.e. Chief Nurse, Chief People Officer or Deputy Chief Executive/Chief Finance Officer). Deputies representing an members of the Executive DirectorTeam will count towards the quorum.

4. Attendance

All other Non-Executive Directors (including the Chair of the Trust Board), Associate Non-Executive Directors, and ~~members of the~~ Executive DirectorsTeam (i.e. apart from those listed in the "Membership") are welcome to attend any meeting of the Committee.

Other staff, including members of the People and Culture-Organisational Development Function, may be invited to attend, as required, to meet the Committee's purpose and duties.

5. Frequency of meetings

The Committee shall, generally, meet each month, but will operate under two different formats. The meeting held on alternate months will generally be a 'deep dive' meeting, which will enable

¹ For the purposes of quorum, the Chair of the Trust Board will be regarded as a Non-Executive Director

detailed scrutiny of a small number of issues/subjects. For clarity, the other meeting will be referred to as the 'main' People and Organisational Development Committee.

The Committee Chair may schedule additional meetings, as required (or cancel any scheduled meetings).

6. Duties

To provide assurance to the Trust Board on:

- People planning and development, including alignment with business planning and development;
- Equality, Diversity and Inclusion (EDI) in the workforce;
- Employee relations trends e.g. discipline, grievance, bullying/harassment, sickness absence, disputes;
- Occupational health and wellbeing in the workforce;
- External developments, best practice and industry trends in employment practice;
- Staff recruitment, retention and satisfaction;
- Employee engagement;
- Internal communications;
- Terms and conditions of employment, including reward;
- Organisational development, organisational change management and leadership development in the Trust;
- Training and development activity;
- Reporting from the Guardian of Safe Working Hours (in relation to the Terms and Conditions of Doctors in Training);
- The Trust's Freedom to Speak Up Guardian (FTSUG) arrangements; and
- The Trust's wellbeing arrangements

To convene task & finish groups to undertake specific work identified by the Committee or the Trust Board.

To review and advise upon any other significant matters relating to the performance and development of the workforce.

7. Parent committees and reporting procedure

The Committee is a sub-committee of the Trust Board.

A written summary report of each Committee meeting will be submitted to the Trust Board. The Committee Chair will present the Committee submit a written summary report to the next available Trust Board meeting.

Any relevant feedback and/or information from the Trust Board will be reported to the Committee by the Committee Chair, as they deem necessary.

8. Sub-committee and reporting procedure

The following Committee reports to the People and Organisational Development Committee through its chair or representatives following each meeting:

- Local Academic Board (LAB) (reporting to occur via the report from the DME).

9. Emergency powers and urgent decisions

The powers and authority which the Trust Board has delegated to the Committee may, when an urgent decision is required between meetings, be exercised by the Chair of the Committee Chair, after having consulted at least two Committee members who are members of the Executive Team Directors. The exercise of such powers by the Committee Chair shall be reported to the next formal meeting of the Committee, for formal ratification.

10. Administration

The Trust Secretary will ensure that each committee meeting is given appropriate administrative support and will liaise with the Committee Chair on:

- The Committee's forward programme, setting out the dates of key meetings & agenda items;
- The Committee's pre-meeting discussion;
- The meeting agenda; [and](#)
- The meeting minutes and the action log

11. Review of Terms of Reference and monitoring compliance

The Terms of Reference of the Committee will be reviewed and agreed by the Committee at least annually, and then formally approved by the Trust Board. They will be reviewed annually or sooner if there is a significant change in the arrangements.

Review History

- Terms of Reference agreed by Workforce Committee: 29th September 2016
- Terms of Reference approved by Trust Board: 19th October 2016
- Terms of Reference agreed by Workforce Committee: 30th October 2017
- Terms of Reference approved by Trust Board: 29th November 2017
- Amended Terms of Reference agreed by Workforce Committee: 25th January 2018 (to change the frequency of meetings from quarterly to every two months)
- Amended Terms of Reference approved by Trust Board: 1st March 2018
- Terms of Reference agreed by Workforce Committee: 28th March 2019
- Amended Terms of Reference approved by Trust Board: 25th April 2019
- Amended Terms of Reference approved by Trust Board, 31st October 2019 (to add the Health and Safety Committee as a sub-committee)
- Terms of Reference agreed by Workforce Committee: 26th March 2020 (as part of the annual review, and to include the Inclusion Committee as a sub-committee, to add the Deputy Medical Director as a member, and to reflect the agreement that members can send deputies if they are unable to be present)
- Terms of Reference approved by Trust Board: 30th April 2020 (as part of the annual review)
- Amended Terms of Reference agreed by Workforce Committee: 15th May 2020 (to withdrawn the membership of the Chief Operating Officer and to add the Chief Finance Officer as a member)
- Amended Terms of Reference approved by Trust Board: 21st May 2020
- Change approved by the Trust Board, 25th June 2020, to increase the frequency of meetings to monthly
- Change of the Committee's name and removal of the Inclusion Committee as a sub-committee, agreed by the Workforce Committee, 15th October 2020
- Change approved by the Trust Board, 22nd October 2020, to change the Committee's name (from the Workforce Committee to the People and Organisational Development Committee) and removal of the Inclusion Committee as a sub-committee.
- Terms of Reference agreed by the People and Organisational Development Committee: 23rd April 2021 (as part of the annual review, to remove the Health and Safety Committee as a sub-committee, to reflect the change of job title from Director of Workforce to Chief People Officer, to include the differentiation between the 'main' and 'deep dive' meeting and to more explicitly indicate the quorum requirements)
- Amended Terms of Reference approved by Trust Board: 29th April 2021
- Terms of Reference agreed by the People and Organisational Development Committee, 25th March 2022 (as part of the annual review)
- Amended Terms of Reference approved by Trust Board, 31st March 2022
- Terms of Reference agreed by the People and Organisational Development Committee, 23rd September 2022 (to include the Wellbeing Guardian within the Committee's membership)
- Amended Terms of Reference approved by Trust Board, 29th September 2022
- Terms of Reference agreed by the People and Organisational Development Committee, 24th March 2023 (as part of the annual review)
- Amended Terms of Reference approved by Trust Board, 30th March 2023

**Summary report from the Patient Experience Committee,
02/03/23**
**Committee Chair
(Non-Executive Director)**

The Patient Experience Committee (PEC) met on 2nd March 2023, virtually, via webconference

The key matters considered at the meeting were as follows:

- The Deputy Chief Nurse for Quality and Experience provided an **update on the Patient Experience Strategic Theme** and highlighted the themes raised through various surveys and complaints and the potential opportunities, such as additional training, to resolve them.
- The Deputy Chief Nurse for Quality and Experience then provided a brief **update on the Patient Experience Framework pilot** in which it was explained that the Trust was still undergoing to approval process and the pilot would hopefully begin in April 2023 and it was agreed that the Administration Assistant, Trust Secretary's Office would schedule a further update on the Patient Experience Framework pilot item at the Committee's meeting in September 2023.
- The Director of Quality Governance gave an **update on Complaints** and noted that the new Head of Complaints was due into post at the end of March 2023 which should aid in meeting the Trust's closure of complaints target of 75%.
- The Deputy Chief Nurse for Quality and Experience provided an **update on the Friends and Family Test (FFT)** and highlighted that over 5000 responses had been received in February 2023 which was a large increase from the Trust's previous level and work was ongoing to sustain this increase.
- The Director of Nursing and Quality for Cancer Services discussed the **results of the Cancer Survey and associated action plan** in which it was agreed that a review of the results of the 2023 Cancer Survey and associated action plan item would be scheduled at the Committee's meeting in December 2023.
- The Quality and Technical Manager for Facilities attended to give an **update on Improvement Initiatives including food and Patient Led Assessment of the Care Environment (PLACE)** which included that the PLACE audit for 2022 had taken place after the break due to COVID-19 in 2020 and 2021 and that the assessments were going well.
- The Interim Patient Experience Lead provided an update on the **Patient Experience Project** and highlighted the progress made with the volunteers and the projects they were involved in.
- An update on the patient experience initiatives in **Cancer Services** was given by the Director of Nursing and Quality for Cancer Services.
- The Interim General Manager for Outpatients attended to provide an **update on Outpatient Transformation** which included the progress with the Patient Portal Business Case.
- The Patient Research Champion gave an **update from the National Institute for Health Research (NIHR)** and highlighted the benefits of raising awareness that the Trust was a research active organisation.
- The representative from **Healthwatch Kent** had nothing to update the Committee but agreed to provide the contact details of a member of Healthwatch to David Morris, Public Representative, and the Chief Nurse confirmed she would circulate the most recent Healthwatch stakeholder update to the Committee members.
- The Committee **approved the Terms of Reference for the Patient Information Leaflet Group (PILG)** and the Interim Patient Experience Lead agreed to check, and confirm to Committee members, whether patient information leaflets included information of the Trust's research active status.

In addition to the actions noted above, the Committee agreed: That the Administration Assistant, Trust Secretary's Office should schedule a "Review of the patient experience related aspects of the March 2023 Care Quality Commission inspection findings" at a future Committee meeting.

The issues that need to be drawn to the attention of the Board: The Committee agreed to continue with its current Terms of Reference, pending a more detailed future review/revision, and these have been included in Appendix 1. The Trust Board is asked to approve the continuation of the Terms of Reference.

Which Committees have reviewed the information prior to Board submission?

- N/A

Reason for submission to the Board (decision, discussion, information, assurance etc.)¹

1. Information and assurance
2. To approve the continuation of the Patient Experience Committee's current Terms of Reference (see Appendix 1)

¹ All information received by the Board should pass at least one of the tests from 'The Intelligent Board' & 'Safe in the knowledge: How do NHS Trust Boards ensure safe care for their patients': the information prompts relevant & constructive challenge; the information supports informed decision-making; the information is effective in providing early warning of potential problems; the information reflects the experiences of users & services; the information develops Directors' understanding of the Trust & its performance

PATIENT EXPERIENCE COMMITTEE

TERMS OF REFERENCE



1. Purpose

The Committee's purpose is to consider the effectiveness of the Trust's progress in utilising the learning from patient and service users experience of Trust services in order to improve, and identify the level of inclusion achieved for patients and service users by Trust operations

2. Membership

From the Trust:

- Non-Executive Director or Associate Non-Executive Director (Chair)
- Non-Executive Director or Associate Non-Executive Director (Vice Chair)
- Chief Nurse
- Director of Strategy, Planning and Partnerships
- Deputy Chief Nurse (x 1)
- Director of Quality Governance
- Complaints & PALS Manager
- Patient Experience Lead
- Patient Experience Lead for Maternity Services

External to the Trust:

- Public representatives from the Trust's catchment area
- Representatives from patient and carer support groups within the Trust's catchment area
- Representative from Healthwatch Kent (1)
- Representative from the local Independent Health Complaints Advocacy service (1)
- Representative from the League of Friends of the Maidstone Hospital (1)
- Representative from the League of Friends of Tunbridge Wells Hospital (1)

3. Attendance and quorum

The Committee will be quorate when 3 members from the Trust (including 1 Non-Executive Director or Associate Non-Executive Director) and 3 members external to the Trust are present. Members may request a deputy to attend meetings in their place. Such a deputy will count towards the quorum.

All other Non-Executive Directors (including the Chair of the Trust Board), Associate Non-Executive Directors, and members of the Executive Team are entitled to attend any meeting of the Committee.

Any Trust staff member, including trainees, who request the opportunity to observe the meeting are welcome, subject to capacity.

The Chair/s of the Patient Experience Committee's sub-committee will be invited to attend certain meetings, to provide a report on the sub-committee's activity.

The Committee Chair may also invite others to attend, as required, to meet the Committee's duties.

4. Frequency of meetings

The Committee shall, generally, meet quarterly, but the Committee Chair may schedule additional meetings, as required (or cancel any scheduled meetings).

5. Duties

- To positively promote the Trust's partnership working with its patients.
- To aim to capture the perspective of patients and present their experience of the Trust's services.

- To consider the standard and accessibility of patient and/or carer information within the Trust, via any relevant forum, including the Patient Information Leaflet Group (PILG).
- To consider the impact of Trust Policies, procedures, and strategies in so far as they relate to patient experience.
- To advise on priorities for patient surveys, methods for obtaining local patient feedback and identify exemplar practice.
- To monitor (via the receipt of reports) the following subjects:
 - Findings from the national NHS patient surveys (along with a response)
 - Friends and Family Test findings (and response, if required)
 - Findings from local patient surveys
 - Findings from relevant Healthwatch Kent 'Enter & View' visits (with a response, if relevant)
 - Complaints and PALS contacts information
 - Patient experience-related findings from Patient-led Assessments of the Care Environment (PLACE)
- To review the work being undertaken by the Trust's Divisions in relation to improving patient and service user experience.
- To receive reports on the outcome of the patient partner teams.
- To maintain awareness of the developments with the Kent and Medway Integrated Care System (ICS).
- To support the work by the Trust to consult with patient and public on:
 - The planning and provision of services
 - Proposals for changes in the way those services are provided, and
 - Significant decisions that affect the operation of those services in particular with regard to inclusion and service user confidence in services.

6. Parent committees and reporting procedure

The Patient Experience Committee is a sub-committee of the Trust Board. The Committee Chair will report its activities to the next Trust Board meeting following each Patient Experience Committee meeting.

Any relevant feedback and/or information from the Trust Board will be reported by Executive and Non-Executive members (including Associate Non-Executive Directors) to each meeting of the Committee, by exception.

The Committee's relationship with the Quality Committee is covered separately, below.

7. Sub-committees and reporting procedure

The following sub-committees will report to the Patient Experience Committee through their respective chairs or representatives following each meeting:

- Patient Information Leaflet Group (PILG)
- Patient Representative Group

The frequency of reporting will depend on the frequency of sub-committee meetings.

Quality Committee

The Quality Committee may commission the Patient Experience Committee to review a particular subject, and provide a report. Similarly, the Patient Experience Committee may request that the Quality Committee undertake a review of a particular subject, and provide a report.

A summary report of the Patient Experience Committee will be submitted to the Quality Committee, for information/assurance and to help prevent any unnecessary duplication of work (the summary

report submitted from the Patient Experience Committee to the Trust Board should be used for the purpose).

8. Administration

The minutes of the Committee will be formally recorded and presented to the following meeting for agreement and the review of actions

The Trust Secretary will ensure that each committee is given appropriate administrative support and will liaise with the Committee Chair on:

- The Committee's Forward Programme, setting out the dates of key meetings & agenda items
- The meeting agenda, minutes and 'actions log'

9. Emergency powers and urgent decisions

The powers and authority of the Patient Experience Committee may, when an urgent decision is required between meetings, be exercised by the Chair of the Committee, after having consulted with either the Chief Nurse or Director of Strategy, Planning and Partnerships. The exercise of such powers by the Committee Chair shall be reported to the next formal meeting of the Patient Experience Committee, for formal ratification.

10. Review of Terms of Reference

The Terms of Reference of the Committee will be reviewed and agreed by the Committee at least annually, and then formally approved by the Trust Board.

History

- Terms of Reference (amended) agreed by the Patient Experience Committee, 14th October 2009
- Terms of Reference (amended) agreed by the Patient Experience Committee, 4th October 2010
- Terms of Reference (amended) approved by the Patient Experience Committee, 3rd October 2011
- Terms of Reference (amended) agreed by the Patient Experience Committee, 6th February 2012
- Terms of Reference (amended) approved by Patient Experience Committee, 7th March 2013
- Terms of Reference (amended) approved by the Trust Board, 29th April 2015
- Terms of Reference (amended) agreed by the Patient Experience Committee, 7th March 2016
- Terms of Reference (amended) approved by the Trust Board, 23rd March 2016
- Terms of Reference (amended) agreed by the Patient Experience Committee, 8th March 2017
- Terms of Reference (amended) approved by the Trust Board, 29th March 2017
- Terms of Reference approved by Trust Board, 18th October 2017 (to add Associate Non-Executive Directors to the membership)
- Terms of Reference (amended) agreed by the Patient Experience Committee, 7th March 2018
- Terms of Reference (amended) agreed by the Patient Experience Committee, 5th July 2018
- Terms of Reference (amended) approved by the Trust Board, 26th July 2018
- Terms of Reference (amended) agreed by the Patient Experience Committee, 1st December 2020
- Terms of Reference (amended) approved by the Trust Board, 17th December 2020
- Terms of Reference (amended) agreed by the Patient Experience Committee, 2nd December 2021
- Terms of Reference (amended) approved by the Trust Board, 22nd December 2021

Audit and Governance Committee, 01/03/23 (incl. an update on bribery-related best practice)
Committee Chair (Non-Executive Director)

The Audit and Governance Committee met on 1st March 2023 (via web conference).

1. The key matters considered at the meeting were as follows:

- The **actions from previous meetings** were reviewed and it was agreed that the Anti-Crime Manager should provide the Assistant Trust Secretary with a brief written summary of the requirements placed upon the Trust Board under the Bribery Act, including details of any changes to bribery and corruption laws and regulations, for inclusion in the Committee's summary report to the March 2023 'Part 1' Trust Board meeting (the **update on the Bribery Act** has enclosed under Appendix 1).
- Due to an unannounced Care Quality Commission (CQC) inspection the Trust's response to the **Limited assurance internal audit review: Assurance Review of Bed and Trolley Management** was noted; although it was agreed that the Assistant Trust Secretary should liaise with the Chief Nurse to obtain a response to the questions which had been posed under the "Limited assurance internal audit review: Assurance Review of Bed and Trolley Management" item at March 2023 Committee meeting, and subsequently circulate the associated response to Committee members.
- The Committee conducted the latest **review of the Trust's red-rated risks** (which included feedback on the 'deep dive' process) which included an-depth discussion regarding the process by which the Committee could receive assurance regarding the process to capture risks and it was agreed that the Assistant Trust Secretary should schedule an in-depth review of risk ID2992 "Age of the Imaging Equipment in Radiology at MTW" which includes details of the genesis of the risk at the Committee's meeting in May 2023. It was also agreed that the Risk and Compliance Manager should ensure that future "Review of the Trust's red-rated risks" reports reflected the comments received at the March 2023 Committee meeting (i.e. inclusion of a graphical representation of average risk age in months; and target dates for the achievement of "risk rating (target)", where feasible)
- An **update on progress with the Internal Audit plan for 2022/23 (incl. progress with actions from previous Internal Audit reviews)** was reported and clarification regarding the process for assigning a "Limited Assurance" rating was provided. The list of recent Internal Audit reviews is shown below (in section 2).
- The interim **Internal Audit plan for 2023/24** and the **Internal Audit Charter** were approved as submitted and the Committee confirmed that the annual review and approval of the charter should continue to be scheduled each year. However, it was noted that interim Internal Audit plan for 2023/24 was expected to undergo further amendments once the procurement process for the Trust's Internal Audit service provider from 2023/24 was completed. It was also agreed that the Director of Audit, Tiaa Ltd (Head of Internal Audit) should provide Committee members with an assurance process map template to enable consideration as to whether the adoption of such an approach would be beneficial.
- The latest **Counter Fraud update** was noted.
- The Anti-Crime Manager, Tiaa Ltd reported the latest position in relation to the **Counter Fraud Annual Work Plan for 2023/24** which included the time which had been allocated to Counter Fraud investigations during the procurement process for a Counter Fraud service provider from 2023/24.
- The **External Audit plan for 2022/23** (which included the latest "**Audit Progress Report and Sector Update**" from External Audit) was approved as submitted and the Committee received further elaboration on the value for money assessment process.
- Under the **update on the 2022/23 accounts process** the Committee approved the accounting policies and approach to accounting estimates.
- The Deputy Chief Executive / Chief Finance Officer provided a **summary of the latest financial issues** which included that the Trust remained on trajectory to deliver a break-even position for the 2022/23 financial plan.
- The latest **losses & compensations data; single tender / quote waivers data; and detail**

of interests declared under the Conflict of Interests policy and procedure were noted and the further work to embed the revised Conflict of Interests policy and procedure was reported under the latter.

- The Head of Security Management and the Security Core Skills Trainer and CRT Lead attended for the latest **update on security issues** which included an overview long-term strategic approach to reduce instances of violence and aggression against Trust staff and details of the face-to-face / in-person approach to training which had been adopted.
- The Director of IT attended for an **update on cyber security** wherein it was agreed that the Director of IT should ensure that future “Update on cyber security” reports reflected the comments received at the March 2023 Committee meeting (i.e. an update on the progress with patching compliance with Windows Devices; a timeline for the implementation of a future cyber security business continuity exercise; and details of the progress with addressing other cyber security issues). It was also agreed that the Director of IT should check, and confirm to Committee members, the number of devices which were not Microsoft update compliant.
- The Committee confirmed the intended process for the review/survey of **the Committee, External Audit Service, Internal Audit Service and Counter Fraud Service** and noted the intended utilisation of an electronic platform (e.g. Survey Monkey) to facilitate the review/survey process. It was agreed that the Director of Audit, Tiaa Ltd (Head of Internal Audit) should Provide Committee members with a blank template of the alternative approach utilised by other clients of Tiaa Ltd for the review/survey of the Committee, External Audit service, Internal Audit service and Counter Fraud service, to enable consideration of whether such an approach should be adopted by the Committee for the 2024 reviews/surveys. It was also agreed that the Assistant Trust Secretary should review the blank template provided by the Director of Audit, Tiaa Ltd (Head of Internal Audit) to investigate whether the approach could be adopted for the 2024 review/survey of the Committee, External Audit service, Internal Audit service and Counter Fraud service.
- The Committee undertook an **evaluation of the meeting** (which included the confirmation of any “spotlight on...” items).

2. The Committee received details of the following completed Internal Audit reviews:

- “Bed and Trolley Management” (which received a “Limited Assurance” conclusion due to a lack of available evidence to support the Internal Audit review)
- “Follow Up - Estates Procurement Contract Management Processes” (which was not allocated an assurance rating, due to being a follow-up Internal Audit Review)
- “HFMA Checklist (mandated review)” (which was an “Advisory Review” and therefore not allocated an assurance rating)
- “Core Systems Review” (which received a “Limited Assurance” conclusion due to inconsistencies within the Trust’s processes)

3. The Committee was also notified of the following “Urgent” priority outstanding actions from Internal Audit reviews: N/A

4. The Committee agreed that (in addition to any actions noted above): N/A

5. The issues that need to be drawn to the attention of the Board are as follows: N/A

Which Committees have reviewed the information prior to Board submission?

- N/A

Reason for receipt at the Board (decision, discussion, information, assurance etc.) ¹

Information and assurance

¹ All information received by the Board should pass at least one of the tests from ‘The Intelligent Board’ & ‘Safe in the knowledge: How do NHS Trust Boards ensure safe care for their patients’: the information prompts relevant & constructive challenge; the information supports informed decision-making; the information is effective in providing early warning of potential problems; the information reflects the experiences of users & services; the information develops Directors’ understanding of the Trust & its performance

TIAA Ltd Anti-Crime Review - Bribery Act 2010 - Board Responsibilities and Key Principles

The Trust's Bribery arrangements are reviewed annually by the Anti-Crime Team and changes are reported to the Audit and Governance Committee who will then provide an overview to the Board.

Since the Act came into force on 1st July 2011 there have been no changes to the legislation. This document provides a reminder to the Board of the legislation and six key principles.

The Bribery Act 2010

The Bribery Act 2010 takes a robust approach to tackling bribery. It came into force on the 1st July 2011, affects all businesses operating in the UK and is widely described as the toughest anti-corruption legislation in the world.

The Act created a new offence under Section 7 which can be committed by a commercial or NHS organisation which fails to prevent persons associated with them from committing bribery on their behalf.

It is a defence for an organisation to prove that despite a case of bribery in their organisation, it had adequate procedures in place to prevent persons associated with it from committing bribery offences.

Bribery Act 2010 – Key Principles

1. Proportionate procedures
2. Top level commitment
3. Risk assessment
4. Due diligence
5. Communication
6. Monitoring and review

The Anti-Crime Team assessment of these key principles is that the Trust is compliant.

A Bribery Act Statement will shortly be published internally and externally to demonstrate the Trust's commitment to preventing bribery.

Bribery Act Statement to be published on Intranet and External Website

Maidstone and Tunbridge Wells NHS Trust recognises that bribery is a hugely damaging practice that undermines competition and the reputation of public and private bodies involved.

This statement demonstrates the Trust's commitment to preventing bribery. The Trust is committed to delivering good governance and has always expected its Trust Board members and staff to meet the highest standards of business conduct. The Trust expects staff to act with integrity and we will not tolerate bribery and corruption.

The Bribery Act 2010 came into force on 1st July 2011 and the aim of the Act is to tackle bribery and corruption in both the private and public sector. The Act defines the following key offences with regards to bribery:

- Active bribery (offering, promising or giving a bribe);
- Passive bribery (requesting, agreeing to receive, or accepting a bribe); and
- Bribery of a foreign public official.

- The Act also sets out a corporate offence of failing to prevent bribery by an organisation not having adequate preventative procedures in place.

Maidstone and Tunbridge Wells NHS Trust has a set of robust controls, policies and procedures in place to prevent fraud, corruption or bribery. The Trust's Counter Fraud Team can be contacted if staff have any concerns of fraud, corruption or bribery and the Trust has an annual plan to mitigate the risks of fraud, corruption, and bribery.

The Trust also has an Anti-Fraud, bribery and corruption policy available to staff on the intranet that sets out procedures designed to prevent acts of bribery or corruption. This policy has been created with reference to the Bribery Act 2010. Additionally, the Trust has policies that govern how conflicts of interest are declared and managed, disciplinary procedures, and 'Freedom to Speak Up', as well as Standing Financial Instructions and Standing Orders.

One of the six principles of the Act demands that there is top level commitment in the organisation for preventing bribery. Maidstone and Tunbridge Wells NHS Trust is committed to ensuring compliance with the Act and discussions have been held at both the Trust Board and its Audit and Governance Committee to ensure that the requirements of the Act are fully complied with.

The Trust believes a zero-tolerance approach towards bribery supports our reputation for honesty and ethical practice and instils confidence in our patients and the wider public. The Trust would like to re-affirm its commitment to ensuring that the Trust is free from fraud, corruption, or bribery and that all staff are aware of their responsibilities in relation to the prevention of fraud, corruption or bribery. If you have any concerns or queries in relation to this statement or our procedures in respect to bribery prevention, please contact us.

If you have any concerns about a fraud or bribery taking place in the NHS you can contact Andrew Ede, Anti-Crime Manager, Tel 07814 285177 or Email andrew.ede1@nhs.net. Alternatively, NHS Counter Fraud Authority Reporting Line, 0800 028 40 60 or www.cfa.nhs.uk/reportfraud

Summary report from the Charitable Funds Committee, 22/03/23

Committee Vice Chair
(Non-Executive Director)

The Charitable Funds Committee (CFC) met on 22nd March 2023, virtually, via webconference.

1. The key matters considered at the meeting were as follows:

- The **actions from previous meetings** were noted
- The Committee undertook an **annual review of the risk register entries relevant to the Charitable Fund** wherein it was agreed that the Trust Secretary should ensure that risk ID2794 “The effect of COVID-19 pandemic (and other similar BCI) ...” was amended to more explicitly focus on Business Continuity Incidents in general, rather than specifically the COVID-19 pandemic. It was also agreed that the Trust Secretary should investigate the development of a new risk, for inclusion within the Trust’s Risk Register, associated with non-compliance with Charity Commission rules and regulations, and in particular in relation to the risks associated with over or under performance of the Trust’s fundraising appeals.
- As part of the annual review process the Committee **approved the Charity Management Committee’s Terms of Reference**, subject to the amendment of “Interim Patient Experience Lead” to “Patient Experience Lead” and “Digital Comms Manager” to “Digital Communications Manager” within the “Membership” section.
- The **audit approach for the 2022/23 Maidstone and Tunbridge Wells NHS Trust charitable fund account** was confirmed as an independent examination rather than a full on-site audit.
- The **financial overview at Month 11** was considered wherein it was agreed that the Head of Financial Services should provide Committee members with further details of how the Trust’s Charitable Funds had been utilised to support a reduction in the number of incidents of falls at the Trust. The Committee noted that:
 - The total income received up to month 11 was £98.7k with expenditure of £318.7k, which resulted in a fund balance of £884.2k, a decrease of £220k since 1st April 2022
 - Twenty-Seven specific donations had been received exceeding £1k totalling £45.9k. The largest single donation was a £5k donation to the Cancer Services Division.
 - No requests for expenditure had been refused during the period
- The Committee approved a **proposal for the management and administration fee for 2023/24**.
- The Head of Charity and Fundraising provided the latest **Fundraising update**, which included an update from the Charity Management Committee, wherein the Committee noted the further fundraising plans which had been developed and the proposed initiatives to increase public engagement with the Trust’s charity and it was agreed that the Head of Charity and Fundraising should ensure that discussions were held with the Head of Information Governance regarding the proposed use of direct marketing methods, with information obtained via use of the Trust’s WiFi network, to ensure compliance with all relevant regulations. It was also agreed that the Assistant Trust Secretary should schedule a “Review of the potential Customer Relationship Management (CRM) system” item at the Committee’s meeting in July 2023.
- The Head of Charity and Fundraising provided an **update on the progress of the Charitable Fund Fundraising Strategy** which included an in-depth debate on the various proposed logos which had been suggested for the Trust’s Charity and it was agreed that the Head of Charity and Fundraising should implement a vote, via the Trust’s staff Facebook group, on the two preferred options (i.e. option 4 and 5) for the new logo for the Trust’s Charity, to determine which logo should be adopted. It was also agreed that the Trust Secretary should review the “Policy and Procedures for Charitable Funds” to determine what, if any, amendments should be made to manage donations offered from sources whose values may not be aligned to the Trust’s (e.g. Tobacco companies).
- The Committee conducted a further review of **the proposed fundraising appeals for 2023/24** wherein the Committee confirmed the decision that the Trust’s significant capital appeal for 2023/24 should focus on Cardiology and it was agreed that the Head of Charity and Fundraising should arrange for the forum to be established under the further review of the proposed fundraising appeals for 2023/24 to be called the “Cardiology Capital Campaign Committee”

instead of “Cardiology Capital Campaign Board”.

- The Committee received an **update on the use of charitable funds to support wellbeing and financial hardship**, which included details of how such support had been funded; how any tax implications had been addressed; and the processes underlying the distribution of the funds to the intended recipients. The Committee noted the staff support for the various initiatives which had been implemented (e.g. the “staff pantry”).
- The committee reviewed the **Member Charity Financial Comparison Survey 2021** which included a comparison of the Trust’s Charity to other NHS Charities within the southeast region for 2020/21 and it was agreed that the Head of Charity and Fundraising should investigate what, if any, alternative approaches had been adopted by other NHS Trusts within the Kent and Medway Integrated Care System (ICS) to access additional charitable grant funding (including from NHS Charities Together).
- The Chair of the Charity Management Committee provided a verbal update on the **proposed partnership with Maggie’s Centres**.
- The Committee confirmed that a **Committee evaluation** should not be undertaken for 2023, to enable the work of the Head of Charity and Fundraising to be further embedded before feedback was provided.
- The **Committee’s forward programme** was noted and it was agreed that the Assistant Trust Secretary should amend the Committee’s forward programme to ensure that future “Fundraising update (incl. an update from the Charity Management Committee)” items explicitly outlined the inclusion of an update from the “Cardiology Capital Campaign Committee”.

2. In addition to the actions noted above, the Committee agreed that: N/A

3. The issues that need to be drawn to the attention of the Board are as follows: N/A

Which Committees have reviewed the information prior to Board submission? N/A

Reason for submission to the Board (decision, discussion, information, assurance etc.) ¹

Information and assurance

¹ All information received by the Board should pass at least one of the tests from ‘The Intelligent Board’ & ‘Safe in the knowledge: How do NHS Trust Boards ensure safe care for their patients’: the information prompts relevant & constructive challenge; the information supports informed decision-making; the information is effective in providing early warning of potential problems; the information reflects the experiences of users & services; the information develops Directors’ understanding of the Trust & its performance

Integrated Performance Report (IPR) for February 2023

**Chief Executive / Members
of the Executive Team**

The IPR for month 11, 2022/23, is enclosed, along with the monthly finance report and the latest 'planned vs actual' nurse staffing data.

Which Committees have reviewed the information prior to Board submission?

Finance and Performance Committee, 28/03/23

Reason for submission to the Board (decision, discussion, information, assurance etc.) ¹

Review and discussion

¹ All information received by the Board should pass at least one of the tests from 'The Intelligent Board' & 'Safe in the knowledge: How do NHS Trust Boards ensure safe care for their patients': the information prompts relevant & constructive challenge; the information supports informed decision-making; the information is effective in providing early warning of potential problems; the information reflects the experiences of users & services; the information develops Directors' understanding of the Trust & its performance

Integrated Performance Report

February 2023

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Note: Detailed dashboards and a deep dive into each SDR and CQC Domain are available on request - mtw-tr.informationdepartment@nhs.net

Key to KPI Variation and Assurance Icons

Variation			Assurance					
Special cause of concerning nature or higher pressure due to (H)igher or (L)ower values	Special cause of improving nature or higher pressure due to (H)igher or (L)ower values	Common cause - no significant change	Consistent (P)assing of Target - Upper control limit is below the target line or Lower control limit is above the target line (depending on the nature of the metric)	Metric has (P)assed the target for the last 6 (or more) data points, but the control limits have not moved above/below the target.	Inconsistent passing and failing of the target	Metric has (F)ailed to meet the target for the last 6 (or more) data points, but the control limits have not moved above/below the target.	Consistent (F)ailing of Target - Lower control limit is below the target line or Upper control limit is above the target line (depending on the nature of the metric)	Data Currently Unavailable or insufficient data points to generate an SPC

Special Cause Concern - this indicates that special cause variation is occurring in a metric, with the variation being in an adverse direction. Low (L) special cause concern indicates that variation is downward in a KPI where performance is ideally above a target or threshold e.g. ED or RTT Performance. (H) is where the variance is upwards for a metric that requires performance to be below a target or threshold e.g. Pressure Ulcers or Falls.

Special Cause Concern - this indicates that special cause variation is occurring in a metric, with the variation being in a favourable direction. Low (L) special cause concern indicates that variation is upward in a KPI where performance is ideally above a target or threshold e.g. ED or RTT Performance. (H) is where the variance is downwards for a metric that requires performance to be below a target or threshold e.g. Pressure Ulcers or Falls.

Escalation Rules:

Please see the Business Rules for the five areas of Assurance: Consistently Failing, Not achieving target >=6 months, Hit or Miss, Consistently Passing and Achieving target >=6 months (three slides in the last Appendix)

Escalation Pages:

SPC Charts that have been escalated as have triggered the Business Rule for Full Escalation have a Red Border

Scorecards explained

Name of Metric/KPI	Latest			Previous			Assurance			
	Trust Target	Most recent position	Period	Trust Target	Most recent position	Period	Variance / Driver	Variation	Assurance	CMS Action
A reduction in harm (target to be determined) by March 2022. - Incidents resulting in Harm	100	159	Oct-21	100	159	Sep-21	Driver			Verbal CMS

Further Reading / other resources

The NHS Improvement website has a range of resources to support Boards using the Making Data Count methodology. This includes a number of videos explaining the approach and a series of case studies – these can be accessed via the following link - <https://improvement.nhs.uk/resources/making-data-count>

Executive Summary

Executive Summary

Vacancy Rate continues to experience special cause variation of an improving nature and Passing the target for 6+ months. The Trust Turnover Rate has failed the target for more than six months and continues to be in special cause variation of a concerning nature. Agency spend continues to fail the target for more than six months and is in common cause variation. Sickness levels are in variable achievement of the target and common cause variation. The Trust Appraisal rate remains in escalation as is not achieving the target but is now experiencing special cause variation of an improving nature. The Trust was £2.4m in surplus in the month which was £1.2m favourable to plan. Year to Date the Trust is achieving the plan which is a £1.2m in deficit.

With the continued improvement in the Nursing Vacancy Rate which is now experiencing special cause variation of an improving nature and has passed the target for six months, the Nursing Safe Staffing Levels have remained above target in February at 93.6%, experiencing common cause variation and variable achievement of the target. The rate of inpatient falls continues to experience common cause variation and variable achievement of the target. Hospital on-set of COVID remains in escalation. These indicators also impact the Incidents resulting in harm indicator which is experiencing common cause variation and failing the target for more than six months.

Diagnostic Waiting Times has improved significantly in February (+8%) and is now experiencing special cause variation of an improving nature, but is consistently failing the target at 94.1%, driven by the continued low performance for Echocardiography. RTT performance is experiencing special cause variation of a concerning nature and has not achieved the trajectory target for more than six months. We remain one of the best performing trusts in the country for longer waiters. First outpatient activity levels are experiencing common cause variation and have failed the trajectory target for more than six months, however levels remain above 1920 levels. Diagnostic Activity levels are consistently below target but remain above 1920 levels. Elective activity is now experiencing common cause variation (as has improved to a new normal) and passing the target as has achieved the plan for more than six consecutive months. It therefore remains above plan Year to date (YTD).

The number of patients leaving our hospitals before noon is now experiencing special cause variation of an improving nature. A&E 4hr performance is experiencing common cause variation at 88.6% and has not achieved the target for more than six months. However, the Trust's performance remains one of the highest both Regionally and Nationally (with some weeks in February being the highest performance Trust Nationally. Ambulance handovers improved further in February and are now experiencing common cause variation and are no longer escalated. The Trust has once again achieved the Cancer Waiting Times 62 Day standard for the month of January and has continued to achieve the national 2 Week Wait (2WW) Standard. Achievement of these standards continues to remain increasingly challenging with the continued high number of 2WW referrals and the number of patients on the 62 day backlog.

Please note that some of Counter Measure Summaries (CMS)'s are still in development as the A3's are still in progress.

Escalations by Strategic Theme:

People:

- Turnover Rate (P.8)
- Sickness Rate (P.9)*
- Appraisal Completeness (P.9)

Patient Safety & Clinical Effectiveness:

- Incidents resulting in Harm (P.11)
- Infection Control - COVID (P.12)

Patient Access:

- RTT Performance (P.13)
- Planned levels of new outpatients activity (P.14)
- Outpatient Calls answered <1 minute (P.16)
- Outpatient Clinic Utilisation (P.16)
- Diagnostic Waiting Times (P.17)
- Planned levels of Diagnostics activity (P.18)

Patient Experience:

- Complaints responded within target (P.22)
- FFT Response Rates - A&E, Outpatients and Maternity (P.23)

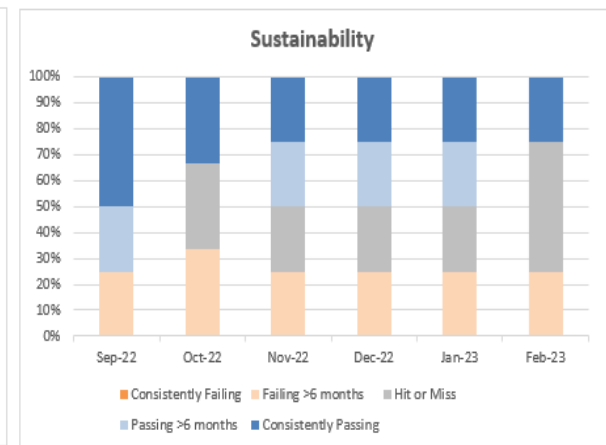
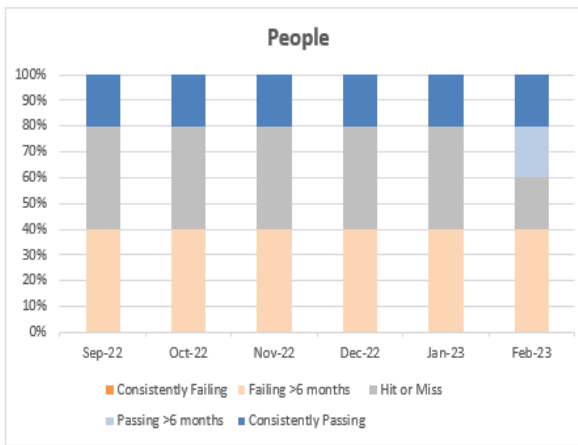
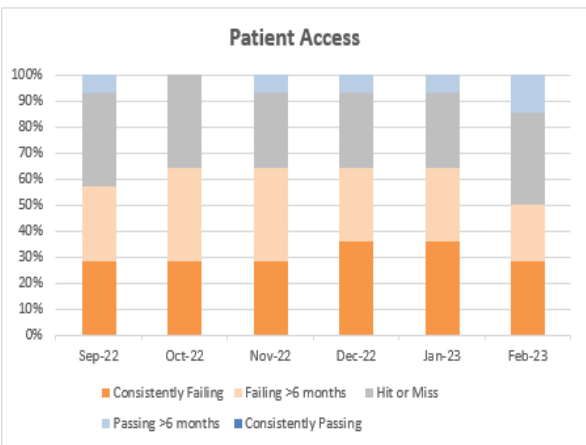
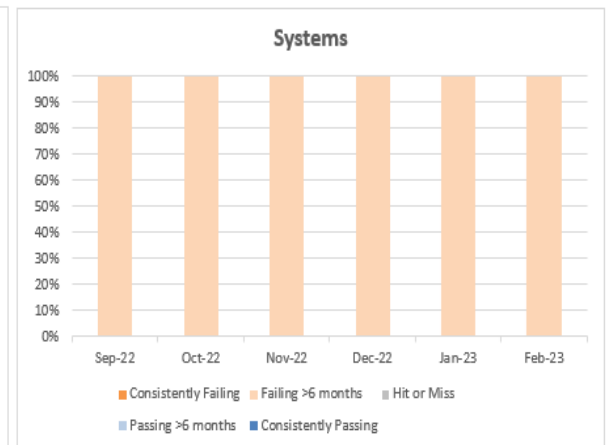
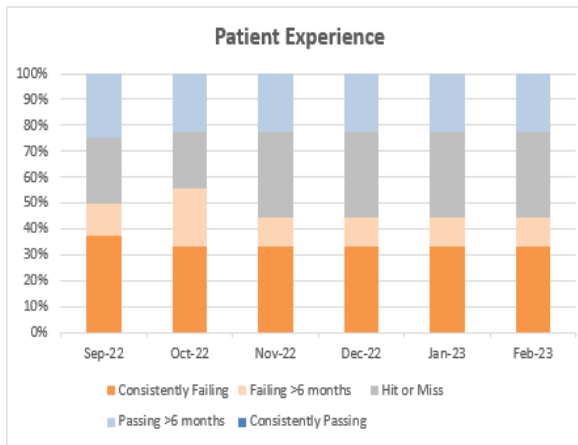
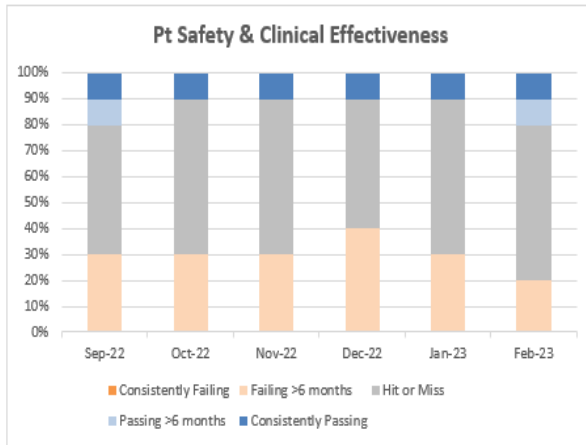
Systems:

- Discharges before Noon (P.25)

Sustainability

- Agency Spend (P.27)


Assurance Stacked Bar Charts by Strategic Theme













Matrix Summary

February 2023

Assurance

		Pass★ 	Pass 	Hit and Miss 	Fail 	Fail - 
Variance	Special Cause - Improvement 	Flow: % of Emergency Admissions that are zero LOS (SDEC)	Reduce the Trust wide vacancy rate to 12% by the end of the financial year 2022-3 Vacancy Rate	To reduce the number of complaints and concerns where poor communication with patients and their families is the main issue affecting the patients experience.	Appraisal Completeness	To increase the number of patients leaving our hospitals by noon on the day of discharge Transformation: % OP Clinics Utilised (slots) Access to Diagnostics (<6weeks standard)
	Common Cause 	Summary Hospital-level Mortality Indicator (SHMI)	Ensure activity levels for theatres match those pre-Covid - Total Elective Cancer - 2 Week Wait Complaints Rate % VTE Risk Assessment (one month behind) IC - Number of Hospital acquired MRSA	To reduce the overall number of complaints or concerns each month Reduction in the rate of patient falls to 6.36 per 1000 occupied bed days by March 2023 Ensure activity levels for outpatients match those pre-Covid - Follow Up Outpatients Number of New SIs in month A&E 4 hr Performance Cancer - 62 Day Never Events Safe Staffing Levels Capital Expenditure (£k) Sickness Absence IC - Rate of Hospital C.Difficile per 100,000 occupied beddays Flow: Ambulance Handover Delays >30mins Flow: % of Emergency Admissions into Assessment Areas Friends and Family (FFT) % Response Rate: Inpatients Delivery of financial plan, including operational delivery of capital investment plan	Reduction in incidents resulting in harm by 8.2% by March 2023 RTT Patients waiting longer than 40 weeks for treatment To achieve the planned levels of new outpatients activity (shown as a % 19/20) Reduce the amount of money the Trusts spends on premium workforce spend Infection Control - Hospital Acquired Covid	Ensure activity levels for diagnostics match those pre-Covid - MRI Ensure activity levels for diagnostics match those pre-Covid - CT Ensure activity levels for diagnostics match those pre-Covid - NOUS Diagnostic Activity (MRI, NOUS, CT Combined) Transformation: CAU Calls answered <1 minute Friends and Family (FFT) % Response Rate: A&E
	Special Cause - Concern 	Statutory and Mandatory Training		Standardised Mortality HSMR	Reduce Turnover Rate to 12% by March 2023 % complaints responded to within target Flow: Super Stranded Patients	Achieve the Trust RTT Trajectory by March 2023

Strategic Theme: People

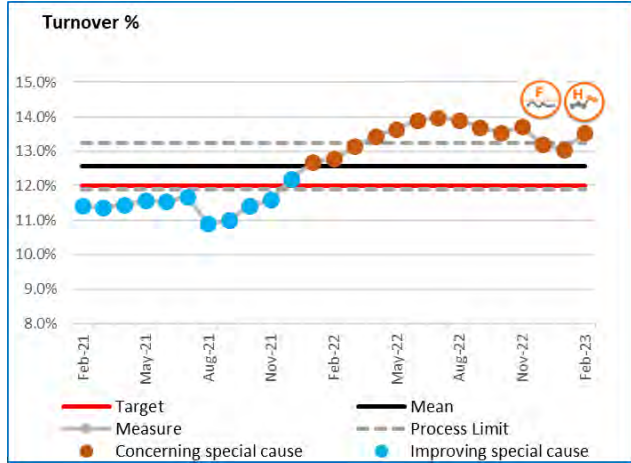
	CQC Domain	Metric	Latest			Previous			Actions & Assurance			
			Trust Target	Most recent position	Period	Trust Target	Most recent position	Period	Watch / Driver	Variation	Assurance	CMS Actions
Vision Goals / Targets	Well Led	Reduce the Trust wide vacancy rate to 12% by the end of the financial year 2022-3	12%	9.4%	Feb-23	12%	9.6%	Jan-23	Driver			Note Performance
Breakthrough Objectives	Well Led	Reduce Turnover Rate to 12% by March 2023	12%	13.5%	Feb-23	12%	13.1%	Jan-23	Driver			Full CMS
Constitutional Standards and Key Metrics (not in SDR)	Well Led	Sickness Absence	4.5%	4.3%	Jan-23	4.5%	5.3%	Dec-22	Driver			Not Escalated
	Well Led	Appraisal Completeness	95.0%	90.4%	Feb-23	95.0%	90.2%	Jan-23	Driver			Escalation
	Well Led	Statutory and Mandatory Training	85.0%	84.7%	Feb-23	85.0%	85.1%	Jan-23	Driver			Not Escalated

Breakthrough Objective: Counter Measure Summary

Metric Name – Reduce Turnover Rate to 12% by March 2023

Owner: Sue Steen
Metric: Turnover Rate
Desired Trend: 7 consecutive data points below the mean

1. Historic Trend Data



Feb-23
13.53%
Variance / Assurance
Metric is currently experiencing special cause variation of a concerning nature and has not achieved the target for more than 6 months
Max Target (Internal)
12%
Business Rule
Full CMS as not achieved target for 6+ months

2. Stratified Data

Nursing and Midwifery has dipped under the target of 12%, this is the first time since December 2021



3. Top Contributors

These are some of the main contributors of focus for the working groups

Attraction	Learning & Development
Flexible working can be too rigid / No free food / Increased cost of living at TW site / No USP staff benefits for working at MTW	No clear progression path / Upskilling does not lead to promotion
Inadequate break times / Poor wellbeing	Onboarding slow / Gaps in leadership capability
	Not enough locally trained staff / Lack of staff development
Processes	Retention
Retire and return policy out of date, putting people off returning	Not feeling valued, engaged, part of a team / Feedback from listening events taking too long to action
TRAC process takes too long, leading to delays / lack of transparency in recruitment	No outer London waiting, losing staff to Dartford / easier to find better pay elsewhere

4. Action Plan

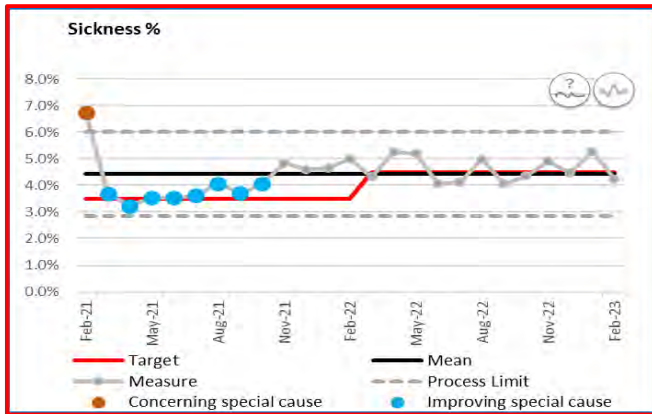
A full action plan by the working groups has been developed; some of the key actions shown:

Ongoing Work & Next Steps

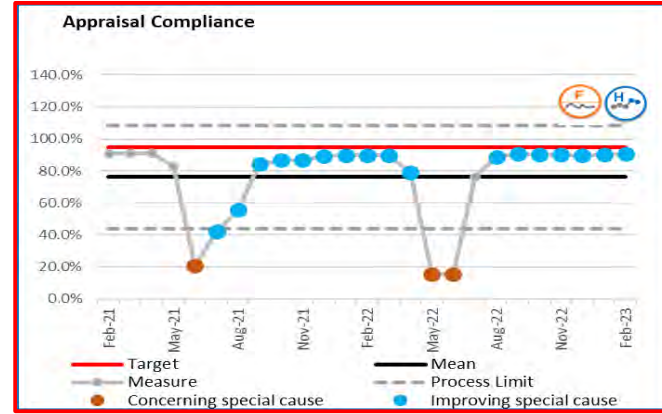
Ongoing Actions:

- Introduce localised trust-based incentives:** No process for approving incentives. Currently exploring the option of business cases
- Retire and Return Policy:** Paper produced detailing areas for improvement to be made to the Retire and Return Policy and process along with flow chart
- Faster recruitment:** Completed process map for both existing processes and new processes mapping out the delays and issues and possible improvements
- Create talent pool/ list of names of people interested in promotion:** Paper going to Execs on 14th March re talent management. Data likely to be refreshed in the next couple of months.
- Introduce stay interviews:** One more area to be covered (finance), then pause to review processes in May, then understand next steps.

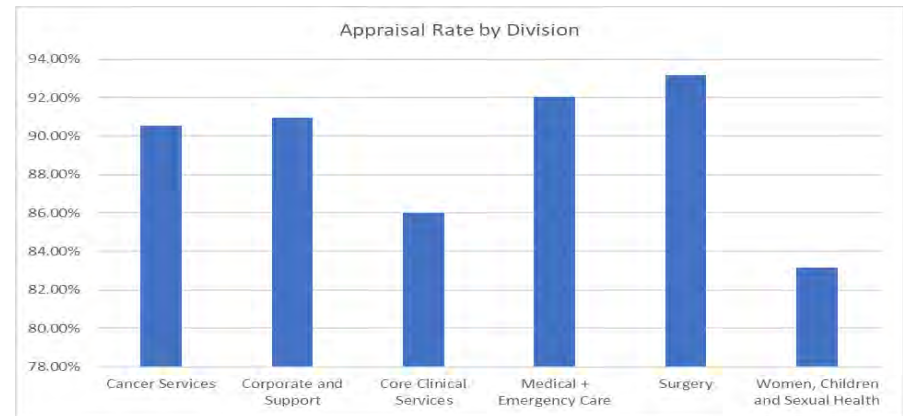
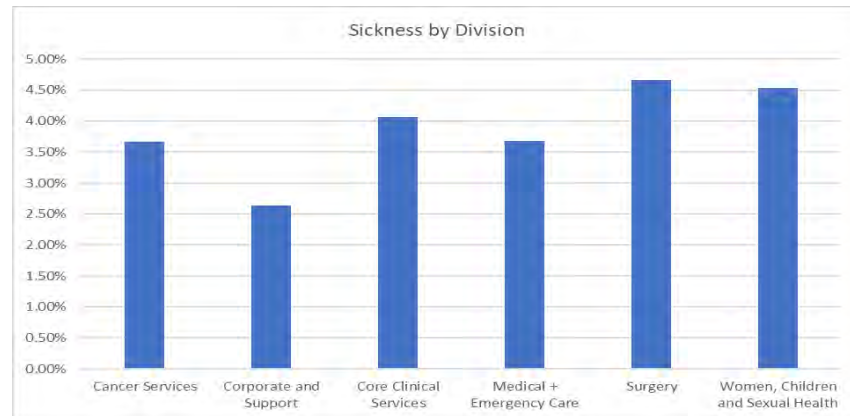
People – Workforce: CQC: Well-Led



Jan-23
4.30%
Variance / Assurance
Metric is currently experiencing Common Cause Variation and variable achievement of the target
Max Target (Internal)
4.5%
Business Rule
Escalated as in Hit & Miss for >6months



Feb-23
90.43%
Variance / Assurance
Metric is currently experiencing Special Cause Variation of an improving nature and failing the target for 6+ months
Max Target (Internal)
95%
Business Rule
Has failed the Target for 6+ Months



Summary:

Sickness % - This metric is experiencing Common Cause Variation and variable achievement of the Target

Appraisal Completeness - This metric is experiencing Special Cause Variation of an improving nature and failing the target for 6+ months

Actions:

Sickness: An increase from November absence levels, reflecting usual seasonal reasons for absence. Sickness absence within expected limit.

Covid Booster vaccination window has now closed and Flu vaccinations continue until the end of March 23.

Further deep dive analysis on reporting on sickness absence will be included in future Integrated Performance Reports

Appraisal Completeness: A stretch target of 95% was introduced in 2022/23. The previous target of 90% was increased to a stretch target. Ongoing work with Divisions to improve performance is taking place targeted at areas of lower compliance.

Assurance & Timescales for Improvement:

Sickness: Continued monitoring of any spikes for non-seasonal reasons for absence

Increased numbers of sickness management cases are brought through to support people on long-term absence or with underlying health conditions.

Strategic Theme: Patient Safety & Clinical Effectiveness

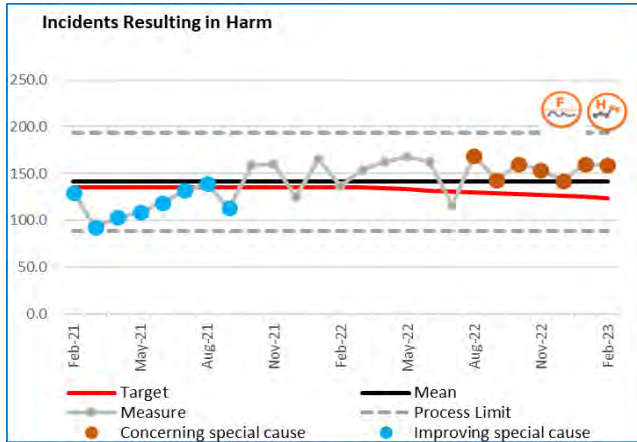
	CQC Domain	Metric	Latest			Previous			Actions & Assurance			
			Trust Target	Most recent position	Period	Trust Target	Most recent position	Period	Watch / Driver	Variation	Assurance	CMS Actions
Vision Goals / Targets	Safe	Reduction in incidents resulting in harm by 8.2% by March 2023	124	161	Feb-23	125	159	Jan-23	Driver			Full CMS
Breakthrough Objectives	Safe	Reduction in the rate of patient falls to 6.36 per 1000 occupied bed days by March 2023	6.43	6.20	Feb-23	6.50	7.83	Jan-23	Driver			Verbal CMS
Constitutional Standards and Key Metrics (not in SDR)	Safe	Number of New SIs in month	11	9	Feb-23	11	4	Jan-23	Driver			Not Escalated
	Safe	Standardised Mortality HSMR	100.0	101.1	Oct-22	100.0	99.3	Sep-22	Driver			Not Escalated
	Safe	Summary Hospital-level Mortality Indicator (SHMI)	100.0	91.4	Oct-22	100.0	93.3	Sep-22	Driver			Not Escalated
	Safe	Never Events	0	0	Feb-23	0	0	Jan-23	Driver			Not Escalated
	Safe	Safe Staffing Levels	93.5%	93.6%	Feb-23	93.5%	94.9%	Jan-23	Driver			Not Escalated
	Safe	Infection Control - Hospital Acquired Covid	0	16	Feb-23	0	6	Jan-23	Driver			Escalation
	Safe	IC - Rate of Hospital C.Difficile per 100,000 occupied beddays	22.7	33.5	Feb-23	22.7	28.6	Jan-23	Driver			Not Escalated
	Safe	IC - Number of Hospital acquired MRSA	0	0	Feb-23	0	0	Jan-23	Driver			Not Escalated

Vision: Counter Measure Summary

Project/Metric Name – Reduction in harm : Incidents resulting in harm

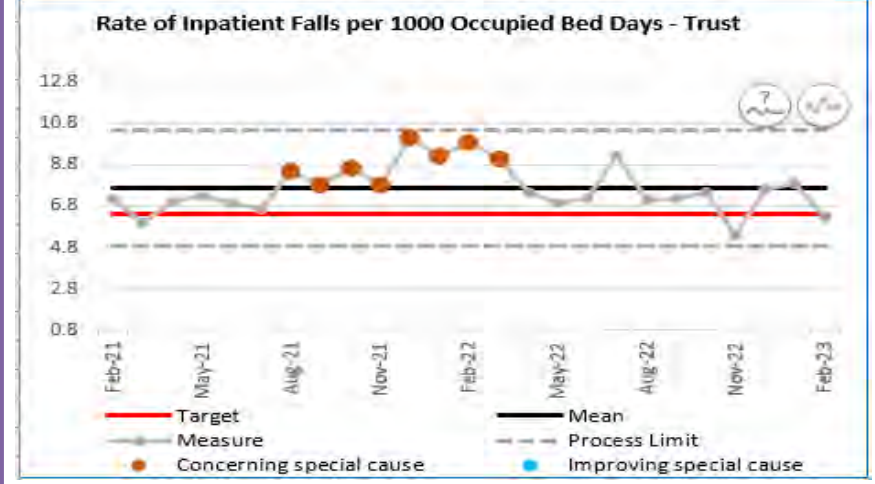
Owner: Peter Maskell
Metric: Incidents resulting in harm
Desired Trend: 7 consecutive data points below the mean

1. Historic Trend Data

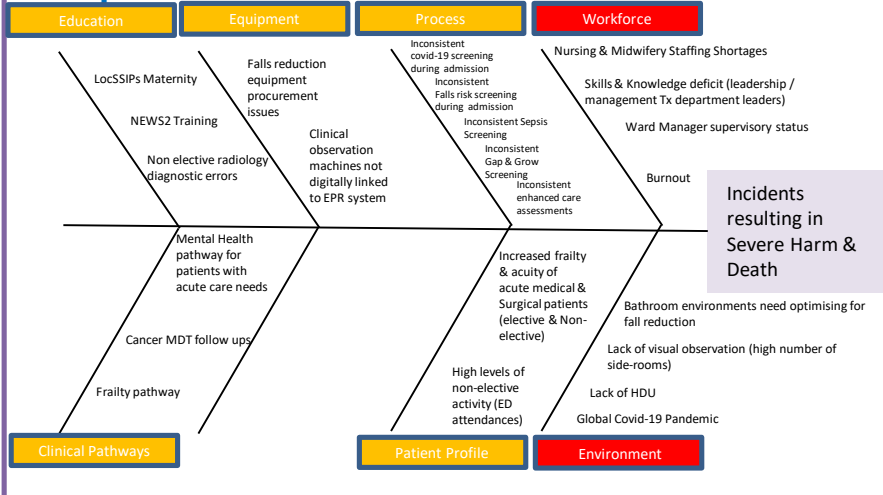


Feb-23
159
Variance / Assurance
Metric is currently experiencing Special Cause Variation of a concerning nature and has not achieved the target for more than 6 months
Max Target (Internal)
125
Business Rule
Full Escalation as not achieved target for 6+ months

2. Stratified Data



3. Top Contributors



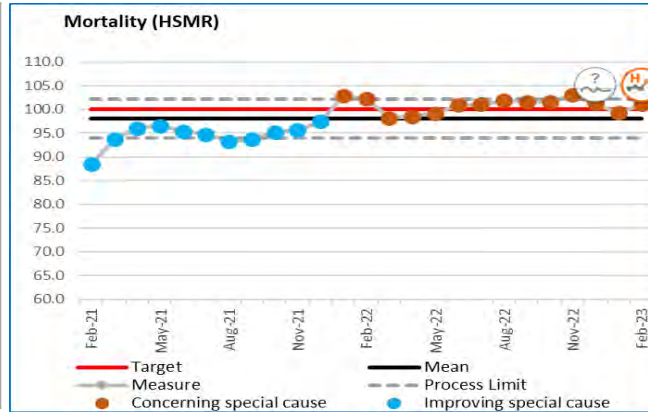
4. Action Plan

Contributor	solution /countermeasure	Owner	Due By
Workforce	Safer staffing fill rate levels	CNO/CPO	Ongoing
Environment/ Equipment/ Process	<p>Focus on Slips, trips and falls, as major contributing factor to incidents resulting in severe harm (30%).</p> <p>-Falls significantly reduced in February 2023 from 164 to 112 falls across the trust . Achieving 6.2 per 1000 bed days against the 6.36 per 1000 bed day target for falls</p> <p>Reinforcing the learning across the better performing wards and reducing variations in falls prevention practice is ongoing work</p> <p>-Harm is being looked at on wholistic level to include initiative to mitigate against other top harm contributors outlined in the data above</p> <p>-Other possible areas of focus may include pressure ulcers and deteriorating patients (including sepsis)</p> <p>- SI data and SJR data have been analysed ahead of an A3 thinking session tentatively scheduled for 2nd March consisting of relevant stakeholders from across the trust</p>	Medical Director	Ongoing - BAU
Workforce	Analyse harm data to determine where other countermeasures to top contributors (outside falls) overlap within other breakthrough objectives (e.g. Staffing levels - patient safety and clinical effectiveness).	Medical Director	Ongoing -

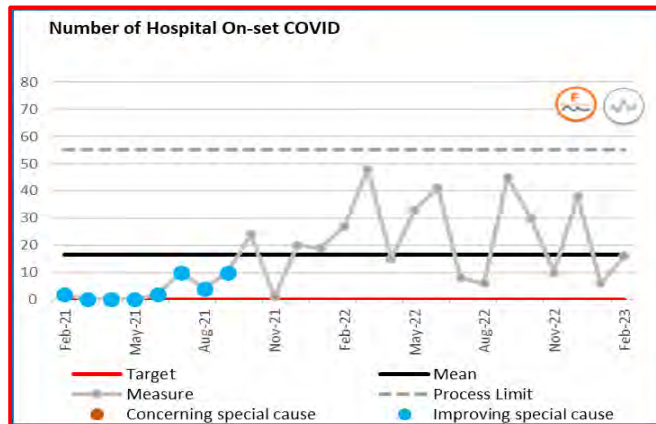
Patient Safety and Clinical Effectiveness: CQC: Safe



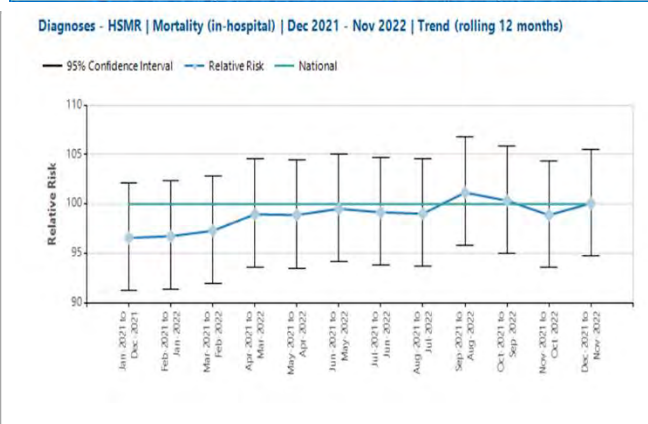
Feb-23
93.6%
Variance / Assurance
Metric is currently Common cause variation and variable achievement of the target
Target (Internal)
93.5%
Business Rule
For information as has moved into hit & miss



Nov-22
101.1
Variance / Assurance
Metric is currently experiencing Special Cause Variation of a concerning nature and has not achieved the target for >6months
Max Target (Internal)
100.0
Business Rule
Returned to variable achievement



Feb-23
16
Variance / Assurance
Metric is currently experiencing Common Cause Variation and has not achieved the target for >6 months
Max Target (Intern)
0
Business Rule
Full Escalation as has not achieved the target for > 6 months



Nov-22
As Expected
Variance / Assurance
Metric is currently experiencing Common Cause Variation and variable achievement of the target
Max Target
As Expected
Business Rule
Shown for information in support of HSMR metric.

Summary:

Safe Staffing Fill Rate: The level reported remains in Common cause variation and variable achievement of the target

Hospital on-set COVID: This indicator is experiencing common cause variation and has failed to achieved the target of zero for more than six months.

Mortality (HSMR): Metric is experiencing special cause variation of a concerning nature but has moved to variable achievement of the target. It should also be highlighted that Trust are still rated 'as expected' by Dr Foster (T-Health). The methodology being used in this calculation is based upon a 12 rolling month period for each data point, so provides a more stable view of performance than individual months. The Mortality Surveillance Group received monthly updates from Dr Foster and in depth analysis. This is then reported onwards into the Quality Committee. A one month lag in our reporting is currently being applied to offset the impact of the uncoded activity in our initial ('flex') submission to SUS. This will be reviewed as our percentage of coded episodes submitted at flex improves.

Actions:

Safe Staffing Fill Rate: The Matrons afternoon staffing huddles are supported by the Bank team to ensure the staffing allocations mitigate any safety risks. The Deputy Chief Nurse and HON for Safe Staffing are now included in the risk assessments for non framework agency requests. Retention of Registered Nurses/Midwives and Healthcare Clinical Support Workers (HCSWs) is now a focus with a view to reduce turnover rates. Actions from the nursing retention group have been reallocated to trust wide groups. Remaining Nursing and Midwifery actions are now feeding into the Recruitment and Retention meeting. Career roadshows and the Corporate Nursing retention group is ongoing. The first Student Councils took place on the 22nd February 2023. This forum will continue to expand and will eventually include students from all professions.

Infection Control: The IPC team identify all patients with a current or past history of CDI and undertake weekly CDI reviews. These patients are further reviewed weekly on the C diff round with the Consultant Microbiologist, antimicrobial pharmacist and IPC team. RCAs are undertaken on all hospitals attributed cases to identify lessons learnt for shared learning. Antimicrobial stewardship audits are undertaken by the antimicrobial pharmacist. The IPC team undertake (period of increased incidence) PII audits on all wards that have had cases of CDI. Masks continued to be worn by staff, visitors and patients (where tolerated) whilst in our hospitals. The routine COVID screening of non-elective admissions was stepped down in February

Assurance & Timescales for Improvement:

Safe Staffing Fill Rate: Real time daily staffing data has been developed by the Senior Corporate Nursing and ICC team. The Safe Staffing policy is now live on Qpulse. The first Safer Nursing Care Tool Audit at MTW was rolled out in February 2023 with 100% compliance for data collection. 27 inpatient units completed this audit for a period of 20 days and this was recorded on the Inphase system. BI are currently producing clinical area specific acuity and dependency reports for the Divisions using data collected through the SNCT audit. Recruitment activity continues to move at pace. A decrease in HCSW vacancies has been seen with a reduced vacancy rate of 16.8%. Review of the HCSW process mapping exercise has been completed with blockers being resolved or escalated. Business a usual international recruitment is now being supported with a rolling interview schedule which commenced in January 2023

Infection Control: We have exceeded our limit for CDI with total of 75 cases to date against a year end limit of 63 (6 in February). This increased rate correlates with a similar picture regionally and nationally. IPC team continue to work with the site teams, departments and clinical operations to review patient pathways to support flow and patient safety. The IPC team continue to promote IPC best practice principles through ward and department based training.

Strategic Theme: Patient Access

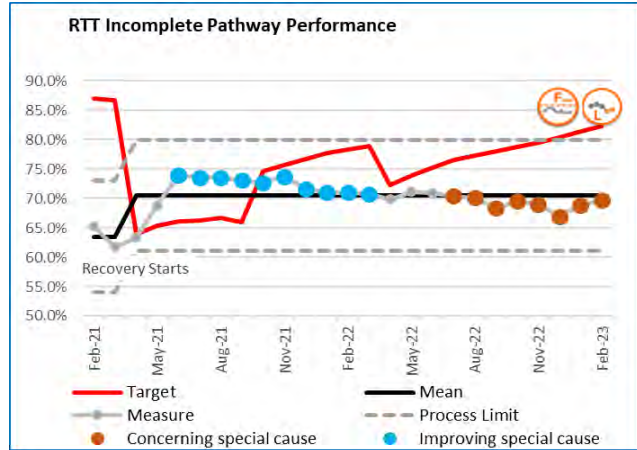
			Latest			Previous			Actions & Assurance			
	CQC Domain	Metric	Trust Target	Most recent position	Period	Trust Target	Most recent position	Period	Watch / Driver	Variation	Assurance	CMS Actions
Vision Goals / Targets	Responsive	Achieve the Trust RTT Trajectory by March 2023	82.2%	69.6%	Feb-23	81.5%	68.8%	Jan-23	Driver			Full CMS
Breakthrough Objectives	Responsive	To achieve the planned levels of new outpatients activity (shown as a % 19/20)	114.9%	104.3%	Feb-23	111.9%	105.3%	Jan-23	Driver			Full CMS
Constitutional Standards and Key Metrics (not in SDR)	Responsive	RTT Patients waiting longer than 40 weeks for treatment	436	661	Feb-23	447	677	Jan-23	Driver			Escalation
	Responsive	Access to Diagnostics (<6weeks standard)	98.9%	91.4%	Feb-23	99.1%	86.1%	Jan-23	Driver			Escalation
	Responsive	A&E 4 hr Performance	87.0%	88.6%	Feb-23	87.0%	86.0%	Jan-23	Driver			Not Escalated
	Responsive	Cancer - 2 Week Wait	93.0%	94.7%	Jan-23	93.0%	95.1%	Dec-22	Driver			Not Escalated
	Responsive	Cancer - 62 Day	85.0%	85.1%	Jan-23	85.0%	85.2%	Dec-22	Driver			Not Escalated
	Effective	Transformation: % OP Clinics Utilised (slots)	85.0%	63.5%	Feb-23	85.0%	64.9%	Jan-23	Driver			Escalation
	Effective	Transformation: % of Patients Discharged to a PIFU Pathways	1.5%	3.3%	Feb-23	1.5%	3.4%	Jan-23	Driver			Not Escalated
	Effective	Transformation: CAU Calls answered <1 minute	90.0%	57.8%	Feb-23	90.0%	63.5%	Jan-23	Driver			Escalation
	Effective	Flow: Ambulance Handover Delays >30mins	5.0%	4.4%	Feb-23	5.0%	5.8%	Jan-23	Driver			Not Escalated
	Effective	Flow: % of Emergency Admissions into Assessment Areas	65.0%	65.3%	Feb-23	65.0%	61.5%	Jan-23	Driver			Not Escalated
	Responsive	To achieve the planned levels of elective (DC and IP cobined) activity (shown as a % 19/20)	97.4%	103.5%	Feb-23	98.4%	104.8%	Jan-23	Driver			Not Escalated
	Responsive	To achieve the planned levels of outpatients follow up activity (shown as a % 19/20)	96.6%	103.0%	Feb-23	87.6%	98.5%	Jan-23	Driver			Not Escalated
Responsive	To achieve the planned levels of Diagnostic (MRI,NOUS,CT Combined) Activity (shown as a % 19/20)	200.6%	111.1%	Feb-23	184.2%	113.2%	Jan-23	Driver			Escalation	

Vision: Counter Measure Summary

Project/Metric Name – Achieve the Trust RTT Trajectory by March 2023

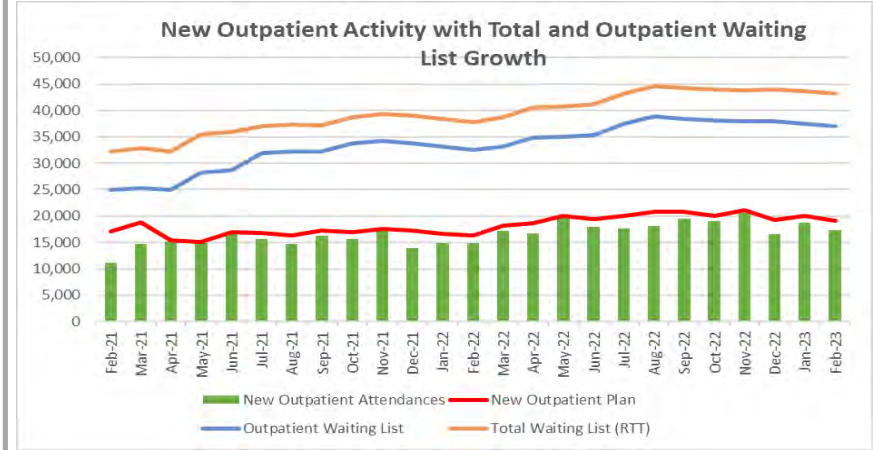
Owner: Sean Briggs
Metric: Referral to Treatment time Standard
Desired Trend: 7 consecutive data points above the mean

1. Historic Trend Data



Feb-23
69.6%
Variance Type
Metric is currently experiencing special cause variation of a concerning nature
Target (Internal)
81.5%
Target Achievement
Metric is consistently failing the target

2. Stratified Data



3. Top Contributors

- The following are all affecting the RTT position -
- Overall Waiting List growth
 - Outpatient Waiting List growth - Gen. Medicine (69%), Haematology (44%), Vascular (29%), Endo (27%) and Audiology (26%) are the specialities with the largest growth in percentage terms.
 - Long waits for first outpatient appointments
 - Underperformance against plan for New Outpatient activity (year to date)
 - Gynae (51.9%), Neurology (40.1%) and Gastro (52.9%) and ENT (53.8%) are the specialities with the lowest performance against the 18 week standard

4. Action Plan

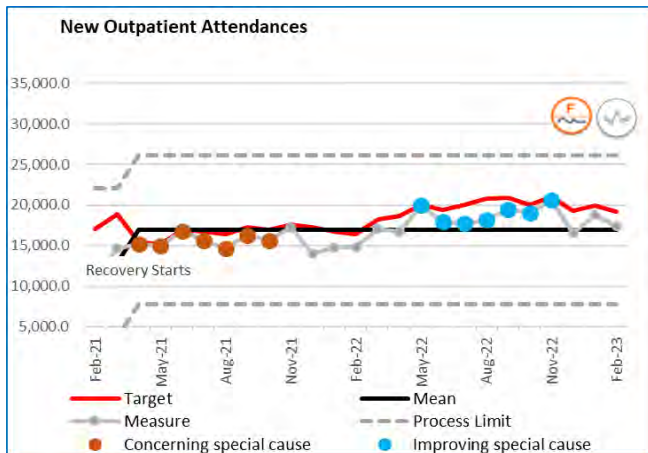
Countermeasures	Action	Who / By when	Complete
Improved New Outpatient Activity	Focussed work on the Breakthrough Objective to Increase New Outpatient Activity	SP	Ongoing
Validation	Recovery plan agreed – Operational team commenced validation from Jan	CAU & PAT team	Ongoing
Daily PTL	Gynae team – focus on patients from 28 weeks to longest waiter Additional PTL for Gastro, General Surgery and T&O.	Specialty GM, Patient Access and Deputy COO	Daily and in progress
Close monitoring of all patients over 40 weeks	Tuesday PTL and Trust Access Performance meeting	RTT Lead and PAT team	Weekly and in progress
40 week trajectory	RTT recovery plan – agreed . Rereviewed trajectory in Jan and shared with specialties	RTT Lead, BI Team	Complete
	Implementation of RTT recovery plan	RTT Lead/GM's	Ongoing

Breakthrough Objective: Counter Measure Summary

Project/Metric Name – To achieve the planned levels of New Outpatient Activity

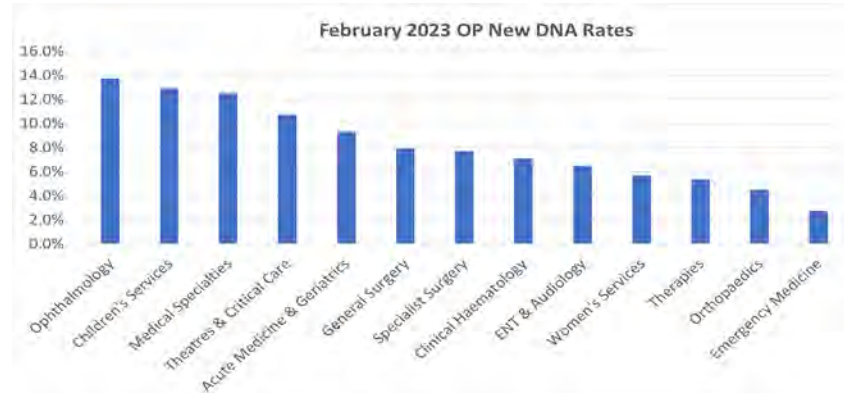
Owner: Sean Briggs
Metric: Elective Activity: New Outpatients
Desired Trend: 7 consecutive data points above the mean

1. Historic Trend Data



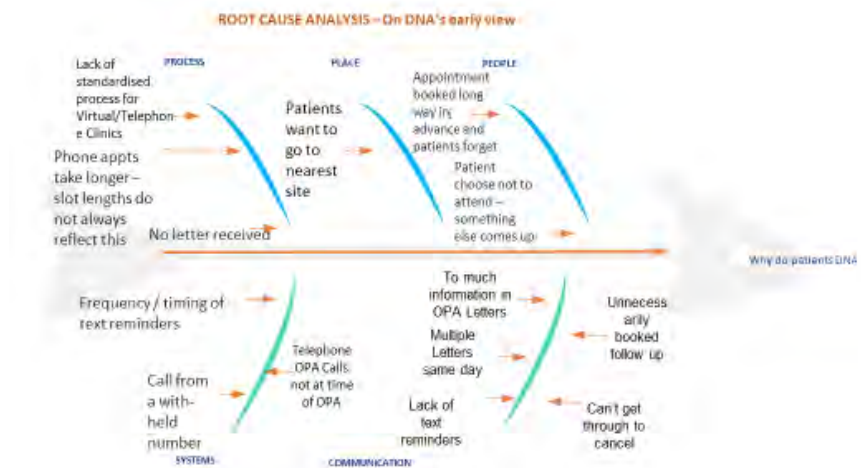
Feb-23
17,379
Variance Type
Metric is currently experiencing Common Cause Variation
Target
19,156
Target Achievement
Metric has failed the target >6months

2. Stratified Data



Although the Trust is near its 5% target the specialties that are not achieving activity levels have a DNA rate of 9% or above

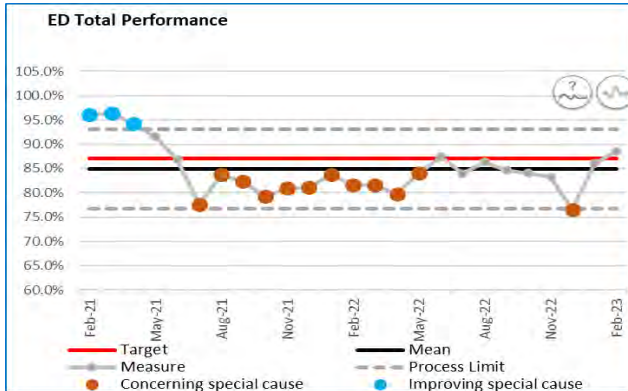
3. Top Contributors



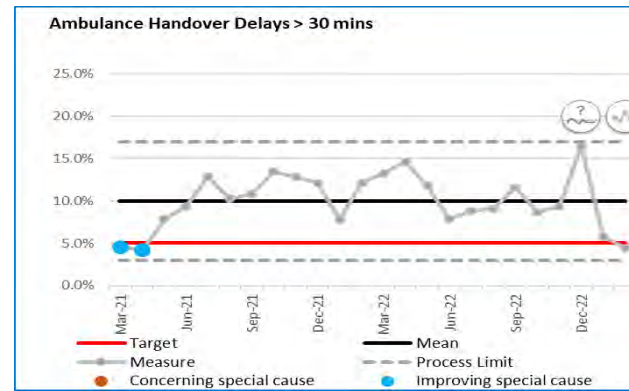
4. Action Plan

Countermeasures	Action	Who / By when	Complete (Y/N)
Two way text	Implementation plan developed	Project Team	Complete
	Operational process flows for CAU to be agreed	Project team	Feb-23
	IT Load balancers installed	IT	Delayed TBC
	Go live	Project Team	TBC- IT work dependant
Switch on Paediatric Text under 13's reminders (agreed for Ophth)	Awaiting agreement from IG and Safeguarding teams. SOP & Policy Document sign off 22.3.23	SP	Mar-23
Telephone Clinics - review of letters & OPA flow	Monitor Telephone Clinic DNA's to see improvement	Project Team/ SP Parrick/ OB	In progress
Best Practice	Research and link in with National missed appointment groups	SP/AM	Mar-23

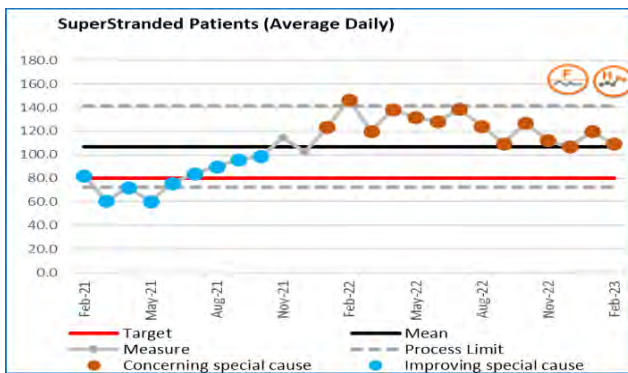
Patient Access – Hospital Flow: CQC: Responsive



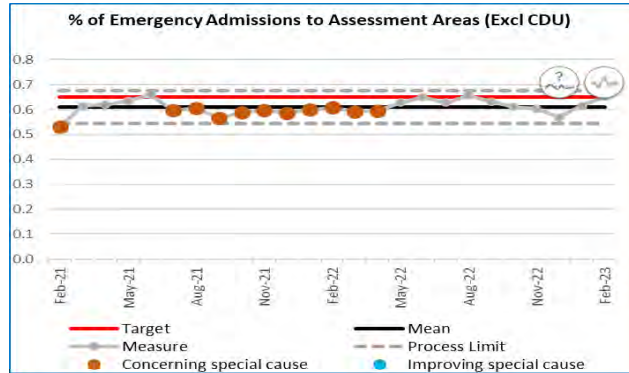
Feb-23
88.58%
Variance / Assurance
Metric is currently experiencing common cause variation and variable achievement of the target
Target (Internal)
87.00%
Business Rule
For info as first month of improvement



Feb-23
4.4%
Variance / Assurance
Metric is currently experiencing common cause variation and variable achievement of the target
Max Limit (Internal)
5%
Business Rule
For info as first month of improvement



Feb-23
109
Variance / Assurance
Metric is currently experiencing Special Cause variation of a concerning nature and has failed the target for >6 months
Max Limit (Internal)
80
Business Rule
Shown for Info as related to A&E Performance



Feb-22
65.3%
Variance / Assurance
Metric is currently experiencing common cause variation and variable achievement of the target
Target
65%
Business Rule
Shown for Info as related to A&E Performance

Summary:

ED 4hr performance (inc MIU): This indicator is now experiencing common cause variation and variable achievement of the target. The Trust continues to be in the top 5 performing Trusts in the country during this time (top Trust for some weeks).

Ambulance Handover Delays of >30 minutes is experiencing common cause variation and variable achievement of the target

Super Stranded Patients: is experiencing special cause variation of a concerning nature and has failed the target for more than six months

% of Emergency Admissions to Assessment Areas: is experiencing common cause variation and variable achievement of the target.

Actions:

ED 4hr performance (inc MIU): The Trust has maintained a position within top 3 trust nationally . Improved work in SDEC areas will support sustained improvement. Daily breach validation undertaken and clinic utilisation daily to improve performance. Focused work on triage and non referred patients. Support offered by other divisions on specific improvements.

Ambulance handover delays: Process of PIN entry now embedded. Ambulance window now completed

Super-Stranded Patients : improved in Feb Adult social care fund is improving OOH capacity

% of Emergency Admissions to Assessment Working with EME and Information governance team to secure release of 2 new butterfly ultrasounds to improve productivity in AEC.

Assurance & Timescales for Improvement:

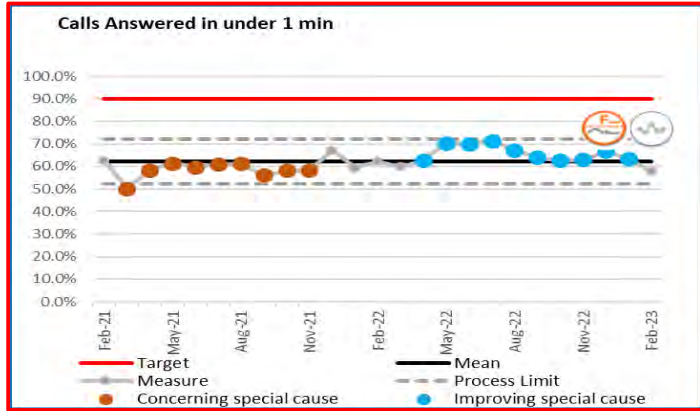
ED 4hr performance (inc MIU): Continue with ED improvement huddles. Daily monitoring of UTC utilisation to increase use of available resource. Review of medical staffing to meet demand.. Performance of 88% achieved in Feb.

Ambulance handovers delays: Trust wide performed at 95.6% a significant increase from previous month.

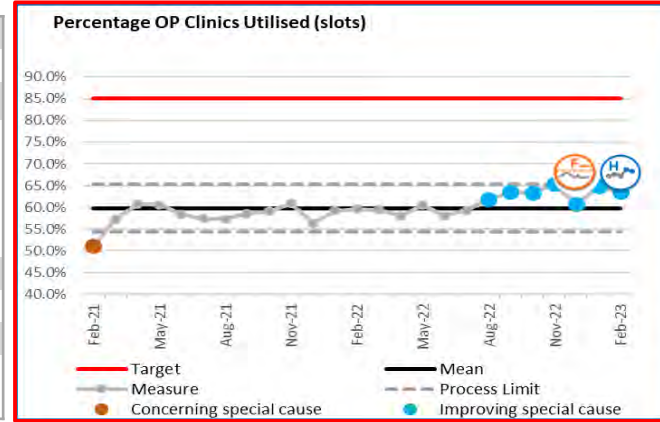
Super stranded patients: Creating capacity event to bring an MDT approach. Improved understanding of pathways and introduction of resource packages.

% of Emergency Admissions to Assessment Areas: Substantive teams now imbedded in AEC and performance maintaining at over 40% of medical take against a target of 33%

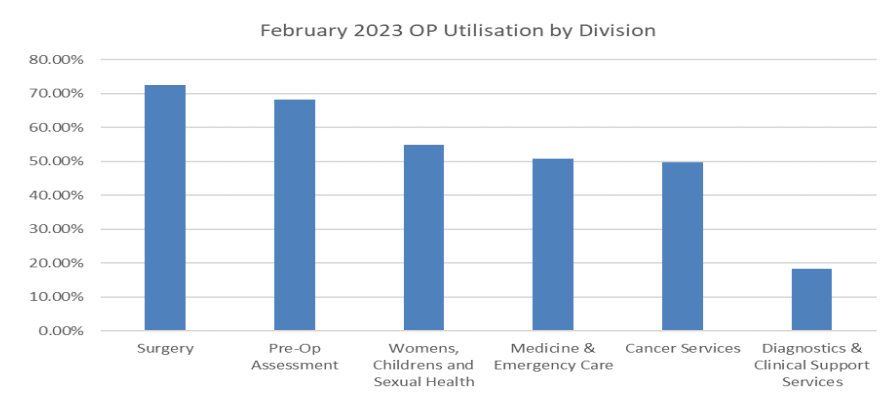
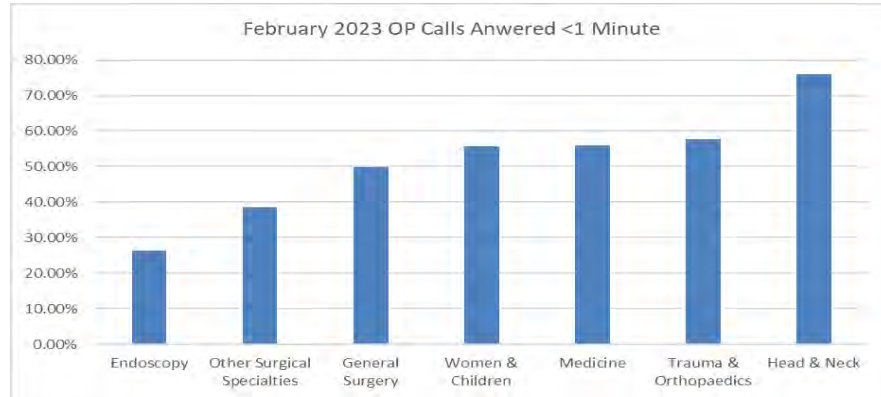
Patient Access – Transformation: Outpatients: CQC: Responsive



Feb-23
57.8%
Variance / Assurance
Metric is currently experiencing Common Cause Variation and consistently failing the target
Target (Internal)
90%
Business Rule
Full Escalation



Feb-23
63.5%
Variance / Assurance
Metric is currently experiencing Special Cause Variation of an improving nature and consistently failing the target
Target (Internal)
85%
Business Rule
Full Escalation



Summary:

Calls Answered: The number of calls answered in less than 1 minute is experiencing common cause variation and remains consistently failing the target. The areas with the lowest response rate is Endoscopy followed by Surgical Specialties,

Outpatient Utilisation: This indicator is experiencing special cause variation of an improving nature and consistently failing the target.

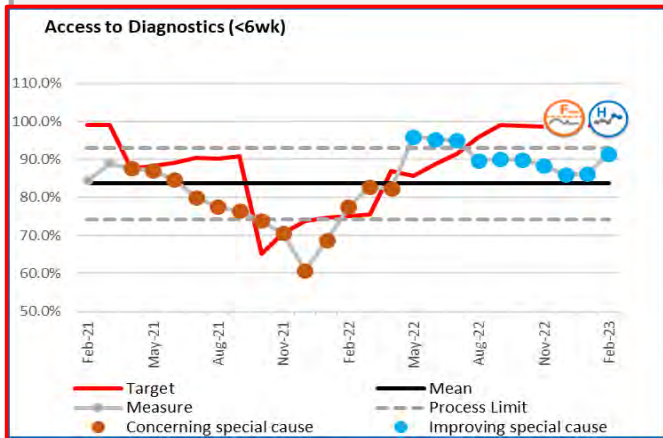
Actions:

Calls Answered: General Surgery CAU had the most challenged performance with 945 missed calls, followed by Medicine CAU with 434 missed calls.
Performance against the under 1 minute KPI: no speciality achieved the target, Head & Neck had the strongest performance >70%, Endoscopy was particularly low at <30%.
 Specialities experienced increased call volumes due to Royal Mail backlogs and postal delays e.g. letters delivered after the day of the appointment, this also resulted in increased DNA rates.
 CAU feedback included: reduced capacity due to sick absence and vacancies being recruited to.
Outpatient Clinic Slot Utilisation: the OPD team will continue to work with the CAU's on their clinic templates and the utilisation of clinic slots. Slot utilisation is discussed at the RTT meeting.

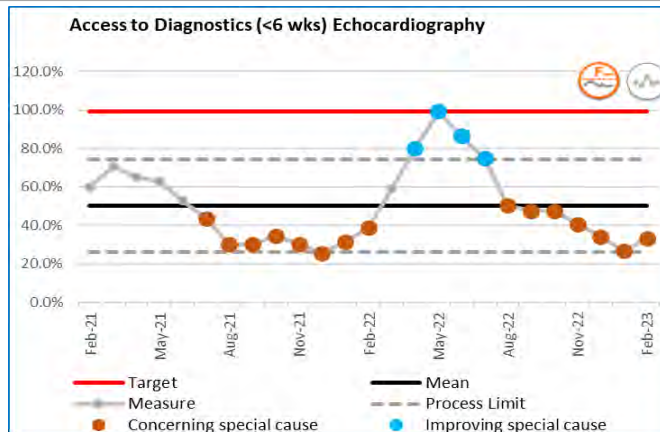
Assurance & Timescales for Improvement:

Calls Answered: the CAU teams are continuing with their local plans. The OPD Contact Centre continues to support the 2WW office with 68% of calls being answered in 1min or less which still requires further improvement; an action plan is being developed. There are 3 staff vacancies and the recruitment process is due to commence in March 2023.
Outpatient Slot Utilisation: scoping of nurse lead clinic templates for accuracy will commence in March to ensure they remain up to date and accurately reflect available slots. The monthly meeting will start to include a 6-4-2 forward look report of both room and slot utilisation although this is proving challenging to accurately compile data for due to the IT systems currently available i.e. functionality issues with the Room Manager software.

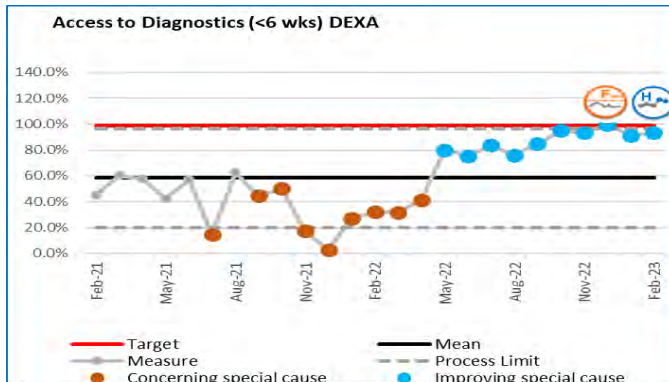
Patient Access – Diagnostics Waiting Times: CQC Responsive



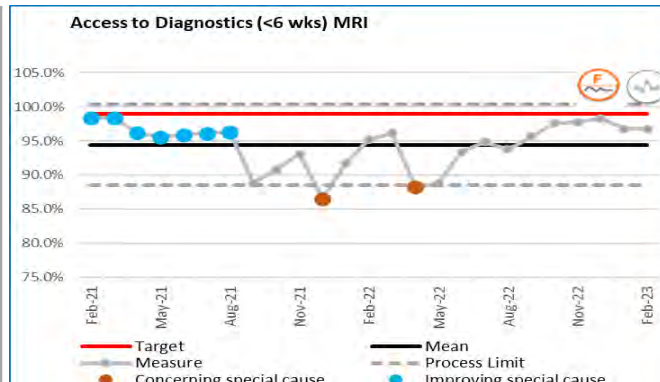
Feb-23	94.1%
Variance / Assurance	Metric is currently experiencing special cause variation of an improving nature and is consistently failing the target
Target (Internal)	88.6%
Business Rule	Full Escalation



Feb-23	33.4%
Variance / Assurance	Metric is currently experiencing common cause variation and consistently failing the target
Max Limit (Internal)	99%
Business Rule	For Information as Contributor to Overall



Feb-23	93.3%
Variance / Assurance	Metric is currently experiencing special cause variation of an improving nature and consistently failing the target
Max Limit (Internal)	99%
Business Rule	For Information as Contributor to Overall



Feb-23	96.8%
Variance / Assurance	Metric is currently experiencing common cause variation and has failed the target for more than six months
Max Limit (Internal)	99%
Business Rule	For Information as Contributor to Overall

Summary:

Diagnostic Waiting Times: Performance (measured via DM01) is experiencing special cause variation of an improving nature and consistently failing the target. The main contributor to this underperformance is Echocardiography.

Echocardiography: is experiencing common cause variation and consistently failing the target.

DEXA: is experiencing special cause variation of an improving nature and consistently failing the target but this is now showing an improving trend.

MRI: is experiencing common cause variation and has failed the target for more than six months (showing signs of recovery).

Actions:

Echocardiography: Machine replacement and repairs. Recruitment of trainees live to assist with opening of CDC.

DEXA: New DEXA in place at TWH and activity commenced. Additional outsourcing agreement is agreed. Additional staff training to ensure a more robust service

MRI: Monitoring equipment has arrived and paediatric backlog now cleared.

Assurance & Timescales for Improvement:

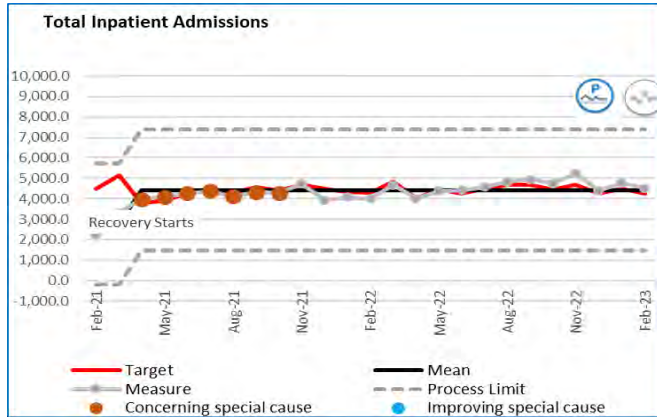
Echocardiography: Department will be back to full complement of machines w/c 20/03/23. Activity still reduced due to staff in training. The recovery plan has been updated and recovery trajectory is being updated.

DEXA: The Recovery plan has been completed and the service is now DM01 compliant.

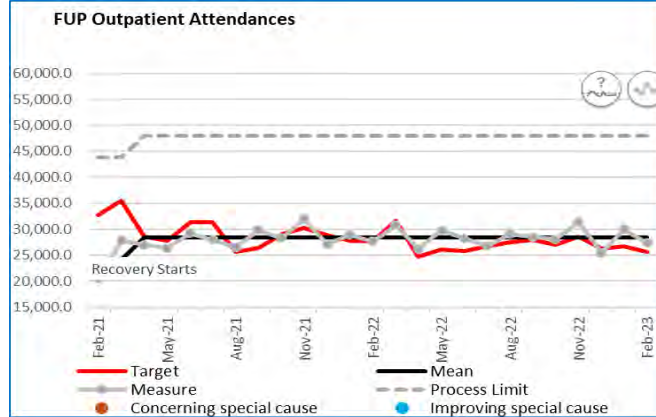
MRI: Paediatric backlog now cleared. Managed service has gone live and whilst some teething problems have occurred, we confident that this will delivered greater sustainability

Overall DM01 Recovery Plan in progress and has made an in month improvement of 0.6%.

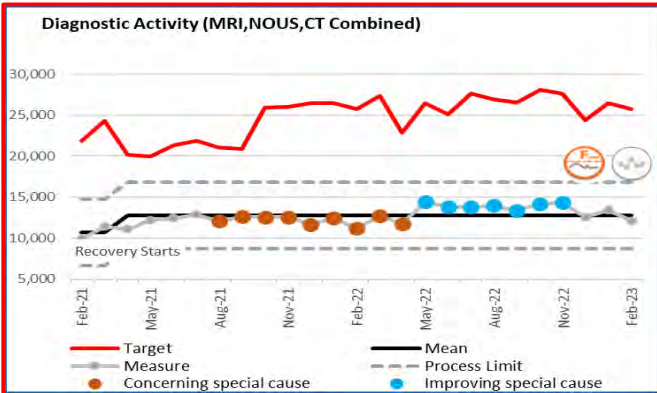
Patient Access –Activity Levels: CQC Responsive



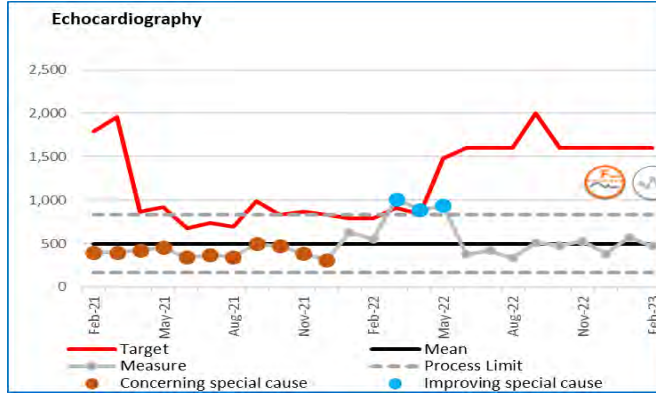
Feb-23
4,527
Variance / Assurance
Metric is currently experiencing Common cause Variation and has passed the target for >6 consecutive months
Target
4,260
Business Rule
Not Escalated



Feb-23
27,403
Variance / Assurance
Metric is currently experiencing Common Cause Variation and variable achievement of the target
Target
25,709
Business Rule
Not Escalated



Feb-23
12,105
Variance / Assurance
Metric is currently experiencing common cause variation and consistently failing the target
Target
25,748
Business Rule
Full Escalation as consistently failing the target



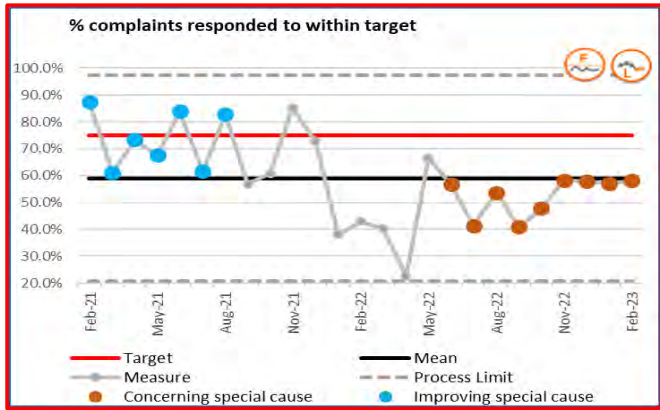
Feb-23
474
Variance / Assurance
Metric is currently experiencing common cause variation and is consistently failing the target
Target
1600
Business Rule
For Information as Contributor to Overall

Summary:	Actions:	Assurance & Timescales for Improvement:
<p>Elective Activity (DC/EL): This indicator is now experiencing common cause variation and has passed the target for >6 consecutive months. Performance has been above the plan each month since June 22 and is therefore above both plan and 1920 levels YTD.</p> <p>OP Follow Up Activity: The activity is experiencing common cause variation and has failed the target for >6 months. Activity levels for February 2023 were higher than plan and 1920 levels.</p> <p>Diagnostic Activity: Activity levels are currently above 1920 levels for MRI, CT and NOUS but are experiencing common cause variation and consistently failing the target.</p> <p>Echocardiography: is experiencing common cause variation and consistently failing the target.</p>	<p>Elective Activity (DC/EL): Activity continues to be monitored weekly which has assisted in developing a more robust forecasting plan.</p> <p>A3s in progress.</p> <p>Echocardiography: Activity being monitored weekly.</p> <p>Diagnostic : Monitoring equipment was expected Mid August however the components are not available and unable to give estimated delivery date.. Work underway with Temporary staffing team and recruitment to support NOUS team.</p>	<p>Elective Activity (DC/EL): Weekly focus on submitted activity plans with the speciality and directorate teams. 6-4-2 scheduling meetings in place and any capacity identified continues to be offered to speciality teams. Weekly focus on theatre utilisation and productivity continues via trust performance meetings. Cancellation SOP in progress. Action plan to be devised once A3s completed</p> <p>Diagnostic Activity: Community Diagnostics Centre (CDC) business case has been approved and outputs of the business case are in progress. Recovery plan for Echocardiograms has been revisited and updated with a revised recovery trajectory.</p> <p>Echocardiography: aim to book up to 6 weeks in advance and call patients prior to appts to reduce DNAs</p>

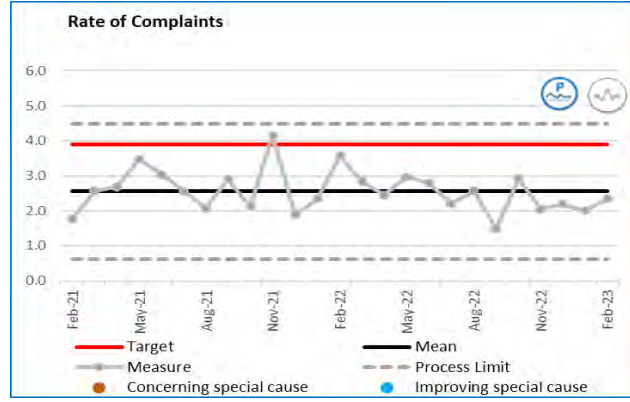
Strategic Theme: Patient Experience

	CQC Domain	Metric	Latest			Previous			Actions & Assurance			
			Trust Target	Most recent position	Period	Trust Target	Most recent position	Period	Watch / Driver	Variation	Assurance	CMS Actions
Vision Goals / Targets	Caring	To reduce the overall number of complaints or concerns each month	36	42	Feb-23	36	42	Jan-23	Driver			Verbal CMS
Breakthrough Objectives	Caring	To reduce the number of complaints and concerns where poor communication with patients and their families is the main issue affecting the patients experience.	24	8	Feb-23	24	12	Jan-23	Driver			Note Performance
Constitutional Standards and Key Metrics (not in SDR)	Caring	Complaints Rate	3.9	2.3	Feb-23	3.9	2	Jan-23	Driver			Not Escalated
	Caring	% complaints responded to within target	75.0%	58.1%	Feb-23	75.0%	57.1%	Jan-23	Driver			Escalation
	Caring	% VTE Risk Assessment (one month behind)	95.0%	95.7%	Jan-23	95.0%	95.8%	Dec-22	Driver			Not Escalated
	Caring	Friends and Family (FFT) % Response Rate: Inpatients	25.0%	22.6%	Feb-23	25.0%	10.6%	Jan-23	Driver			Not Escalated
	Caring	Friends and Family (FFT) % Response Rate: A&E	15.0%	4.2%	Feb-23	15.0%	1.4%	Jan-23	Driver			Escalation
	Caring	Friends and Family (FFT) % Response Rate: Maternity	25.0%	20.6%	Feb-23	25.0%	10.6%	Jan-23	Driver			Escalation
	Caring	Friends and Family (FFT) % Response Rate: Outpatients	20.0%	5.5%	Feb-23	20.0%	3.6%	Jan-23	Driver			Escalation

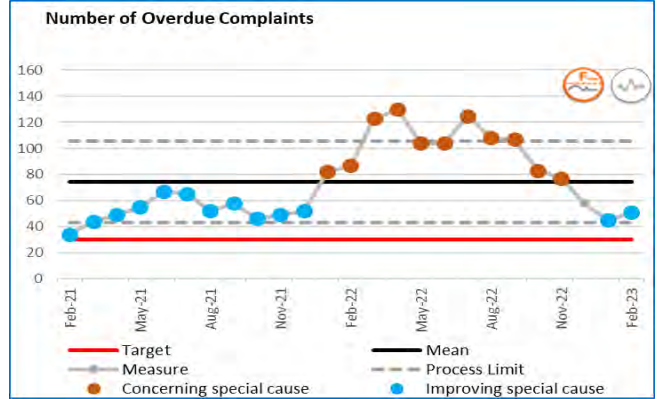
Patient Experience: CQC: Caring (Hit or Miss >6 months)



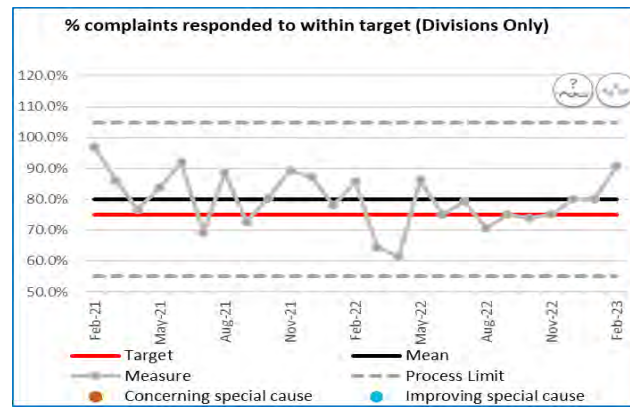
Feb-23
58.1%
Variance / Assurance
Metric is special cause variation of a concerning nature and failing the target for 6+ months
Target (Internal)
75%
Business Rule
Full Escalation failed the target 6+ months



Feb-23
2.3
Variance / Assurance
Metric is currently experiencing Common Cause Variation and has achieved the target for 6+ months
Max Limit (Internal)
3.9
Business Rule
For Information as linked to % Complaint Responded



Feb-23
51
Variance / Assurance
Metric is currently experiencing common cause variation and consistently failing the target
Max Limit (Internal)
30
Business Rule
For Information as linked to % Complaint Responded



Feb-23
90.7%
Variance / Assurance
Metric is currently experiencing common cause variation and variable achievement of the target
Max Limit (Internal)
75%
Business Rule
For Information as linked to % Complaint Responded

Summary:

% Complaints responded to within target: this indicator is experiencing special cause variation of a concerning nature and has failed the target for >6months, noting the target has not been met since November 2021

Number of Overdue Complaints: This indicator is experiencing common cause variation but has consistently failed the target since October 2020.

Actions:

% Complaints responded to within Target:

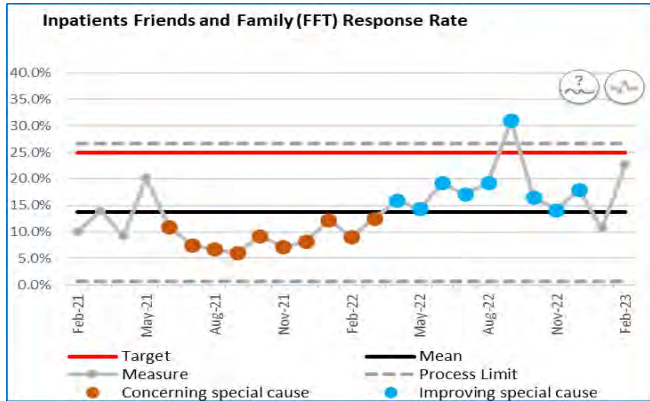
- Complaints performance recovery and stabilisation actions include;
- Interim performance monitoring reported weekly to CN
 - Weekly oversight meetings led by CN and DQG
 - Successful recruitment to x2 12 month Complaint Lead posts
 - Business case for revised complaints model (meeting new 2022 National framework) being finalised
 - Complaints QA now handed back to divisional leads
 - Complaints staff supporting A3 projects in Surgery and Women's to improve complaint response times
 - Introduction of new 40 day target to support more complex cases
 - New head of complaints & PALS commencing in post 27 March '23

Assurance & Timescales for Improvement:

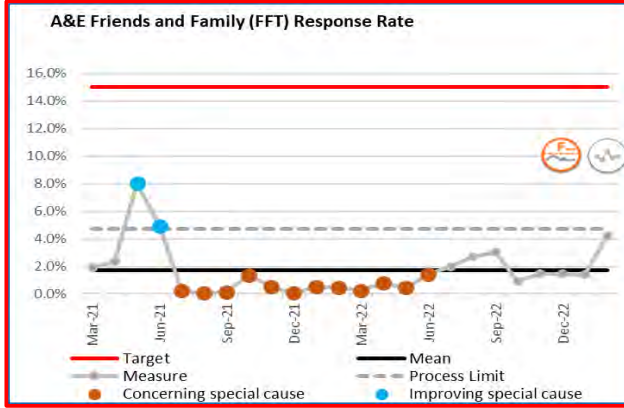
% Complaints responded to within Target:

- We expected to see an improvement in % compliance from November 2022 as a result of the introduction of a new 40-day timeframe for amber complaints and the recovery actions in place
- We are aiming to hit sustained delivery of the target response (75%) by September 2023
- We are aiming to increase our target response time % measure from 75% to 90% by December 2023

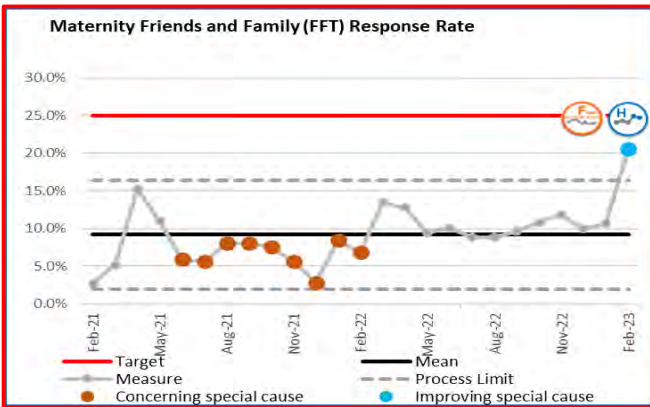
Patient Experience: CQC: Caring



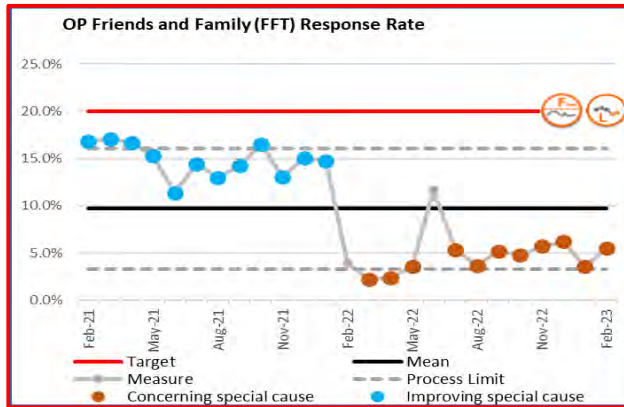
Feb-23
22.6%
Variance / Assurance
Metric is currently experiencing Common cause variation and variable achievement of the target
Target (Internal)
25%
Business Rule
Not Escalated



Feb-23
4.7%
Variance / Assurance
Metric is currently experiencing Common Cause Variation and is consistently failing the target
Target (Internal)
15%
Business Rule
Full Escalation as consistently failing the target



Feb-23
20.6%
Variance / Assurance
Metric is currently experiencing special cause variation of an improving nature and is consistently failing the target
Target (Internal)
25%
Business Rule
Full Escalation as not achieved target for >6months



Feb-23
5.5%
Variance / Assurance
Metric is currently Special Cause Variation of a concerning nature and is consistently failing the target
Target (Internal)
20%
Business Rule
Full escalation as is consistently failing the target

Summary: Actions: Assurance & Timescales for Improvement:

Inpatients (Daycase and IP): Inpatients combined (daycase and IP) has increased from 683 in January to 1409 in February, current month figures break down as 596 were IP and day cases were 813. The trend continues with the majority of day cases being from Maidstone.

A&E: A&E responses have increased this month, from the 227 in January to 652 in February, the monthly response rate is 4.2%

Maternity: Maternity response rate for Q2 which is the only question measured nationally and looks at actual place of birth has increased, with 92 responses in February compared to 49 in January. Response rate is 20.6% for the month and 11.1% YTD. There were 59 response for Q4 (Postnatal care in community).

Outpatients: Outpatient responses have increased. Total outpatient responses for January were 2648.

Inpatients: This is an improving picture - to continue with current methodology. Paper card uploads with the facility to use QR code and online. Volunteers are supporting with FFT collection.

A&E: This is showing an improving picture - to continue with current methodology. Meeting held with directorate and action plan put in place; attended Clinical Governance meeting in February to promote FFT. Hybrid method using text, QR code and online. Meeting with Netcall and ED on 14 March to continue to monitor and support.

Maternity: This is an improving picture. Meeting held with the directorate to support improvements to FFT response rate. Volunteers are supporting with FFT collection.

Outpatients: SMS text messaging - initial review indicated poor patient response rate. Potential problem identified with mapping and text messaging. Assurance requested from Netcall and OP GM.

Inpatients: Continue monthly review

A&E: Continue monthly review

Maternity: Assurance they will continue to promote FFT in clinical areas. Continue monthly review.

Outpatients: Continue monthly review.

All: Meetings with IQVIA in November, December and January for assurance around paper uploads. Meeting with Netcall and ED in March. Ward auto remove out of date cards, promote FFT and increase response rate. Meetings held with ED and Maternity to review FFT and actions put in place including updating IQVIA hierarchy, printing and supplying FFT posters, using iPads and volunteers supporting with FFT collection. Updated FFT reports circulated to staff. Imperial Research project





Recommendation Rate: Total Responses: Feb 95.4% Very good/good. 2.7% poor very poor. 2.7% neither good or poor.

FFT Response All: Overall response rate for February was >5000, our highest ever monthly return.

Scoping in progress for new provider to provide FFT responses and surveys.

Comms put out reminding staff about FFT. Internet page updated to include more information about FFT and an accessibility information. We will continue to monitor all aspects of FFT.

Strategic Theme: Systems

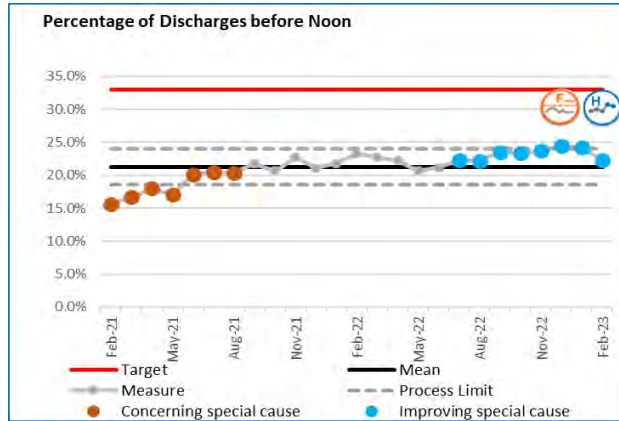
	CQC Domain	Metric	Latest			Previous			Actions & Assurance			
			Trust Target	Most recent position	Period	Trust Target	Most recent position	Period	Watch / Driver	Variation	Assurance	CMS Actions
Vision Goals / Targets	Effective	Decrease the number of occupied bed days for patients identified as medically fit for discharge (shown as rate per 100 occupied beddays)	3.5	6.7	Feb-23	3.5	7.4	Jan-23	Driver			-
Breakthrough Objectives	Effective	To increase the number of patients leaving our hospitals by noon on the day of discharge	33.0%	22.3%	Feb-23	33.0%	24.2%	Jan-23	Driver			Full CMS

Breakthrough: Counter Measure Summary

Project/Metric Name – To increase the number of patients leaving our hospitals by noon on the day of discharge to 33%

Owner: Rachel Jones
Metric: discharges before noon
Desired Trend: 7 consecutive data points above the mean

1. Historic Trend Data



Current Data Source:
Teletracking

Feb-23
22.3%

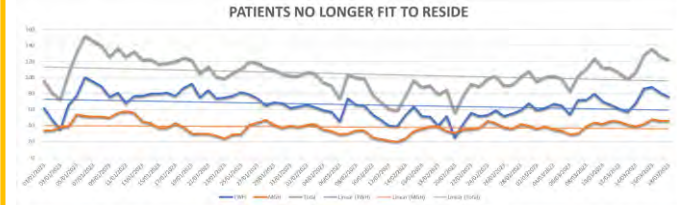
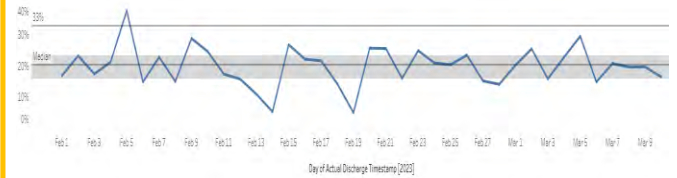
Variance Type
Metric is currently experiencing special cause variation of an improving nature

Target (Internal)
33%

Target Achievement
Metric is consistently failing the target

2. Stratified Data

TT DBN Data: There has been a lower discharges before noon performance throughout February which has coincided with lower levels of NCTR/ NLFT. Feedback is that the Hilton waiting list has fewer patients, which would fit with lower NCTR numbers. Additionally mid Feb the site was at OPEL 2 and occupancy was around 95% compared to 100% in January – it could be assumed there was less pressure on teams to DBN. It has been observed that Mondays and Tuesdays seem to have the lowest performance



Week Day	Date	%DBN
M	30/01/2023	21
T	31/01/2023	24
W	01/02/2023	17
T	02/02/2023	24
F	03/02/2023	20
M	06/02/2023	14
T	07/02/2023	24
W	08/02/2023	17
T	09/02/2023	28
F	10/02/2023	24
M	13/02/2023	11
T	14/02/2023	5
W	15/02/2023	27
T	16/02/2023	22
F	17/02/2023	22
M	20/02/2023	26
T	21/02/2023	26
W	22/02/2023	15
T	23/02/2023	25
F	24/02/2023	21
M	27/02/2023	15
T	28/02/2023	14
W	01/03/2023	20
T	02/03/2023	26
F	03/03/2023	16
M	06/03/2023	15
T	07/03/2023	21
W	08/03/2023	20
T	09/03/2023	20
F	10/03/2023	16
Average		20

3. Top Contributors











Area of Analysis	Considered a Top Contributor?
Criteria led discharge usage	The data has shown that CLD or nurse led discharge (NLD) was only utilised 1.3% of the time as recorded by sunrise. Although this value will need to be verified due to CLD being used on other systems also, there is an understanding that CLD pathways could be used more frequently than they are currently.
EDN completion times	Yes EDN completion times is a top contributor to delays in discharge time. The EDN Project Group is focussing on this – including providing digital solutions and CoS support for EDNs being completed during ward rounds. Representation from this group attends the Flow Improvement Programme Board chaired by the Director of Operational Nursing.
Pharmacy TAT for Dossett's and TTOs / sent by couriers	Yes however EDN completion seems to be root cause for delays in this area. Post EPMA implementation, pharmacy will continue to make improvements in this area.

Hilton removed as top contributor as new processes and systems move to business as usual.
 Red to be carried forwards in this project. Amber to be observed from other programmes

4. Action Plan

Counter-measure	Action	Who	When	Complete
Hilton Pathway	• Looking into possible Hilton Stroke pathway improvements using the lessons learned from the General Hilton pathway	Hilton/N P/AG/ FR / OT	31.03.23	In Progress
Criteria Led Discharge	• CLD approved at the Nursing and Midwifery Board in February. Competency framework completed. • CLD to be introduced to the stroke service with a presentation to clinical teams w/c 20/3	KC/ FR / NP	31.03.23	In Progress
EDN	• Pilot utilising sunrise for EDN starts 21 st Feb on TWH wards 21 and 30 has been delayed.	RG / SF / JS	10.04.23	In Progress
NCTR	• Focus work being undertaken on data quality for NCTR to deduce impact on BTO projects.	RS/ RG	14.03.23	In Progress

Strategic Theme: Sustainability

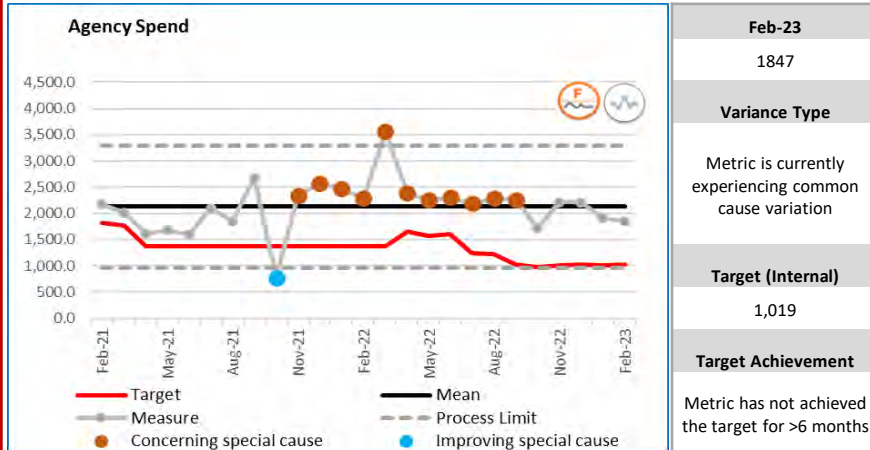
	CQC Domain	Metric	Latest			Previous			Actions & Assurance			
			Trust Target	Most recent position	Period	Trust Target	Most recent position	Period	Watch / Driver	Variation	Assurance	CMS Actions
Vision Goals / Targets	Well Led	Delivery of financial plan, including operational delivery of capital investment plan (net surplus(+)/net deficit (-) £000)	1,211	2,383	Feb-23	1,186	2	Jan-23	Driver			Note Performance
Breakthrough Objectives	Well Led	Reduce the amount of money the Trusts spends on premium workforce spend: Monthly Agency Spend - £000	1022	1847	Feb-23	1016	1904	Jan-23	Driver			Full CMS
Constitutional Standards and Key Metrics (not in SDR)	Well Led	CIP	4097	2463	Feb-23	4097	1247	Jan-23	Driver			Not Escalated
	Well Led	Cash Balance (£k)	8429	31811	Feb-23	7406	18241	Jan-23	Driver			Not Escalated
	Well Led	Capital Expenditure (£k)	3734	6238	Feb-23	6751	429	Jan-23	Driver			Not Escalated

Breakthrough: Counter Measure Summary

Project/Metric Name – Reduce the amount of money the Trusts spends on premium workforce spend: Monthly Agency Spend - £000

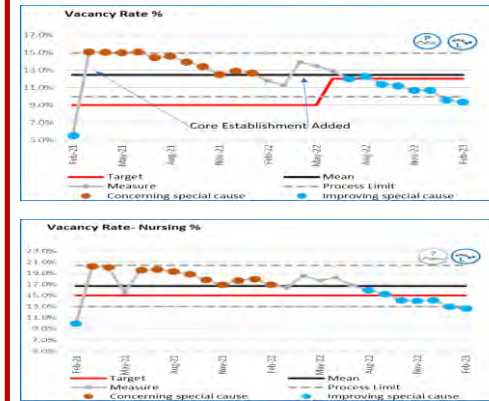
Owner: Steve Orpin
Metric: Premium Workforce Spend
Desired Trend: 7 consecutive data points below the mean

1. Historic Trend Data



Note the Oct 22 value is low due to a release of accruals from previous months

2. Stratified Data



Vacancy Rate: is now experiencing special cause variation of an improving nature and has passed the target for six months or more.

Nursing Vacancy Rate: Metric is experiencing special cause variation of an improving nature and variable achievement of the target..

3. Top Contributors

Contributing factors to premium workforce spend have been narrowed down to:

- Healthroster Performance
- Unfunded Escalation areas
- Reduction of vacancies
- Enhanced control environment

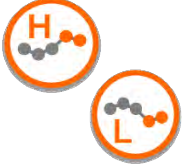



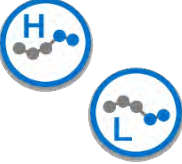
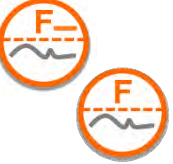
4. Action Plan

Action	Status
Identify target dates for closure of escalation wards	March
Complete eRostering guidelines for nursing	March
Set milestones for KPI target: 3.7% (of total) on agency spend	March
Devise suggested metrics around Control	Ongoing
Recruitment pipeline numbers info from TRAC, to be included into Recruitment Dashboard, to provide workforce forecast	Ongoing
Determine Dashboard/data requirements for meeting	Ongoing
Amend membership to Terms of Reference	March
Additional drivers to be quantified/worked up	Ongoing
eRostering Compliance Audit completed	March

Appendices

SDR Business Rules Driven by the SPC Icons

Assurance: Failing

Variation	Assurance	Understanding the Icons	Business Rule – DRIVER	Business Rule - WATCH
		<p>Special Cause of a concerning nature due to (H)igher or (L)ower values. Assurance indicates consistently (F)ailing the target.</p>	<p>Metric is Failing the Target (which is likely if it is a Driver Metric). A full CMS is required to support actions and delivery of a performance improvement</p>	<p>Metric is Failing the Target and is showing a Special Cause for Concern. A full CMS is required to support actions and delivery of a performance improvement. Consider escalating to a driver metric</p>
		<p>Common Cause - no significant change. Assurance indicates consistently (F)ailing the target.</p>	<p>Metric is Failing the Target (which is likely if it is a Driver Metric). A full CMS is required to support actions and delivery of a performance improvement</p>	<p>Metric is Failing the Target and is in Common Cause variation. A verbal CMS is required, but do not consider escalating to a driver metric</p>
		<p>Special Cause of an improving nature due to (H)igher or (L)ower values. Assurance indicates consistently (F)ailing the target.</p>	<p>Metric is Failing the Target (which is likely if it is a Driver Metric). A full CMS is required to support actions and delivery of a performance improvement</p>	<p>Metric is Failing the Target, but is showing a Special Cause of Improvement. Note performance, but do not consider escalating to a driver metric</p>

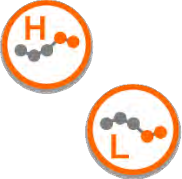



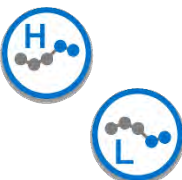

SDR Business Rules Driven by the SPC Icons

Assurance: Hit & Miss


Variation	Assurance	Understanding the Icons	Business Rule – DRIVER	Business Rule - WATCH
		<p>Special Cause of a concerning nature due to (H)igher or (L)ower values. Assurance indicates inconsistently hitting or missing the target.</p>	<p>Metric is hitting & missing the Target and is showing a Special Cause for Concern. A <u>verbal CMS</u> is required to support ongoing actions and delivery of a continued / permanent performance</p>	<p>Metric is in Common Cause, but is showing a Special Cause for Concern. <u>Note performance</u>, but do not consider escalating to a driver metric</p>
		<p>Common Cause - no significant change. Assurance indicates inconsistently hitting or missing the target.</p>	<p>Metric is hitting & missing the Target and is in Common Cause variation. A <u>verbal CMS</u> is required to support ongoing actions and delivery of a continued / permanent performance</p>	<p>Metric is Hitting & Missing the Target and is in Common Cause variation. <u>Note performance</u>, but do not consider escalating to a driver metric</p>
		<p>Special Cause of an improving nature due to (H)igher or (L)ower values. Assurance indicates inconsistently hitting or missing the target and blue outline indicates this has continued for 6 months or more.</p>	<p>Metric is Hitting and Missing the Target, but is showing a Special Cause of Improvement. <u>Note performance</u></p>	<p>Metric is Hitting and Missing the Target, but is showing a Special Cause of Improvement. <u>Note performance</u></p>

SDR Business Rules Driven by the SPC Icons

Assurance: Passing

Variation	Assurance	Understanding the Icons	Business Rule – DRIVER	Business Rule - WATCH
		<p>Special Cause of a concerning nature due to (H)igher or (L)ower values. Assurance indicates consistently (P)assing the target.</p>	<p>Metric is Passing the Target, but is showing a Special Cause for Concern. A <u>verbal CMS</u> is required to support continued delivery of the target</p>	<p>Metric is Passing the Target, but is showing a Special Cause for Concern. <u>Note performance</u>, but do not consider escalating to a driver metric</p>
		<p>Common Cause - no significant change. Assurance indicates consistently (P)assing the target.</p>	<p>Metric is Passing the Target and is in Common Cause variation. <u>Note performance</u>, consider revising the target / downgrading the metric to a 'Watch' metric</p>	<p>Metric is Passing the Target and is in Common Cause variation. <u>Note performance</u></p>
		<p>Special Cause of an improving nature due to (H)igher or (L)ower values. Assurance indicates consistently (P)assing the target.</p>	<p>Metric is Passing the Target and is showing a Special Cause of Improvement. <u>Note performance</u>, consider revising the target / downgrading the metric to a 'Watch' metric</p>	<p>Metric is Passing the Target and is showing a Special Cause of Improvement. <u>Note performance</u></p>


Passing, Failing and Hit & Miss Examples

Metrics that consistently **pass**  have:

The **upper control limit below** the target line for metrics that need to be **below the target**


The **lower control limit above** the target line for metrics that need to be **above the target**

A metric achieving the target for 6 months or more will be flagged as passing 

Metrics that consistently **fail**  have:

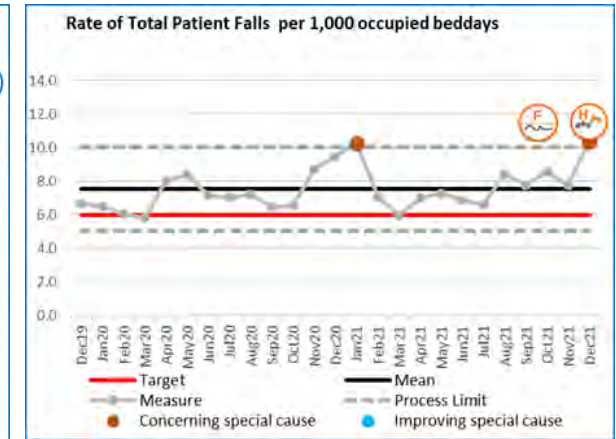
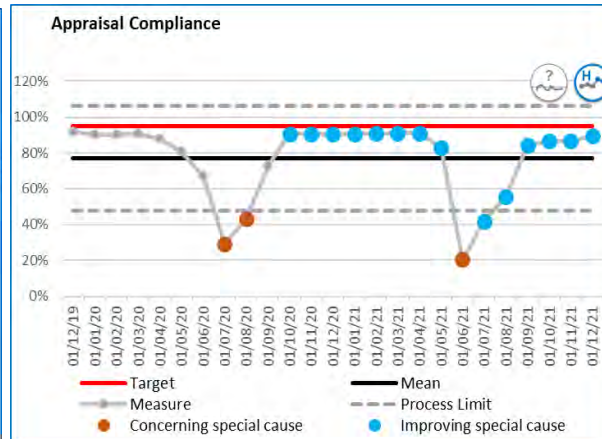
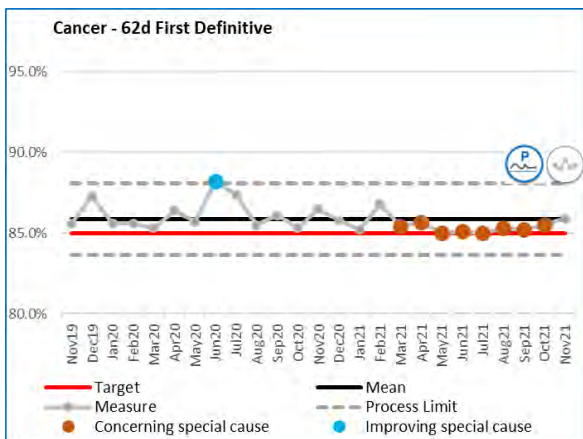
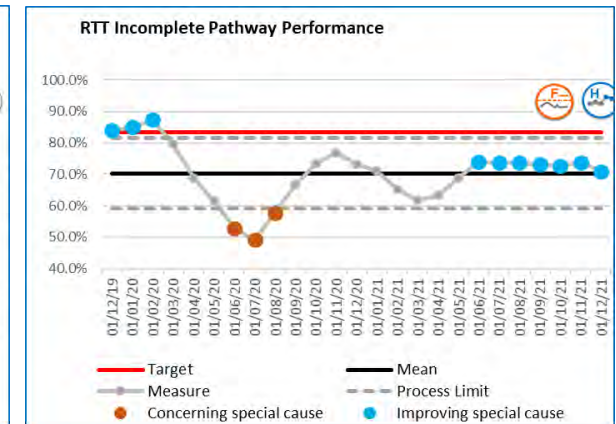
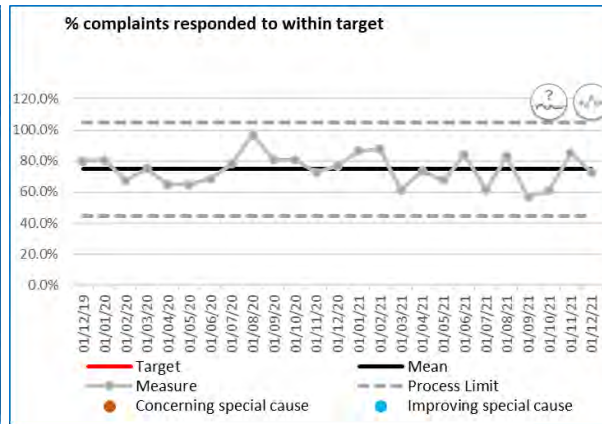
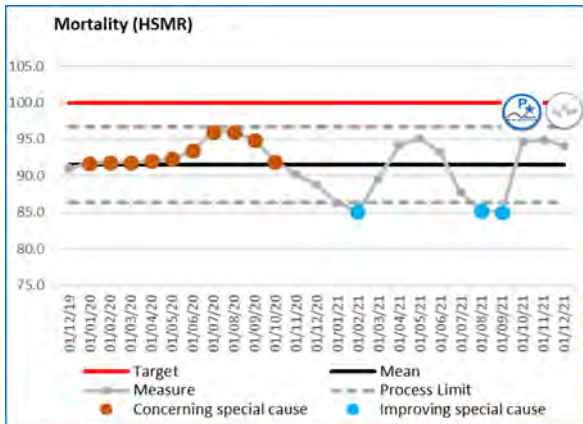
The **lower control limit above** the target line for metrics that need to be **below the target**

The **upper control limit below** the target line for metrics that need to be **above the target**

A metric not achieving the target for 6 months or more will be flagged as failing 

Metrics that are **hit and miss**  have:

The **target line between** the upper and lower control limit for all metric types



Executive Summary

- The Trust was £2.4m in surplus in the month which was £1.2m favourable to plan. Year to Date the Trust is achieving the plan which is a £1.2m in deficit.
- The key pressure is within pay budgets which are adverse to plan by £3m. The main pressures continue to be within Medicine and Emergency Division medical staffing spend (£5.9m) and facilities staffing (£1.7m). These pressures were partly offset by underspends within Nursing (£3.1m), Medical staffing underspends within Cancer and Core Clinical Services Divisions (£1m), support to clinical staff (£0.1m), Scientific and Technical staff (£0.3m) and underspend within Admin and Clerical (£0.1m).
- Cost Improvement Plans (CIP) are behind plan with a year to date adverse position of £13.1m. The Trust is forecasting CIP delivery of £14.4m which is £15.6m adverse variance to plan. The Trust has implemented a recovery plan which mainly mitigates this risk with non-recurrent measures.
- Year to date Clinical income has not been adjusted for the impact of ESRF. The current assessment of the ESRF achievement in year is showing priced activity significantly below the 19/20 baseline target value and will therefore mean that funds may be clawed back by Commissioners, however there have been strong indications that no clawback will be applied to systems in 2022/23 but as yet no formal confirmation of this has been received and so clawback remains a financial risk for the Trust.
- The Trust is forecasting to deliver a breakeven position however there are unmitigated risks of £0.5m.

Current Month Financial Position

- The Trust was £2.4m in surplus in the month which was £1.2m favourable to plan.
- The key current month variances are as follows:
 - CIP slippage of £1.6m in the month, this slippage was offset by;
 - Additional non-recurrent income to support the extra agency spend incurred over the year relating to mental health patients (£1.4m).
 - Release of £0.2m of deferred income to offset costs incurred in previous months.

Year to Date Financial Position

- The Trust was on plan, generating a £1.2m deficit.
- The key year to date variances is as follows:
 - **Adverse Variances**
 - CIP Slippage (£13.1m).
 - Pay budgets overspent by £3m. The main pressures continue to be within Medicine and Emergency Division medical staffing spend (£5.9m) and facilities staffing (£1.7m). These pressures were partly offset by underspends within Nursing (£3.1m), Medical staffing underspends within Cancer and Core Clinical Services Divisions (£1m), support to clinical staff (£0.1m), Scientific and Technical staff (£0.3m) and underspend within Admin and Clerical (£0.1m).
 - **Favourable Variances**
 - Release of £6.9m from reserves. The following reserves have been released: £2.7m from growth reserve to offset unfunded waiting list initiatives incurred, £2.2m from service developments and £2m from contingency to part offset some of the YTD pay pressures and CIP slippage.
 - Reduction in provisions to reflect latest assessment (£2.3m) and release of £1.5m of deferred income to match commissioner guidance.
 - Underspends within depreciation (£1.6m), additional funding to support mental health patients (£1.4m), additional clinical income to fund additional service developments and

non elective growth support (£1.2m), Elective outsourcing due to Elective activity below budget (£0.5m) and overperformance in interest receivable (£0.5m).

Risks

- Year to date Clinical income has not been adjusted for the impact of ESRF. The current assessment of the ESRF achievement in year is showing priced activity significantly below the 19/20 baseline target value and will therefore mean that funds may be clawed back by Commissioners, however there have been strong indications that no clawback will be applied to systems in 2022/23 but as yet no formal confirmation of this has been received and so clawback remains a financial risk for the Trust.
- The Trusts accounting policy is to use March Building Cost Information Service Construction Data (BCIS) to calculate the building valuations. Therefore, the final Public Dividend Capital (PDC) charge won't be known until this has been fully assessed and quantified. If the final costs are greater than this estimate this would adversely impact the forecast.

Cashflow

- The closing cash balance at the end of February 2023 was £31.8m which is higher by £23.4m compared with the revised plan resubmitted in June 2022. The increase in the cash balance is due to the in-year settlement of KMMS development costs which were raised as debtors at year-end 21/22 (c.£6m) and the delays around capital projects being agreed eg the Barn and CDC; however orders have been raised and invoices are expected to be received in March which will increase the cash outflow.
- The Trust's cash flow is based on the Income & Expenditure (I&E) plan and working capital adjustments from the Balance Sheet. If the in-year I&E position moves adversely then this has a negative impact on the Trusts cash flow and the Trust would need to implement various strategies to ensure the Trust cash remains in balance whilst meeting its commitments. The cash flow is updated daily to ensure that the Trust can meet all its commitments as well as working towards ensuring prompt payment is made to suppliers. The Trust is retaining producing two payment runs a week and are paying all invoices when they are approved to ensure all non-NHS suppliers are paid as soon as possible. The closing cash balance for the Trust has been reduced from the plan value of £5m to £2m, this has been adjusted down to take account of non-cash releasing CIP measures and maintaining the current level of supplier payments.
- The Trust is also working with its NHS colleagues to reduce all debtor/creditor balances. This also ensures the Trust is achieving the BPPC target of 95% that NHSE/I are reviewing regularly, the Trusts BPPC at the end of January is - Trade in value 96.3% and by quantity is 96.1; for NHS by value is 93.7% and by quantity is 85.0%.

Capital Position

- The Trust's initial capital plan, excluding IFRS 16 items, agreed with the ICB for 2022/23 was £41.3m comprising:
 - **Estates £2.9m:** Estates Enabling and Backlog schemes include contractual commitments from 2021/22 relating to enabling works for Linacs and SPECT CT equipment, as well as MRI enabling/build works at MGH and TWH (relating to In-Health proposed contract). They also include carry forward spend from projects that were planned for completion in 2021/22 but have overrun e.g. Annexe and Oncology OPD.
 - **ICT £2.8m:** ICT schemes include EPMA costs relate to contractual commitments, IT for KMMS, iPro Anaesthetics, EPR infrastructure upgrade, eChemo prescribing and devices replacement.
 - **Equipment £2.5m:** Includes contractual commitments from 2021/22 relating to schemes that could not be delivered by 31st March due to supplier issues, along with emergency schemes approved by ETM. The majority of schemes have been approved and orders are being

raised. Other equipment schemes have been prioritised and business cases are in development.

- **Externally Funded schemes:** Includes £1.9m for the HASU (approved by ICB from system funding). The West Kent Orthopaedic Centre [Barn] was initially funded at £29m in the plan, but delays on the approvals meant that the OBC has been approved with a reduced figure of £6.5m in 2022/23 and some further early works funding agreed for 2023/24 prior to the FBC review (June 2023).
- Additional funds agreed during the year include Digital Diagnostics (PACS, Home Reporting, iRefer & Digital Pathology) of £546k in total, Endoscopy Decontamination of £58k, Cyber Security £48k, EPR Optimisation (£500k), Patient Portals - Wayfinder (£352k) and Digital Pathology (Fish) £186k, and £9.9m for the CDC programme. The Trust submitted bids to the ICB against available system slippage: £592k, primarily for medical equipment, was approved in M11 and will be a CRL/CDEL adjustment but without additional cash.

M11 outturn

- £11.9m was spent in M11 against the forecast outturn value of £25.1m, leaving a significant value of £13.2m to be spent by year end. This represents a key risk on delivery, but this is similar to the value delivered in the final month in the previous two financial years. The environment of slow or late release of national funds puts inevitable pressure on the year end position. All the key capital budget holders and finance staff are focussed on ensuring suppliers deliver goods and services within the required timeframe. Major projects such as the Barn theatre and the CDC development are being reviewed on a daily basis with the key stakeholders.

IFRS 16 Capital

- The Trust is reporting a c. £18m forecast outturn underspend on IFRS 16 capital resource planned for 2022/23. The main slippage relates to the Kent & Medway Medical school student accommodation project at TWH which was planned for completion in March 2023 but has slipped to December 2023. The resource of c. £15m has been re-planned in our 2023/24 submissions, but there is no confirmation as yet of IFRS 16 resource for 2023/24.

Year-end Forecast

The Trust is currently forecasting to deliver a breakeven position but has unmitigated risks of £0.5m which if materialised would mean the Trust would be overspent by £0.5m.

Finance Report

Month 11
2022/23

Dashboard

February 2022/23

	Current Month					Year to Date					Annual Forecast / Plan		
	Actual	Plan	Variance	Pass- through	Revised Variance	Actual	Plan	Variance	Pass- through	Revised Variance	Forecast	Plan	Variance
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Income	56.9	53.5	3.4	0.2	3.2	595.5	583.2	12.3	0.1	12.3	649.9	636.6	13.2
Expenditure	(50.9)	(48.0)	(2.8)	(0.2)	(2.6)	(556.2)	(541.1)	(15.0)	(0.1)	(15.0)	(605.0)	(589.2)	(15.8)
EBITDA (Income less Expenditure)	6.0	5.4	0.6	0.0	0.6	39.4	42.0	(2.7)	(0.0)	(2.7)	44.9	47.4	(2.6)
Financing Costs	(3.7)	(4.1)	0.4	0.0	0.4	(41.2)	(43.6)	2.4	0.0	2.4	(46.1)	(48.6)	2.6
Technical Adjustments	0.0	(0.1)	0.2	0.0	0.2	0.5	0.3	0.3	0.0	0.3	1.2	1.2	(0.0)
Net Surplus / Deficit (Incl Top Up funding support)	2.4	1.2	1.2	0.0	1.2	(1.2)	(1.2)	0.0	(0.0)	0.0	0.0	0.0	(0.0)
Cash Balance	31.8	8.4	23.4		23.4	31.8	8.4	23.4		23.4	2.0	5.0	(3.0)
Capital Expenditure (Incl Donated Assets)	6.2	3.7	(2.5)		(2.5)	12.0	37.4	(25.5)		(25.5)	25.1	41.3	16.2
Cost Improvement Plan (Internal £30m target)	2.5	4.1	(1.6)		(1.6)	12.8	25.9	(13.1)		(13.1)	14.4	30.0	-15.6

Summary Current Month:

- The Trust was £2.4m in surplus in the month which was £1.2m favourable to plan.

The Trusts key variances to the plan are:

- CIP slippage of £1.6m in the month.
- The CIP slippage was offset by additional non recurrent income to support the extra agency spend incurred over the year relating to mental health patients (£1.4m) and the release of £0.2m of deferred income to offset costs incurred in previous months.

Year to date overview:

- The Trust is on plan generating a £1.2m deficit year to date.
- The Trusts key variances to the plan are:

Adverse Variances:

- CIP Slippage (£13.1m)
- Pay budgets overspent by £3m. The main pressures continue to be within Medicine and Emergency Division medical staffing spend (£5.9m) and facilities staffing (£1.7m). These pressures were partly offset by underspends within Nursing (£3.1m), Medical staffing underspends within Cancer and Core Clinical Services Divisions (£1m), support to clinical staff (£0.1m), Scientific and Technical staff (£0.3m) and underspend within Admin and Clerical (£0.1m).

Favourable Variances:

- Release of £6.9m from reserves. The following reserves have been released: £2.7m from growth reserve to offset unfunded waiting list initiatives incurred, £2.2m from service developments and £2m from contingency to part offset some of the YTD pay pressures and CIP slippage.
- Reduction in provisions to reflect latest assessment (£2.3m) and release of £1.5m of deferred income to match commissioner guidance.
- Underspends within depreciation (£1.6m), additional funding to support mental health patients (£1.4m), additional clinical income to fund additional service developments and non elective growth support (£1.2m), Elective outsourcing due to Elective activity below budget (£0.5m) and overperformance in interest receivable (£0.5m)



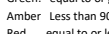


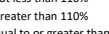
CIP (Savings)

- The Trust has an external (NHSE/I) savings target for 2022/23 of £20m but an internal savings requirement of £30m. Against the £30m internal target the Trust has delivered £12.8m savings year to date which is £13.1m adverse to plan.

Forecast

- The Trust is forecasting to deliver a breakeven position however there is currently a risk of £0.5m unmitigated risks to the forecast. The main risks are:
 - Public Dividend Capital (PDC) - The Trusts accounting policy is to use March BCIS data, due to national price increases there is a risk to the forecast that the level of PDC might be higher than currently forecasted, an early estimate indicated this could be c£0.5m more.
 - The Trust has not yet received a final settlement offer from Specialist commissioning and is still waiting on confirmation that there will be no ESRF clawback. The current indications is this won't happen and have therefore has been measured as a low risk but there is a risk of up to £1.3m which could be clawed back due to under delivery against the baseline. If this clawback did materialise the Trust currently does not have any mitigation plan for this issue.
 - Junior Doctors Industrial action - The forecast currently includes an estimate of £0.3m relating to the junior doctors industrial action, if the final costs is greater than this estimate this would adversely impact the forecast.

Feb-23		DAY				NIGHT				TEMPORARY STAFFING		Bank / Agency Demand: RN/M (number of shifts)	WTE Temporary demand RN/M	Temporary Demand Unfilled -RM/N (number of shifts)	Overall Care Hours per pt day	Nurse Sensitive Indicators				Financial review			
Hospital Site name	Health Roster Name	Average fill rate registered nurses/midwives (%)	Average fill rate care staff (%)	Average fill rate Nursing Associates (%)	Average fill rate Training Nursing Associates (%)	Average fill rate registered nurses/midwives (%)	Average fill rate care staff (%)	Average fill rate Nursing Associates (%)	Average fill rate Training Nursing Associates (%)	Bank/Agency Usage	Agency as a % of Temporary Staffing					FFT Response Rate	FFT Score % Positive	Falls	PU ward acquired	Comments	Budget £	Actual £	Variance £ (overspend)
MAIDSTONE	Acute Medical Unit (M) - NG551	95.1%	94.3%	-	-	135.9%	224.2%	-	100.0%	37.3%	59.4%	117	8.07	43	9.4	9.8%	83.3%	5	0		167,876	179,221	(11,345)
MAIDSTONE	Stroke Unit (M) - NK551	82.6%	103.5%	-	100.0%	207.7%	103.6%	-	100.0%	58.0%	76.6%	399	25.26	102	8.1	51.7%	86.7%	7	1		313,463	354,958	(41,495)
MAIDSTONE	Chaucer Ward (2022) - NS451	20.1%	20.5%	-	-	27.4%	17.9%	-	-	8.9%	48.3%	19	1.40	6	11.6	-	-	0	0		0	20,968	(20,968)
MAIDSTONE	Cornwallis (M) - NS959	105.1%	91.4%	-	-	123.2%	174.7%	-	-	49.5%	65.0%	128	9.15	29	7.8	45.5%	93.3%	3	1		105,868	98,911	6,957
MAIDSTONE	Culpepper Ward (M) - NS551	108.3%	67.6%	-	-	105.4%	96.4%	-	-	24.1%	94.9%	23	1.61	3	4.6	-	-	0	0		157,012	119,625	37,387
MAIDSTONE	Edith Cavell - NS459	100.9%	92.4%	-	100.0%	113.0%	107.1%	-	-	46.0%	71.1%	103	7.48	30	6.5	60.9%	100.0%	4	2		115,314	119,852	(4,538)
MAIDSTONE	Foster Clark - NS251	80.4%	92.4%	-	-	92.0%	95.2%	-	-	18.9%	73.7%	80	5.62	38	7.6	58.3%	96.1%	0	0		155,392	155,632	(240)
MAIDSTONE	John Day Respiratory Ward (M) - NT151	92.9%	95.8%	-	-	115.8%	108.9%	-	-	41.6%	63.1%	182	12.84	35	6.8	60.0%	100.0%	1	1		148,686	170,772	(22,086)
MAIDSTONE	Intensive Care (M) - NA251	93.0%	52.9%	-	-	97.7%	90.6%	-	-	9.9%	100.0%	55	3.41	13	41.2	550.0%	100.0%	0	1		228,074	234,000	(5,926)
MAIDSTONE	Lord North Ward (M) - NF651	95.2%	96.3%	-	100.0%	100.0%	103.3%	-	-	10.1%	75.2%	25	1.82	4	7.4	24.0%	100.0%	3	0		113,978	113,286	692
MAIDSTONE	Maidstone Orthopaedic Unit (M) - NP951	99.9%	48.5%	-	100.0%	76.0%	-	-	-	17.4%	100.0%	17	1.20	6	19.9	39.7%	100.0%	1	0		57,536	49,927	7,609
MAIDSTONE	Mercer Ward (M) - NI251	85.5%	115.7%	-	100.0%	102.4%	183.9%	-	-	40.6%	52.4%	67	4.74	18	6.6	46.9%	86.7%	6	0		111,630	134,582	(22,952)
MAIDSTONE	Peale Ward COVID - ND451	78.6%	101.1%	-	100.0%	103.6%	164.3%	-	-	35.9%	62.2%	62	4.23	19	10.5	15.4%	100.0%	2	0		122,523	93,744	28,779
MAIDSTONE	Pye Oliver (Medical) - NK259	97.8%	124.1%	-	-	114.3%	161.5%	-	100.0%	54.8%	43.5%	110	7.78	21	7.3	14.3%	83.3%	5	0		129,560	152,751	(23,191)
MAIDSTONE	Short Stay Surgical Unit (M) - NE751	102.1%	86.5%	-	-	64.8%	-	-	-	19.4%	97.0%	24	1.56	6	43.6	-	-	0	0		55,664	59,064	(3,400)
MAIDSTONE	Whatman Ward - NK959	94.0%	80.8%	-	100.0%	107.3%	136.4%	-	100.0%	66.3%	62.5%	117	8.08	20	6.6	75.0%	95.2%	6	2		100,051	148,974	(48,923)
MAIDSTONE	Maidstone Birth Centre - NP751	123.4%	105.3%	-	-	94.5%	96.8%	-	-	20.0%	100.0%	35	2.07	0	49.2	100.0%	100.0%	0	0		73,878	91,940	(18,062)
TWH	Acute Medical Unit (TW) - NA901	84.7%	86.3%	-	100.0%	92.5%	97.7%	-	100.0%	34.3%	71.1%	175	12.77	68	8.8	8.7%	100.0%	7	0		240,445	227,852	12,593
TWH	Coronary Care Unit (TW) - NP301	87.8%	60.7%	-	-	94.0%	-	-	-	12.6%	100.0%	28	2.10	12	11.1	100.0%	100.0%	0	0		72,344	70,480	1,864
TWH	Hedgehog Ward (TW) - ND702	95.7%	51.9%	-	-	110.1%	86.2%	-	-	40.9%	65.7%	214	15.06	64	10.0	7.7%	100.0%	1	0		157,273	207,945	(50,672)
TWH	Intensive Care (TW) - NA201	98.4%	134.5%	-	-	100.9%	93.8%	-	-	15.5%	100.0%	180	12.22	40	45.8	1600.0%	100.0%	1	0		363,637	396,370	(32,733)
TWH	Private Patient Unit (TW) - NR702	98.6%	106.3%	-	-	78.7%	150.0%	-	-	24.3%	91.4%	50	3.43	18	10.8	100.0%	100.0%	0	1		75,053	76,320	(1,267)
TWH	Ward 2 (TW) - NG442	63.6%	113.5%	-	100.0%	104.8%	181.0%	-	-	56.8%	45.0%	148	10.37	56	7.0	36.8%	92.9%	14	3		177,009	179,698	(2,689)
TWH	Ward 10 (TW) - NG131	106.4%	98.5%	-	-	102.8%	126.8%	-	-	39.1%	85.5%	100	6.89	19	6.3	10.7%	100.0%	1	0		142,984	164,182	(21,198)
TWH	Ward 11 (TW) Winter Escalation 2019 - NG144	89.1%	115.7%	-	-	142.1%	92.0%	-	-	72.7%	53.0%	250.00	17.69	65.00	7.3	5.6%	100.0%	1	0		159,516	191,955	(32,439)
TWH	Ward 12 (TW) - NG132	88.0%	80.5%	-	100.0%	100.0%	96.2%	-	-	34.4%	79.5%	105	6.45		5.7	21.0%	92.3%	6	0		142,848	143,116	(268)
TWH	Ward 20 (TW) - NG230	69.5%	105.7%	-	100.0%	124.0%	116.0%	-	-	49.1%	53.1%	177	11.96	78	6.4	39.1%	96.3%	10	0		168,317	153,201	15,116
TWH	Ward 21 (TW) - NG231	77.2%	100.5%	-	-	100.5%	92.9%	-	-	33.1%	57.8%	169	11.60	58	5.9	27.0%	100.0%	1	0		145,279	160,069	(14,790)
TWH	Ward 22 (TW) - NG332	77.6%	102.9%	-	-	91.3%	163.6%	-	-	58.8%	49.4%	141	9.91	51	6.6	52.8%	100.0%	14	0		143,120	174,386	(31,266)
TWH	Ward 30 (TW) - NG330	89.2%	77.1%	-	-	90.1%	140.7%	-	-	52.4%	68.9%	201	12.95	53	6.0	23.8%	90.0%	3	3		122,390	169,735	(47,345)
TWH	Ward 31 (TW) - NG331	107.1%	110.9%	-	-	119.0%	116.0%	-	-	37.8%	68.0%	121	8.15	28	7.1	33.3%	84.6%	7	3		136,506	182,990	(46,484)
TWH	Ward 32 (TW) - NG130	79.4%	103.0%	-	100.0%	81.3%	74.4%	-	100.0%	21.9%	69.0%	119	8.29	43	8.4	20.0%	100.0%	1	1		144,071	142,443	1,628
TWH	Ward 33 (Gynae) (TW) - ND302	95.8%	96.4%	-	-	100.0%	89.3%	-	-	40.2%	98.5%	54	3.50	3	7.5	10.1%	100.0%	0	0		98,025	100,188	(2,163)
TWH	SCBU (TW) - NA102	93.4%	143.4%	-	-	107.1%	46.4%	-	-	27.3%	94.6%	112	6.97	6	11.6	20.0%	100.0%	0	0		202,620	182,291	20,329
TWH	Short Stay Surgical Unit (TW) - NE901	87.0%	101.4%	-	100.0%	98.9%	103.7%	-	100.0%	20.4%	91.4%	48	3.13	8	12.1	-	-	0	0		79,831	92,656	(12,825)
TWH	Surgical Assessment Unit (TW) - NE701	102.0%	114.3%	-	-	98.2%	100.0%	-	-	27.2%	98.2%	47	3.08	8	23.1	-	-	1	0		75,005	73,138	1,867
TWH	Midwifery (multiple rosters)	79.3%	46.3%	-	-	92.5%	22.6%	-	-	17.6%	93.9%	699	38.79	100	11.9	71.4%	99.1%	1	0		784,851	871,987	(87,136)
Crowborough	Crowborough Birth Centre (CBC) - NP775	79.0%	90.1%	-	-	48.4%	92.9%	-	-	11.8%	100.0%	31	1.62	2	182.9	140.0%	100.0%	0	0		142,044	92,953	49,091
MAIDSTONE	Accident & Emergency (M) - NA351	95.1%	108.3%	-	100.0%	99.0%	80.7%	-	-	37.5%	58.8%	377	26.53	39	-	2.9%	91.6%	2	0		374,574	432,639	(58,065)
TWH	Accident & Emergency (TW) - NA301	97.1%	90.7%	-	100.0%	97.6%	81.9%	-	100.0%	43.6%	52.3%	443	30.83	34	-	5.5%	94.4%	2	0		403,226	511,496	(108,270)

Under fill
  
Overfill
  
Green: equal to or greater than 90% but less than 110%
Amber: Less than 90% OR equal to or greater than 110%
Red: equal to or less than 80% OR equal to or greater than 130%

Total Established Wards	6,707,473	7,296,297	(588,824)
Additional Capacity beds	55,152	42,844	12,308
Cath Labs			
Whatman			
Other associated nursing costs	5,241,768	4,776,588	465,184
Total	12,004,393	12,115,728	(111,331)

Quarterly mortality data

Medical Director

This report is submitted in line with guidance from the National Quality Board, March 2017. This stipulates that Trusts are required to collect and publish on a quarterly basis specified information on deaths. This should be through a paper and an agenda item to a public board meeting in each quarter to set out the Trust's policy and approach and publication of the data and learning points.

Which Committees have reviewed the information prior to Board submission?

- 'Main' Quality Committee, 08/03/23

Reason for submission to the Board (decision, discussion, information, assurance etc.) ¹

Discussion and assurance

¹ All information received by the Board should pass at least one of the tests from 'The Intelligent Board' & 'Safe in the knowledge: How do NHS Trust Boards ensure safe care for their patients': the information prompts relevant & constructive challenge; the information supports informed decision-making; the information is effective in providing early warning of potential problems; the information reflects the experiences of users & services; the information develops Directors' understanding of the Trust & its performance

Mortality Surveillance Group Report

March 2022

SUMMARY

HSMR for the period Nov-21 to Oct-22 is 99.31 and “within expected”, based on 43,667 superspells and 1323 deaths (crude rate 3.03%).

There are four outlying diagnosis groups, however none are new:

- Conduction disorders (219 superspells; 10 deaths)
- Congestive heart failure, nonhypertensive (754 superspells; 104 deaths)
- Other acquired deformities (81 superspells; 2 deaths)
- Septicemia (except in labour) (744 superspells; 142 deaths)

There are two new CUSUM alerts this month;

- Congestive heart failure, nonhypertensive
- Substance-related mental disorders.

Congestive heart failure, non-hypertensive

Investigation shows a particular cohort whereby a case-note review is recommended to understand patient pathways in more detail, and where any learnings may be noted. This is a group of patients with a specific procedure code (provided in full report to MSG); or aged 65-74; or with a short LOS (0-2 days).

Substance-related mental disorders

A single death is noted, which may merit further investigation to understand. The patient admitted on 17-Sep and discharged 21-Oct after 34-day LOS and 3 FCEs. Their primary diagnosis was ‘F19.5 Mental and behavioural disorders due to multiple drug use and use of other psychoactive substances - Psychotic disorder’, but after 3-days had a primary diagnosis and was treated for ‘Non-Hodgkin’s lymphoma’.

SHMI for the period Oct-21 to Sep-22 is 92.80 and “as expected”, and there are no outliers applying control limit methodology.

HEADLINES

Data Period: Nov 2021 - Oct 2022

Metric	Result
HSMR	99.3 (within expected) (94.0 – 104.8)
Next month HSMR preview (Dec-21 to Nov-22)	101.9 (within expected)
HSMR position vs. peers	Regional acute peer group = 18 trusts: <ul style="list-style-type: none"> • 10 lower-than-expected • 7 within expected • 1 higher-than-expected Peer group = 93.5 (lower-than-expected) (92.3 – 94.7)
All Diagnosis SMR	96.3 (within expected)
Significant Diagnosis Groups	<ul style="list-style-type: none"> • Conduction disorders (219 superspells; 10 deaths) • Congestive heart failure, nonhypertensive (754 superspells; 104 deaths) • Other acquired deformities (81 superspells; 2 deaths) • Septicemia (except in labour) (744 superspells; 142 deaths)
CUSUM breaches	<ul style="list-style-type: none"> • Congestive heart failure, nonhypertensive (Oct-22) • Substance-related mental disorders (Oct-22) • Conduction disorders (Aug-22) • Multiple sclerosis (Mar-22) • Septicemia (except in labour) (Jan-22) • Occlusion or stenosis of precerebral arteries (Dec-21) • Viral infection (Nov-21)
SHMI position	(Oct-21 to Sep-22) 92.80 (as expected)

HOSPITAL STANDARDISED MORTALITY RATIO OVERVIEW

Key points

HSMR for Oct-22 is 110.49 and “within expected”, based on 4119 superspells and 133 deaths (crude rate 3.23%).

HSMR for the period Nov-21 to Oct-22 is 99.31 and “within expected”, based on 43,667 superspells and 1323 deaths (crude rate 3.03%).

Figure 1 – HSMR Monthly Trend

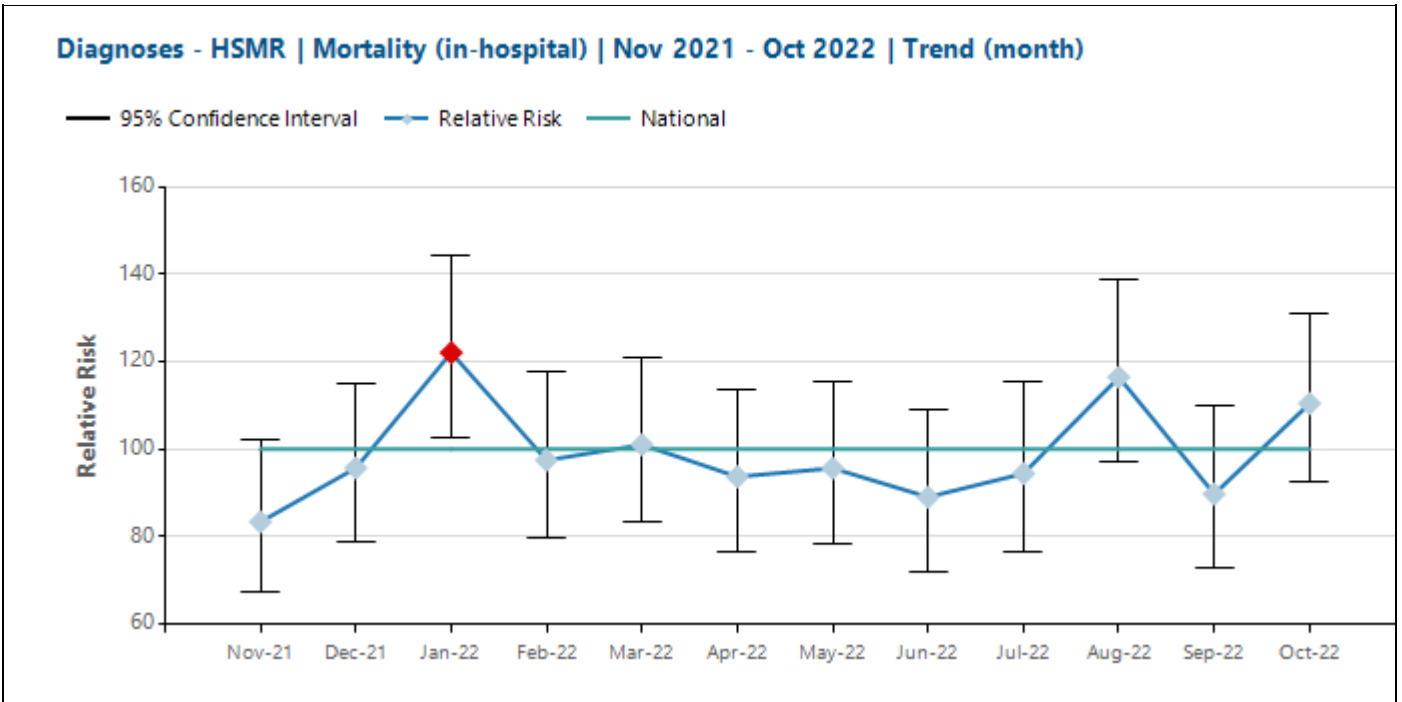


Figure 2 – HSMR 12 Month Rolling Trend

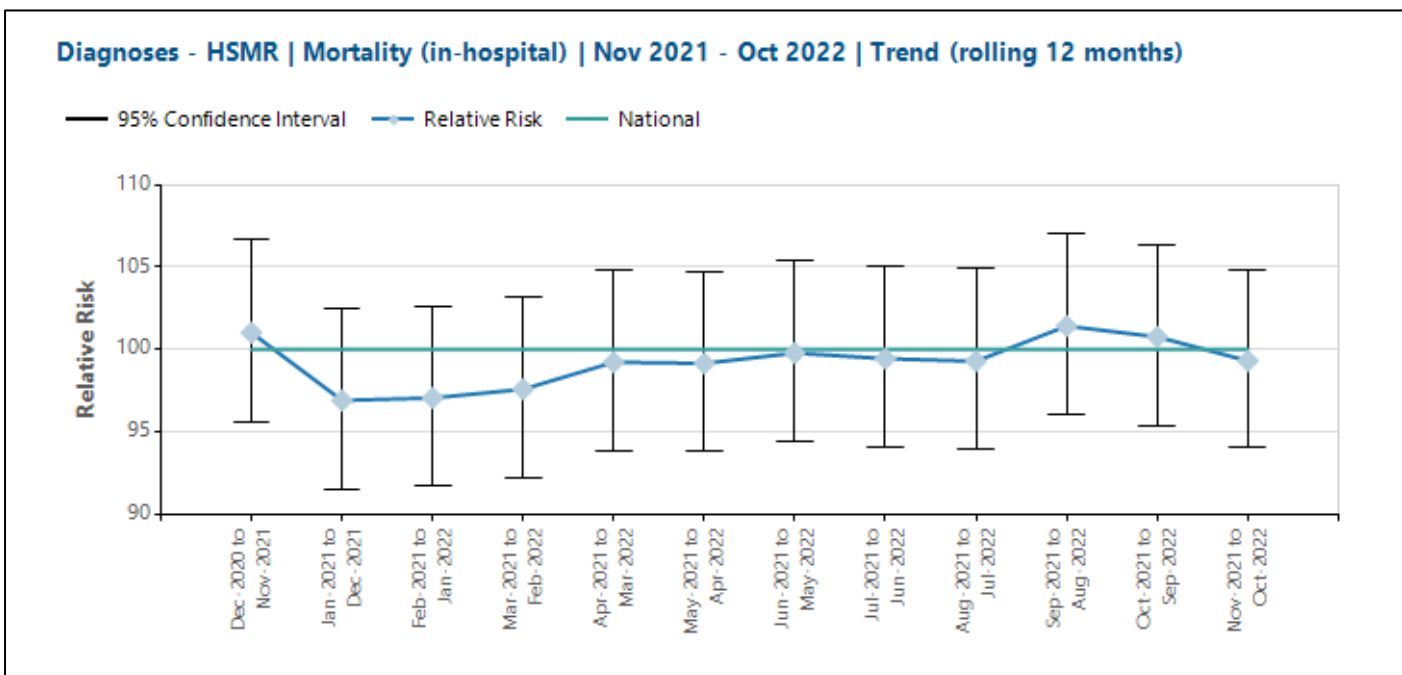


Figure 3 – HSMR 12 Month Peer Comparison

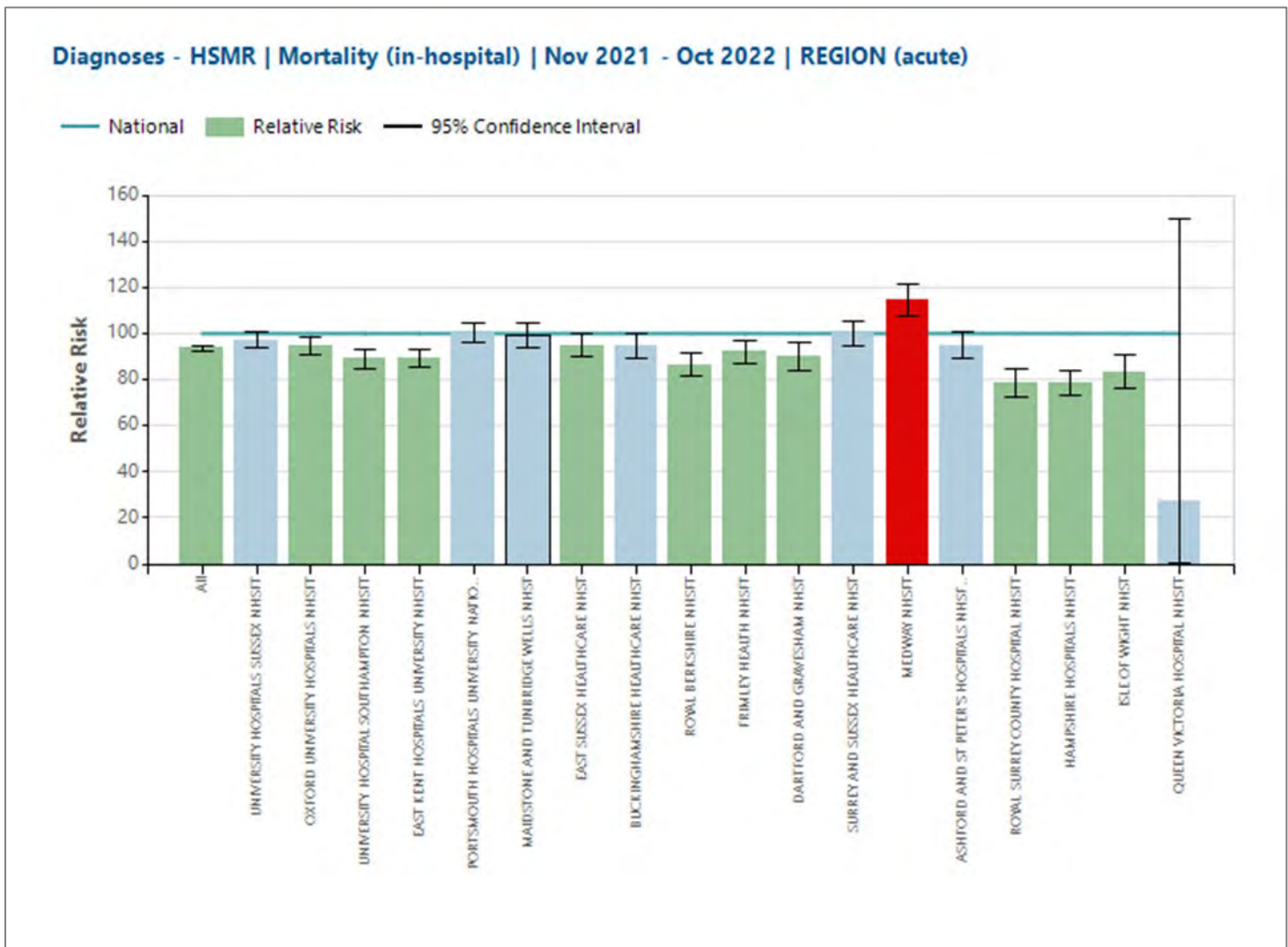
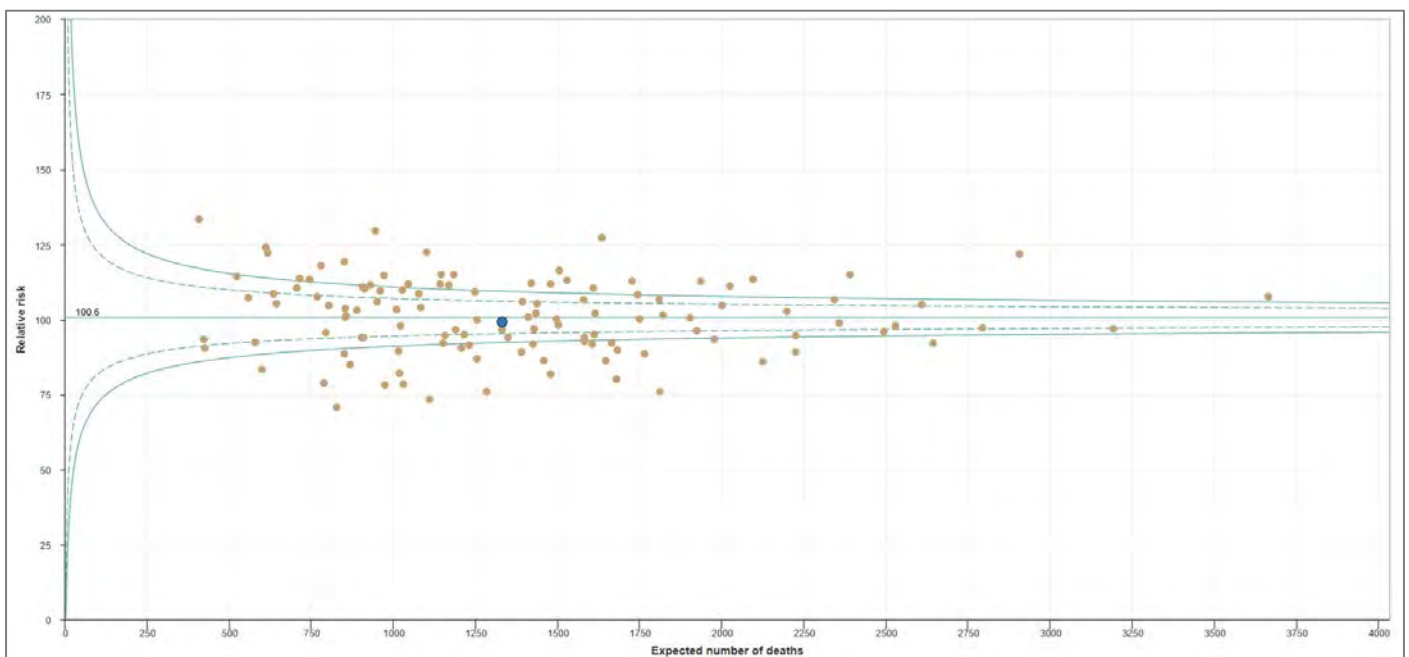


Figure 3.1 – HSMR 12 Month Peer Comparison: National (Acute, Non-Specialist) Funnel Plot (MTW = blue; all other Trusts = brown)



Key Points

Comparisons to local and national peer groups show MTW to be as expected and in line with comparable trusts.

MONTHLY SHMI

Key points

SHMI at MTW between Oct-21 and Sep-22 is reporting as 92.80 and “as expected”, with no outlying groups applying control limit methodology (although UTI are showing as ‘lower-than-expected’). The SHMI reported for Tunbridge Wells Hospital is performing slightly better than for Maidstone Hospital, however both values are ‘as expected’.

Trust-level data

As expected SHMI

83,640	2,190	2,360	0.9280
Provider spells	Observed deaths	Expected deaths	SHMI value

Site code	Site name	Provider spells	Observed deaths	Expected deaths	SHMI value	Banding description
RWFTW	The Tunbridge Wells Hospital	55,580	1,150	1,270	0.9034	As expected SHMI
RWF03	The Maidstone Hospital	27,180	1,040	1,090	0.9575	As expected SHMI

Diagnosis group description	Diagnosis group number	Provider spells	Observed deaths	Expected deaths	SHMI value	SHMI banding
Urinary tract infections	101	745	15	30	0.4503	Lower than expected
Acute bronchitis	74	720	15	15	0.9240	As expected
Acute myocardial infarction	57	440	25	35	0.7362	As expected
Cancer of bronchus; lung	15	100	25	25	1.1010	As expected
Fluid and electrolyte disorders	37	270	10	15	0.7488	As expected
Fracture of neck of femur (hip)	120	310	30	25	1.0639	As expected
Gastrointestinal hemorrhage	96	235	15	15	1.1096	As expected
Pneumonia (excluding TB/STD)	73	785	125	135	0.9323	As expected
Secondary malignancies	30	105	30	20	1.4964	As expected
Septicaemia (except in labour), Shock	2	480	100	115	0.8719	As expected

Indicator	Value	England average
Palliative care		
Percentage of provider spells with palliative care treatment specialty coding	0.0	0.1
Percentage of provider spells with palliative care diagnosis coding	1.1	1.9
Percentage of provider spells with palliative care coding	1.1	1.9
Percentage of deaths with palliative care treatment specialty coding	0.0	2.0
Percentage of deaths with palliative care diagnosis coding	30.0	40.0
Percentage of deaths with palliative care coding	30.0	40.0
Admission method		
Crude percentage mortality rate for elective admissions	0.0	1.0
Crude percentage mortality rate for non-elective admissions	2.8	3.4
In and out of hospital deaths		
Percentage of deaths which occurred in hospital	61.0	69.0
Percentage of deaths which occurred outside hospital within 30 days of discharge	39.0	31.0
Deprivation		
Percentage of provider spells in deprivation quintile 1 (most deprived)	5.4	23.2
Percentage of provider spells in deprivation quintile 2	12.4	20.4
Percentage of provider spells in deprivation quintile 3	25.0	19.0
Percentage of provider spells in deprivation quintile 4	25.9	17.9
Percentage of provider spells in deprivation quintile 5 (least deprived)	30.7	16.2
Percentage of provider spells where the deprivation quintile cannot be determined	0.6	3.4
Percentage of deaths in deprivation quintile 1 (most deprived)	5.0	21.0
Percentage of deaths in deprivation quintile 2	11.0	20.0
Percentage of deaths in deprivation quintile 3	24.0	20.0
Percentage of deaths in deprivation quintile 4	24.0	20.0
Percentage of deaths in deprivation quintile 5 (least deprived)	36.0	18.0
Percentage of deaths where the deprivation quintile cannot be determined		1.0
Primary diagnosis coding		
Percentage of provider spells with an invalid primary diagnosis	1.4	1.3
Percentage of provider spells with a primary diagnosis which is a symptom or sign	23.1	13.8
Depth of coding		
Mean depth of coding for elective admissions	4.5	5.7
Mean depth of coding for non-elective admissions	4.9	5.6
Percentage of provider spells with site of treatment change		
Percentage of provider spells with site of treatment change	0.3	1.0
Impact of COVID-19		
Percentage of provider spells with COVID-19 coding	3.3	4.6
Spells as a percentage of pre-pandemic activity (Jan19 - Dec19)	107.0	87.0
Elective spells as a percentage of pre-pandemic activity (Jan19 - Dec19)	89.0	78.0
Non-elective spells as a percentage of pre-pandemic activity (Jan19 - Dec19)	108.0	88.0

**Mortality Surveillance
Group (MSG)
and
Medical Examiner
Service Update**

Medical Examiner Service

ME Service Update

- In the month of December 2022, there was a sharp increase in the number of cases scrutinised by the ME Service followed by a decline in January 2023.
- The Service has performed well scrutinising a high percentage of deaths, however resilience within the Service to cover leave in December accompanied by the high number of Deaths resulted in only 81% of deaths being scrutinised in December.
- A review of the staffing, resource and capacity of the Service has been conducted to support daily operation of the Service.
- The ME Service continues to scrutinise a small number of community deaths as part of the pilot to roll out of ME Service into the West Kent community. This is expected to become a statutory requirement by April 2023.
- An information Sharing agreement between MTW/ ME Service and GPs in West Kent has now been uploaded to the ICB Information Sharing Gateway as part of the roll out of the ME Service into the community

Month	Number of Deaths	Number Scrutinised	% of Deaths Reviewed	Number that Took Over 3 Calendar Days to Complete (of those applicable, not including Coroner cases)	% Over 3 Calendar Days to Complete
Aug-22	156	156	100%	62	40%
Sep-22	120	120	100%	35	29%
Oct-22	166	157	95%	60	38%
Nov-22	146	146	100%	39	27%
Dec-22	211	170	81%	83	49%
Jan-23	174	172	99%	65	38%

Challenges faced by the ME Service

- The ME Service has seen a high number of MEs resign from the role in the last few months and whilst recruitment to extend the Service into the community has begun there are days when only one Medical Examiner is available across the trust. This significantly impacts the performance of the Service, however recruitment is underway to rectify the situation
- Timeliness of death summary completion by attending physicians impacts on the ability of the Service to complete the scrutiny process within the stipulated 3 days
- Inability to adequately cover staff absences including leave and sickness
- Inadequate funding by NHSE/I to operate a good quality Service

Mortality Surveillance Group (MSG)

The role of the Mortality Surveillance Group involves supporting the Trust to provide assurance that all hospital associated deaths are proactively monitored, reviewed, reported and where necessary investigated. A further responsibility of the group is to ensure lessons learnt from Mortality reviews are disseminated appropriately and actions implemented to improve outcome for patients and quality of services provided.

Learning from Mortality reviews identified the following needs:

- In a case discussed at MSG, a patient should not have been discharged initially from ED, as they re-attended so promptly, and were then admitted, this did not compromise care but the ED department should and are planning to feed back to the trainee in question.
- Lack of consultant input for 13 days was identified as an area of learning in another case reviewed
- Dying patients should be monitored and accurate documentation kept regarding their pain and agitation.
- West Kent Formulary Document on Hypoglycaemia management not easily available on Q-Pulse, this has been feedback to the communications team and should be resolved as part of the new intranet recently launched.

The following practice was highlighted in

- Seen rapidly on arrival by ED, frailty registrar and consultant – comprehensive geriatric assessment
- Post fall care was very good by medical and nursing staff, with clear documentation and after care.

Structured Judgement Review (SJR)

An SJR is a standardised review of a patient's death undertaken by a trained clinician making safety and quality judgement of care phases. The SJR reviewer makes explicit comments about phases of care with scores attributed to each phase and the overall care received.

Year	Outstanding SJRs	Completed SJRs
Apr 20 to Mar 21	5	60
Apr 21 to Mar 22	18	100
Apr 22 ro Mar 23	20	70
SJR Total backlog	43	230

- From January 2023 the Medical Director has become the Chair of the Mortality Surveillance Group with a key focus on the eradication of the SJR backlog.
- The Medical Director is in the process of meeting with all SJR reviewers to understand how the MSG outcomes can be improved and the SJR backlog reduced
- The backlog is steadily on a declining trajectory as cases within the backlog are monitored and reviewed. However, the rise in deaths month on month accompanied by the efficiency of the ME Service means the rate of SJRs being raised has significantly increased.
- The current SJR backlog position is 43, this pertains to SJRs allocated to reviewers, yet to be completed, having exceeded the 4-week stipulated SJR turnaround time.
- There are 9 additional SJRs raised by the ME Service this year not within the backlog.
- This brings the total number of SJRs to be reviewed to 52.

Summary of 'Poor Care' from SJR Review

MSG Meeting	No of SJRs	Overall 'Poor care'	Overall 'Very poor Care'
Jan-23	11	2	0
Feb-23	11	1	1

- In January, there were 2 SJRs with an overall assessment of 'Poor care' discussed at MSG.
- In February, the Mortality Surveillance Group reviewed 1 SJR with an overall assessment of Very poor care and 1 SJR assessed as Poor care
- Learning from both very poor/poor care and good practices highlighted from cases reviewed at MSG continue to be fed back to directorates
- An initiative is being developed for an SJR reviewer and a Medical Examiner to be jointly responsible for the disseminating learning from deaths focusing on specific themes that span across the trust

Actions from 'Poor care' SJR Reviews

- There were 3 SJRs with an overall assessment of 'Poor care' discussed at the January and February MSG and 1 SJR with a 'Very Poor care' rating
- No SJRs resulted in an SI being raised
- Learning from all SJRs have been feedback to Directorates through Clinical Governance meetings and the dissemination process being developed

Next steps

- Complete scheduled meetings between the Chair of MSG and all SJR reviewers.
- Set up a further framework for MSG and ME representatives to support dissemination of learning from deaths across the trust
- Continue to progress the Medical Examiner community roll out project.

To approve the Trust's Patient Safety Incident Response Plan (PSIRP)**Chief Nurse**

The enclosed report details the Trusts incident response plan (PSIRP). The PSIRP is a key document as part of our readiness to adopt the Patient Safety Investigation Review Framework (PSIRF).

The plan details mandated investigation approaches as well as our locally developed investigatory approach (page 17 – 22) to our key safety issues (utilising the suite of newly recommended investigation methodologies).

The main difference being we will no longer commission full comprehensive investigations for all incidents deemed to be moderate harm and above, instead we will investigate more incidents based on incident type rather than harm. The 6 monthly deep dive thematic reviews have fed heavily into our decision making in relation to the proposed investigative approaches.

The document has been approved by ETM and the Quality Committee and also shared with PEC for comments and to date no additional comments for inclusion have been received.

Key to launching PSIRF will be a remodel of our patient safety workforce, which has been postponed to June 2023 secondary to the "Datix Transition to Inphase implementation project".

If the Trust Board is happy to approve the document, the plan will then need to be approved by the ICB.

Once approved by the ICB, NHS England require the plan to be published on the Trusts internet and intranet sites.

The Board should note the plan can be amended at any time, in response to emerging safety issues or themes but needs to be formally reviewed and approved every 12-18 months.

The Board is asked to note and discuss the contents of the plan, in particular the local approach for investigating key safety issues.

Which Committees have reviewed the information prior to Board submission?

Executive Team Meeting, 28/02/23, Quality Committee, 08/03/23

Reason for submission to the Board (decision, discussion, information, assurance etc.)¹

Decision

¹ All information received by the Board should pass at least one of the tests from 'The Intelligent Board' & 'Safe in the knowledge: How do NHS Trust Boards ensure safe care for their patients': the information prompts relevant & constructive challenge; the information supports informed decision-making; the information is effective in providing early warning of potential problems; the information reflects the experiences of users & services; the information develops Directors' understanding of the Trust & its performance

Patient Safety Incident Response Plan (PSIRP)



	NAME	TITLE	SIGNATURE	DATE
Author	Carrie Parmenter	Patient Safety Manager		
Reviewer	Helen Callaghan	Director of Quality Governance		
Authoriser	Joanna Haworth	Chief Nurse		
Authoriser	Dr Sara Mumford	Deputy Medical Director		
Authoriser	Dr Peter Maskell	Medical Director		

******THIS PLAN MUST BE PUBLISHED ON EXTERNAL AND INTERNAL TRUST WEBSITES******

Before finalising this patient safety incident response plan (PSIRP) the Trust must have undertaken work to understand the organisation's capacity to respond to patient safety incidents – that is, resources and training. This work should include workforce gap analysis (see [PSIRF preparation guide](#)) of the numbers and training of staff with a specific role in patient safety incident response, as well as how other staff will be expected to support such responses. The Director of Quality Governance has commenced a workforce review to support this and a training needs analysis has been undertaken to support the transition to the new model of working.

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Introduction

This patient safety incident response plan sets out how Maidstone and Tunbridge Wells NHS Trust intends to respond to patient safety incidents over the next 12 to 18 months. The plan is flexible and can be changed in response to new and emerging patient safety issues. Therefore, we will remain vigilant and consider the specific circumstances in which patient safety issues and incidents occur and the needs of those affected.

This plan is underpinned by our Trust policies on incident reporting and investigation which are available to all staff via our organisation's intranet page. Each policy has been updated to reflect the new 2023 patient safety incident response framework (PSIRF). NHS England published the new Patient Safety Incident Response Framework (PSIRF) in August 2023, outlining how NHS organisations should respond to patient safety incidents for the purpose of learning and improvement.

At MTW the PSIRF will replace the current Serious Incident Response Framework from July 2023. It represents a significant shift in the way the NHS responds to patient safety incidents, centering on delivering a compassionate service which offers higher levels of collaboration and support to those families and patients affected by adverse incidents related to their care. Key changes also involve also moving away from the traditionally commissioned root cause analysis investigations to a more visual "system" based approach to investigations drawing out earlier learning and improvements with considered and proportionate responses based on the organisations key patient safety issues.

PSIRF is intended to be a major step towards improving safety management across the healthcare system in England and it is envisaged it will greatly support the NHS to embed the key principles of a healthy patient safety culture. It will ensure the NHS and MTW focuses on understanding how incidents happen, rather than apportioning blame on individuals; allowing for more effective learning and improvement, and ultimately making NHS care safer for patients.

PSIRF removes the requirement that all/only incidents meeting the criteria of a 'serious incident' are investigated, allowing for other incidents to be investigated and for learning response resource to focus on areas with the greatest potential for patient safety improvement.

Alongside the framework, a 'Guide to engaging and involving patients, families and staff following a patient safety incident' has also been published, setting out expectations for how those affected by a patient safety incident should be treated with compassion and involved in any investigation process. To support this MTW will be digitalising our investigation processes, introducing patient contact portals to enhance how patients and their families collaborate with our investigation teams during the investigation processes. Alongside this family meeting schedules will be introduced into our investigative processes to ensure that we prioritise informing and involving them in our investigative processes.

It is our hope that following the implementation of PSIRF, we will see a 20% reduction in serious harm and avoidable death over a 2 year period. This will be measured using an average of the last 5 years Serious Incident data (taking into consideration years of extraordinary incidents such as Hospital Acquired COVID-19). As part of the transition to PSIRF, we will introduce a digital After Action Review (AAR) and Patient Safety Incident Investigation (PSII) tool to enable digital analysis of themes and trends using AI analytics. These trends will feed into future areas of focus for our incident response plan.



Our services

Maidstone and Tunbridge Wells NHS Trust (the Trust) is a large acute hospital Trust in the south east of England. The Trust provides a wide range of general hospital services across Maidstone and Tunbridge Wells and their surrounding boroughs. The Trust hosts the Kent Oncology Centre, providing specialist Cancer services to circa 1.9 million people across Kent and East Sussex, the fourth largest oncology service in the country.

The Trust employs over 6,900 full and part-time staff, and operates from three main sites (Maidstone Hospital, Tunbridge Wells Hospital and the Crowborough Birth Centre), as well as managing some services at the Kent and Canterbury Hospital, and outpatient services at several other community locations.

Further information about our organisation can be found on the Trust website

<https://www.mtw.nhs.uk/>



Defining our patient safety incident profile

The patient safety incident profile was created through engagement with the following stakeholders:

- Our staff – through reviewing and theming our incidents reported on the Trust incident management system and taking feedback from our internal safety culture survey
- Senior leaders within the organisation
- Our patients – through reviewing themes and trends from patient concerns and complaints
- Commissioners/ICB partner organisations – through partnership working with the ICS patient safety and quality leads
- Various governance forums and the Trusts PSIRF implementation working group
- Patient Experience Committee and Healthwatch partners
- Our patient safety partner



The Trust-wide patient safety risks were identified through the following data sources:



- Thematic analysis of three years of Serious Incident data 2019-2022
- Key themes from complaints/PALS/claims/inquests/incidents
- Key themes identified from specialist safety & quality committees (e.g. Sepsis, falls, pressure ulcers)


Defining our patient safety improvement profile


The Trusts' patient safety improvement profile is set out within the Quality Accounts and the Trusts Strategic aims and objectives. They detail the planned improvement and service transformation work that will impact on patient safety across the organisation. Our patient safety aim is to sustain and further enhance robust processes to provide a supportive environment that recognises and reduces avoidable harm.




Snapshot of the Patient Safety Aims from the 2022/23 Quality Accounts


Aim	How will we make the improvement	How we will measure our success
 <p>Sepsis pathway</p> <p>We will improve our Sepsis Pathway</p>	<p>Reviewing and improving our neutropenic sepsis pathway</p> <p>Improving our sepsis safety netting processes in our Emergency Departments by improving our digital sepsis screening processes</p> <p>Redesigning and relaunching our Trust wide sepsis education programme</p>	<p>We will reduce adverse incidents resulting in harm linked to Sepsis management by 90%</p>
 <p>Falls</p> <p>We will improve upon our management of inpatient falls</p>	<p>Trust Wide Strategic Quality Improvement Workstream One "Improving our patients' environment and our specialist falls reduction equipment"</p> <p>Trust Wide Strategic Quality Improvement Workstream Two "Improving our processes and Improving our workforce"</p> <p>Trust Wide Strategic Quality Improvement Workstream Three "Improving our workforce and understanding our patients evolving needs"</p>	<p>We will reduce our inpatient falls rate by 20%</p>

 <p>Maternity</p> <p>We will Improve our Maternity performance linked to our antenatal gap and grow measurement processes and improving how we monitor Mothers for signs of high blood pressure</p>	<p>Via dedicated quality improvement projects clinical leaders in maternity will be supported to identify opportunities to improve these specific pathways</p>	<p>Having no adverse events linked to antenatal “Gap & Grow” measurements & the monitoring of hypertension</p>
 <p>Maternity</p> <p>We will improve the safety of our Maternity services by delivering against all of the patient safety recommendations as outlined in the 2022 Ockendon report & the 10 key elements of the National Better Births Plan</p>	<p>We will utilise existing “ward to board” governance and oversight structures to support the leaders in maternity services to track progress, unblock barriers to progress and demonstrate assurance against the key recommendations in the report</p>	<p>Evidence will be collated and uploaded to our Trust Safety Systems which will demonstrate assurance that each required action has been completed</p>

 <p>Safety systems</p> <p>We will ensure MTW implements all of the recommendations as outlined in the new National Patient Safety Strategy (PSIRF)</p>	<p>Our PSIRF implementation group will continue to deliver on implementing the numerous changes to our systems and processes to ensure we are compliant with the new framework</p>	<p>We will have produced a PSIRF compliant plan (Patient Safety Incident Response Plan) signed off by our Trust Executive Board and our ICS by October 2022</p>
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Aim	How will we make the improvement	How we will measure success
 <p>Measure safety</p> <p>We will implement a new annual Trust wide safety culture measurement system and improve upon our patient safety training</p>	<p>We will launch the 2 new digital systems as part of our existing MTW E-learning (electronic staff learning) system</p>	<p>90% of MTWs 6000 staff will have undertaken the basic patient safety module by June 2023 *which includes a safety culture measurement diagnostic</p>

 <p>Nasogastric</p> <p>We will improve upon the care of our patients who have nasogastric tube care needs</p>	<p>We will redesign and relaunch our trust wide Nasogastric Tube education plan and competency framework for our staff</p>	<p>We will have launched the new plan and competency framework by August 2022 and by June 2023 60% of registered nurses in high use/acuity departments will have been trained and signed off as competent against the new framework</p>
 <p>Haemorrhage</p> <p>We will improve upon our patient outcomes for patients who have suffered an “Intercranial Haemorrhage / bleed” by improving our adherence to national best practice guidance</p>	<p>The clinical teams will be supported to develop an improvement plan which benchmarks this clinical pathway against best practice</p>	<p>Re-audit of the Management of Intercranial Haemorrhage against national best practice guidance results.</p>
 <p>Patient safety data</p>	<p>We will work with our informatics leads to review the data available from our new electronic patient record “Sunrise”, to automate 10% of our current mandated national clinical audits</p>	<p>10% of the current mandatory national clinical audits that are applicable to the Trust (61) will be automated by June 2023</p>

<p>We will work with our health informatics team and clinical leaders to automate 10% of our “clinical audit” data collection processes This will release more of our frontline clinical staff’s time</p>		
 <p>Medicine</p> <p>We will improve our medicines management safety by launching a new trust wide digital ePMA (electronic prescribing and medicines administration system)</p>	<p>The sunrise / informatics implementation project team will lead on this funded Trust wide transformational change</p>	<p>The new system will be fully launched by September 2022</p> <p>By June 2023 “Transcription Drug Prescribing Errors” will be reduced by 90%</p>



Our patient safety incident response plan: national mandated requirements

The following patient safety incident types must be responded to according to national requirements. (see Appendix A: National event response requirements in the [Guide to responding proportionately to patient safety incidents](#)).

Patient safety incident type	Required investigative response	Anticipated improvement route
Incidents meeting the Never Events criteria	Locally led PSII	If appropriate create local organisational actions and feed these into the quality improvement strategy / MTW strategy deployment process
Deaths thought more likely than not due to problems in care (incidents meeting the learning from deaths criteria for PSII investigations)	Locally led PSII	If appropriate create local organisational actions and feed these into the quality improvement strategy / MTW strategy deployment process
Child deaths	To refer to the Child Death Overview Panel review. Locally-led PSII (or other response) may be required alongside the Panel review	If appropriate respond to recommendations as required and feed actions into the quality improvement strategy / MTW strategy deployment process
Deaths of persons with learning disabilities	Refer for Learning Disability Mortality Review (LeDeR).	If appropriate respond to recommendations as required and feed actions into the quality improvement strategy / MTW strategy deployment process

	Locally-led PSII may be required if commissioned by the LeDeR process.	
Safeguarding incidents	<p>Refer to local authority safeguarding lead, they may commission or refer a case on for:</p> <p>Domestic independent inquiries, joint targeted area inspections, child safeguarding practice reviews, domestic homicide reviews and any safeguarding reviews (and enquiries) as required by the Local Safeguarding Partnership (for children) and local Safeguarding Adults Boards.</p>	If appropriate respond to recommendations as required and feed actions into the quality improvement strategy / MTW strategy deployment process
Incidents in screening programmes	<p>Refer to local Screening Quality Assurance Service for consideration of locally led learning response.</p> <p>See: Guidance for managing incidents in NHS screening programmes</p>	If appropriate create local organisational actions and feed these into the quality improvement strategy / MTW strategy deployment process
Deaths in custody (e.g., police custody, in prison, etc.) where health provision is delivered by the NHS	In prison and police custody, any death will be referred (by the relevant organisation) to the Prison and Probation Ombudsman (PPO) or the Independent Office for Police Conduct (IOPC) to carry out the relevant investigations.	

	<p>MTW will fully support these investigations where required to do so.</p>	
<p>Deaths of patients detained under the Mental Health Act (1983), or where the Mental Capacity Act (2005) applies, where there is reason to think that the death may be linked to problems in care (incidents meeting the Learning from Deaths criteria)</p>	<p>Locally led PSII</p>	

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Our patient safety incident response plan: nationally mandated maternity requirements

Incidents which meet the 'Each Baby Counts' and maternal deaths criteria as set out below

Patient safety incident type	Required investigative response	Anticipated improvement route
<p>All term babies born following labour (at least 37 completed weeks of gestation), who have one of the following outcomes*:</p> <ul style="list-style-type: none"> • Intrapartum stillbirth • Early neonatal death • Potential severe brain injury 	To refer to the Healthcare Safety Investigation Branch for independent patient safety incident investigation	If appropriate respond to safety recommendations as required and feed actions into the quality improvement strategy / MTW strategy deployment process
<p>Direct or indirect maternal deaths of women while pregnant or within 42 days of the end of pregnancy.</p>	To refer to the Healthcare Safety Investigation Branch for independent patient safety incident investigation	If appropriate respond to safety recommendations as required and feed actions into the quality improvement strategy / MTW strategy deployment process

**N.B. HSIB do not investigate cases where health issues or congenital conditions (something that is present before or at birth) have led to the outcome for the baby.*

For further information and exclusion criteria please visit: <https://www.hsib.org.uk/what-we-do/maternity-investigations/what-we-investigate/>

Our patient safety incident response plan: Locally agreed approach based on current key safety themes

Patient safety incident type or issue	Required investigative response	Anticipated improvement route
<p>Failure to rescue a deteriorating patient *Near miss or serious harm</p> <p>Examples include</p> <ul style="list-style-type: none"> • Inadequate clinical observations • Inadequate escalation of clinical observations or point of care tests • Inadequate response to an escalation of a deteriorating patient 	Locally led PSII	If appropriate create local organisational actions and feed these into the quality improvement strategy / MTW strategy deployment process
<p>Mismanagement or delay in the diagnosis of Sepsis</p>	Locally led PSII	If appropriate create local organisational actions and feed these into the quality improvement strategy / MTW strategy deployment process
<p>Nasogastric tube incidents, specifically, unintentional pneumothorax related to NG tube insertion or aspiration relating to coiled NG tube at the back of the pharynx.</p>	Locally led PSII	If appropriate create local organisational actions and feed these into the quality improvement strategy / MTW strategy deployment process

<p>Diagnostic incidents</p> <p>Examples include</p> <ul style="list-style-type: none"> • Failure to act appropriately on a diagnostic test result e.g. histology (pathology) test results or imaging results 	<p>After Action Review (AAR) with tabular timeline and action plan</p>	<p>If appropriate create local organisational actions and feed these into the quality improvement strategy / MTW strategy deployment process</p>
<p>All inpatient falls (nil harm excluded)</p>	<p>After Action Review (AAR) with tabular timeline and action plan</p>	<p>If appropriate create local organisational actions and consider additions to ongoing Trust-wide improvement actions</p>
<p>Medication incidents involving</p> <ul style="list-style-type: none"> • Double wrong dose opioids • Allergy misidentification • Wrong patient administration error • Anticoagulation wrong dose medication administration error 	<p>After Action Review (AAR) with tabular timeline and action plan</p>	<p>If appropriate create local organisational actions and consider additions to ongoing Trust-wide improvement actions</p>
<p>Unexpected new and significant concerning safety event which has potential for significant harm</p>	<p>PSII and consider adding to / amending PSIRP for future PSII's</p>	<p>If appropriate create local organisational actions and consider additions to ongoing Trust-wide improvement actions</p>
<p>Hospital acquired pressure damage resulting in Grade 3 & 4 and any unstageable pressure ulcer</p>	<p>Case notes review benchmarked against best practice standards with action plan</p> <p>(From October 2023 to be replaced by SWARM)</p>	<p>If appropriate create local organisational actions and consider additions to ongoing Trust-wide improvement actions</p>

	investigation process process)	
Hospital acquired MRSA	Local infection control review process	If appropriate create local organisational actions and consider additions to ongoing Trust-wide improvement actions
Hospital acquired C.diff	Local post infection review (PIR) process led by IPC team with action plan	If appropriate create local organisational actions and consider additions to ongoing Trust-wide improvement actions
Infection control outbreak	Local post infection review (PIR) process led by IPC team with action plan	If appropriate create local organisational actions and consider additions to ongoing Trust-wide improvement actions
Hospital acquired venothromboembolism	Case notes review benchmarked against best practice standards with action plan (From October 2023 to be replaced by SWARM process)	If appropriate create local organisational actions and consider additions to ongoing Trust-wide improvement actions
New or evolving trend concerning medication incidents or administration of blood products	Deep dive thematic review to be presented at Trust Quality Deep Dive (With action plan)	If appropriate create local organisational actions and consider additions to ongoing Trust-wide improvement actions
Emerging risks identified as a result of the use of our digital systems	Round table thematic review with key informatics and clinical leads	If appropriate create local organisational actions and consider additions to ongoing Trust-wide improvement actions

	(From October 2023 to be replaced by SWARM process)	
Information governance or data protection breach ICO notifiable	Case notes review benchmarked against best practice standards with action plan	If appropriate create local organisational actions and consider additions to ongoing Trust-wide improvement actions
Safety incident linked to significant adverse media for the organisation	Roundtable review benchmarked against best practice standards with action plan	If appropriate create local organisational actions and consider additions to ongoing Trust-wide improvement actions

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Our patient safety incident response plan: Locally agreed approach based on current key maternity safety themes

Patient safety incident type or issue	Planned response	Anticipated improvement route
Stillbirth not meeting the HSIB requirements *excludes expected or unavoidable death in utero	Locally led PSII	If appropriate create local organisational actions and consider additions to ongoing Trust-wide improvement actions
Failure to rescue a deteriorating Mother or Newborn infant *Near miss or serious harm <ul style="list-style-type: none"> Includes failure to respond to abnormal foetal heart rate 	Locally led PSII	If appropriate create local organisational actions and consider additions to ongoing Trust-wide improvement actions
Near miss swab management incident / retained instrument incident	After Action Review (AAR) with tabular timeline and action plan	If appropriate create local organisational actions and consider additions to ongoing Trust-wide improvement actions
4th degree vaginal tears	After Action Review (AAR) with tabular timeline and action plan	If appropriate create local organisational actions and consider additions to ongoing Trust-wide improvement actions

Postpartum Haemorrhage	After Action Review (AAR) with tabular timeline and action plan	If appropriate create local organisational actions and consider additions to ongoing Trust-wide improvement actions
Failure Gap & Grow Measurement processes (Failure to monitor foetal growth correctly)	After Action Review (AAR) with tabular timeline and action plan	If appropriate create local organisational actions and consider additions to ongoing Trust-wide improvement actions
Dropped Newborn *clinical staff or family	After Action Review (AAR) with tabular timeline and action plan	If appropriate create local organisational actions and consider additions to ongoing Trust-wide improvement actions
Inappropriate discharge from Maternity Triage	After Action Review (AAR) with tabular timeline and action plan	If appropriate create local organisational actions and consider additions to ongoing Trust-wide improvement actions
Shoulder Dystocia	After Action Review (AAR) with tabular timeline and action plan	If appropriate create local organisational actions and consider additions to ongoing Trust-wide improvement actions
Inappropriate use of forceps or ventouse	After Action Review (AAR) with tabular timeline and action plan	If appropriate create local organisational actions and consider additions to ongoing Trust-wide improvement actions

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Trust Board meeting – 30th March 2023

The findings of the national NHS staff survey 2022

Chief People Officer

The Trust's findings from the national NHS staff survey for 2022 are enclosed.

Which Committees have reviewed the information prior to Board submission?

- Executive Team Meeting, 21/03/23
- People and Organisational Development Committee, 24/03/23

Reason for submission to the Board (decision, discussion, information, assurance etc.) ¹

Review and discussion

¹ All information received by the Board should pass at least one of the tests from 'The Intelligent Board' & 'Safe in the knowledge: How do NHS Trust Boards ensure safe care for their patients': the information prompts relevant & constructive challenge; the information supports informed decision-making; the information is effective in providing early warning of potential problems; the information reflects the experiences of users & services; the information develops Directors' understanding of the Trust & its performance

Trust Board

March 2023

2022 National Staff Survey Results in Context



Maidstone and
Tunbridge Wells
NHS Trust

Introduction: The People Promise and MTW Journey Background

The People Promise:

- Following data collection between September and November 2022, the 2022 National NHS Staff Survey results were released on March 9th, 2023.
- Since 2021, the annual survey has been rearranged so that it aligns with the NHS People Promise. The People Promise means that questions align with themes that healthcare staff have identified as making the biggest difference to their workplace experience.

The MTW Journey:

- We now have two year's (2021 and 2022) worth of People Promise survey data. However, we began our transformative journey to delivering the highest standard of patient care through the development of exceptional staff five years ago.
- As we look to the next five years of our journey to 'Exceptional People, Outstanding Care', we must first evaluate how far we have come, especially in light of an unprecedented few years. This will allow us to take an informed approach forward.
- The analysis of our journey from 2018 to present has been aligned with the People Promise elements to acknowledge and attend to the work experience areas that our staff prioritise most, and to also consider the external context.

Introduction: An Internal Analysis

- Recently more than ever, MTW has ranked well – we have ranked within the top three trusts to work at in the South East of England and overall, despite a tough few years. Across the seven NHS People Promise themes, we scored above the national average for four of the elements; We are recognised and rewarded; We have a voice that counts; We are always learning, and; We work flexibly. Furthermore, we were in line with the national average for three elements: We are Compassionate; We are safe and healthy, and; We are a Team.
- Of note is that amid Covid-19, the cost of living crisis and other factors, some our scores have gone down since the 2021 survey. This slight dip in our results is consistent with NHS Staff Survey results nationally as is the response rate with ours being 42% (2907 staff) compared to 52% in 2021.
- Our results highlight that there are some key areas where we can improve. These areas include reviewing our appraisal process to better support staff in gaining the information and support they need for career development; and empowering staff at all levels to decide and take action in areas where improvement is needed.
- Our journey to ‘Exceptional People, Outstanding Care’ relates to a standard that we have set for ourselves as a high performing Trust regardless of how we place against other acute trusts.
- As we continue to evaluate ourselves against the People Promise themes in our journey forward, determining progress made will require that we measure our own directorates, divisions and organisation against how we did the year before, regardless of the progress (whether forwards or backwards) of other trusts.
- We will set and work towards our own internal targets.

Introduction: Overview of Paper

This paper provides an overview of the MTW People Promise journey from 2018 to 2022, paying particular attention to:

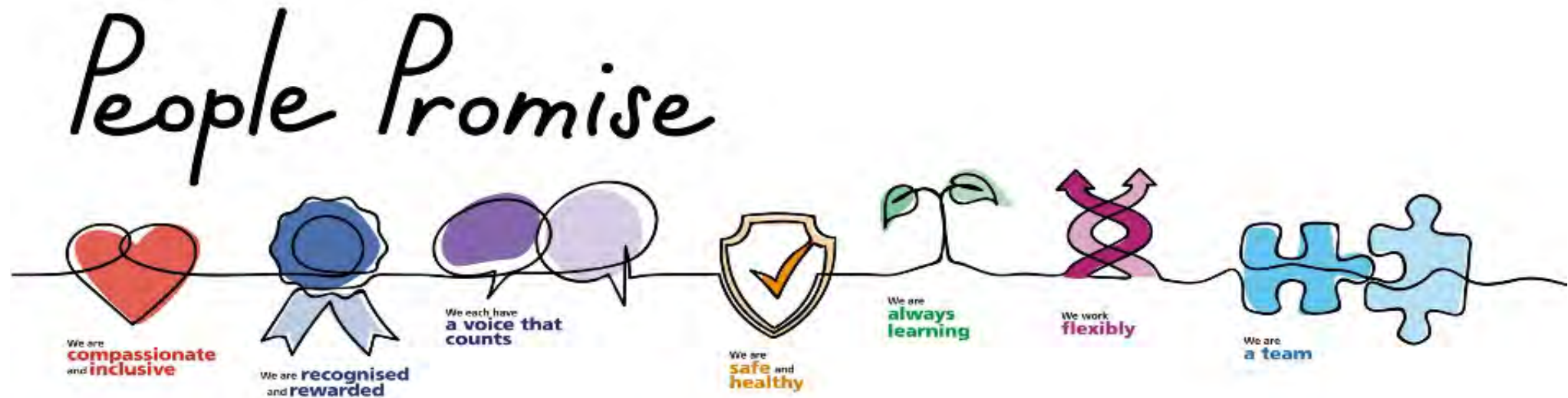
- The present: People Promise overview and 2022 Survey results
- Looking back: Data-related limitations of interpreting longitudinal survey results
- Looking back: MTW five year external and organisational context
- Looking back: People Promise results for MTW, 2018-2022
- Moving forward: 2022-25 People and Culture Strategy

This paper does not include:

- Division-level data, which will be made available to Leadership within the next two weeks
- An analysis of our progress relative to other acute trusts

The Present: People Promise

- People Promise from 2021 onwards
- Identifiable through the icons below which were set out by NHS England in 2020 and are “what we should all be able to say about working in the NHS by 2024”
- Staff engagement and morale are also measured, although not part of People Promise



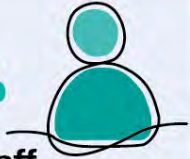
The Present: People Promise Elements

The People Promise is measured via a number of questions within the National Staff Survey, examples are set out below:

People Promise Element	Example Questions
Compassionate and inclusive	“I feel that my role makes a difference to patients / service users.” “My immediate manager works together with me to come to an understanding of problems.” “My organisation acts on concerns raised by patients / service users.”
Recognised and rewarded	“How satisfied are you with your level of pay.” “How satisfied are you with the extent to which your organisation values your work.”
A voice that counts	“I am involved in deciding on changes introduced that affect my work area / team / department. ” “I would feel secure raising concerns about unsafe clinical practice.”
Safe and healthy	“I have adequate materials, supplies and equipment to do my work.” “There are enough staff at this organisation for me to do my job properly.”
Always learning	“There are opportunities for me to develop my career in this organisation. ”
Work flexibly	“My organisation is committed to helping me balance my work and home life. ”
A Team	“Teams within this organisation work well together to achieve their objectives.”

The Present: 2022 Staff Survey Headline Results

42%



of MTW staff
responded to the
2022 Staff Survey

72%



say we are
compassionate
and inclusive

58%



feel
recognised
and rewarded

67%



feel
that we each have
a voice that counts

59%



feel safe
and healthy

56%



say they
are always
learning

61%



say they
are able to
work flexibly

66%



feel part of
a team

Highlights

- Patient care remains your priority and you would recommend MTW to friends and family
- Increased engagement with our wellbeing initiatives
- Feeling your role makes a difference to patients or service users
- Feeling trusted to do your job

Going Forwards

- Empowering you to decide changes affecting your work and department
- Supporting you to gain more through appraisals and development reviews
- Continuing to build an anti-discriminatory, anti-harassment and bullying environment
- Continuing to increase wellbeing and safety

Exceptional people,
outstanding care

Looking back: Longitudinal Analysis Limitations

Limitations of interpreting data across five years:

- **How scores are calculated:** For official People Promise results, some questions are only allocated a score if a certain number of questions within a group are answered by a respondent; we do not have this information, so have weighted all answers the same for this analysis.
- **Changes to questions:** Questions not only changed in 2021 with the introduction of the People Promise themes, they changed (to a degree) prior to and even following 2021. Proxy questions were used where appropriate.
- **Changes to Division make-up:** The Directorates within divisions have changed, so it is harder to track divisional progress, but has been accounted for in our longitudinal analysis.

Looking back: Longitudinal Analysis Limitations - Continued

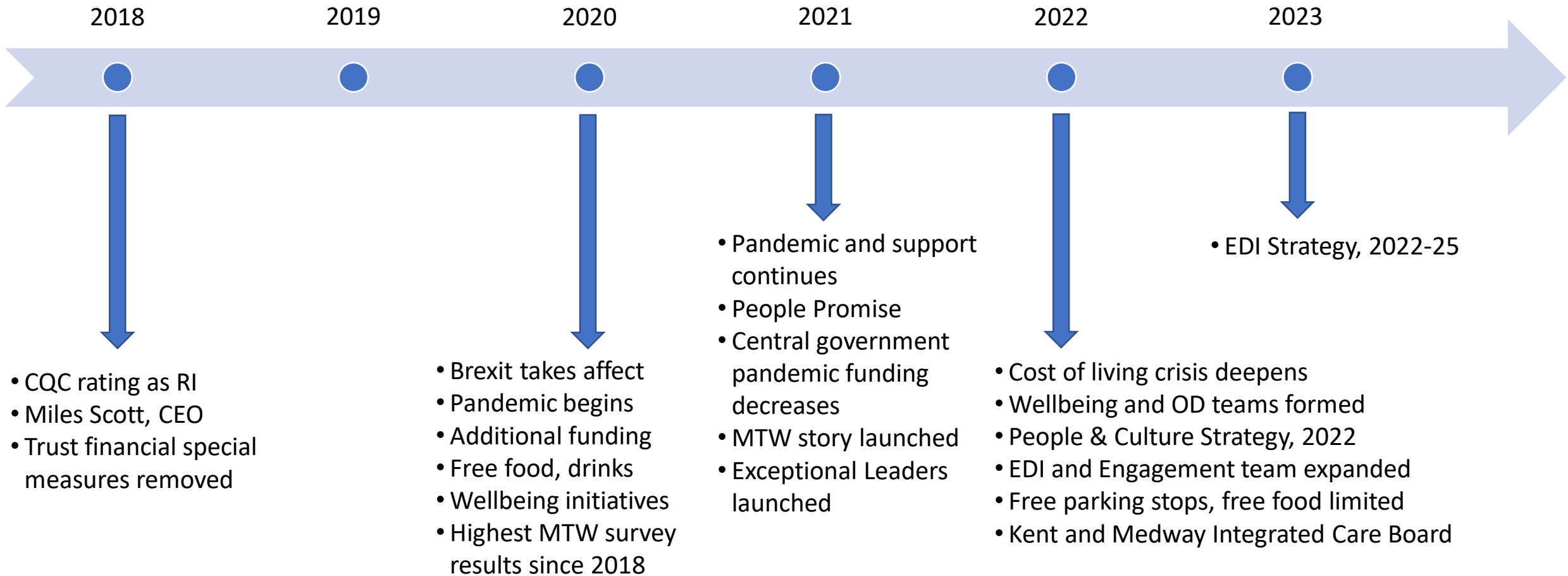
Not everyone fills in survey:

- Some staff groups, pay bands, roles are over or under represented. A division's results may look different, whether more positive or negative, if the level of responses changes.

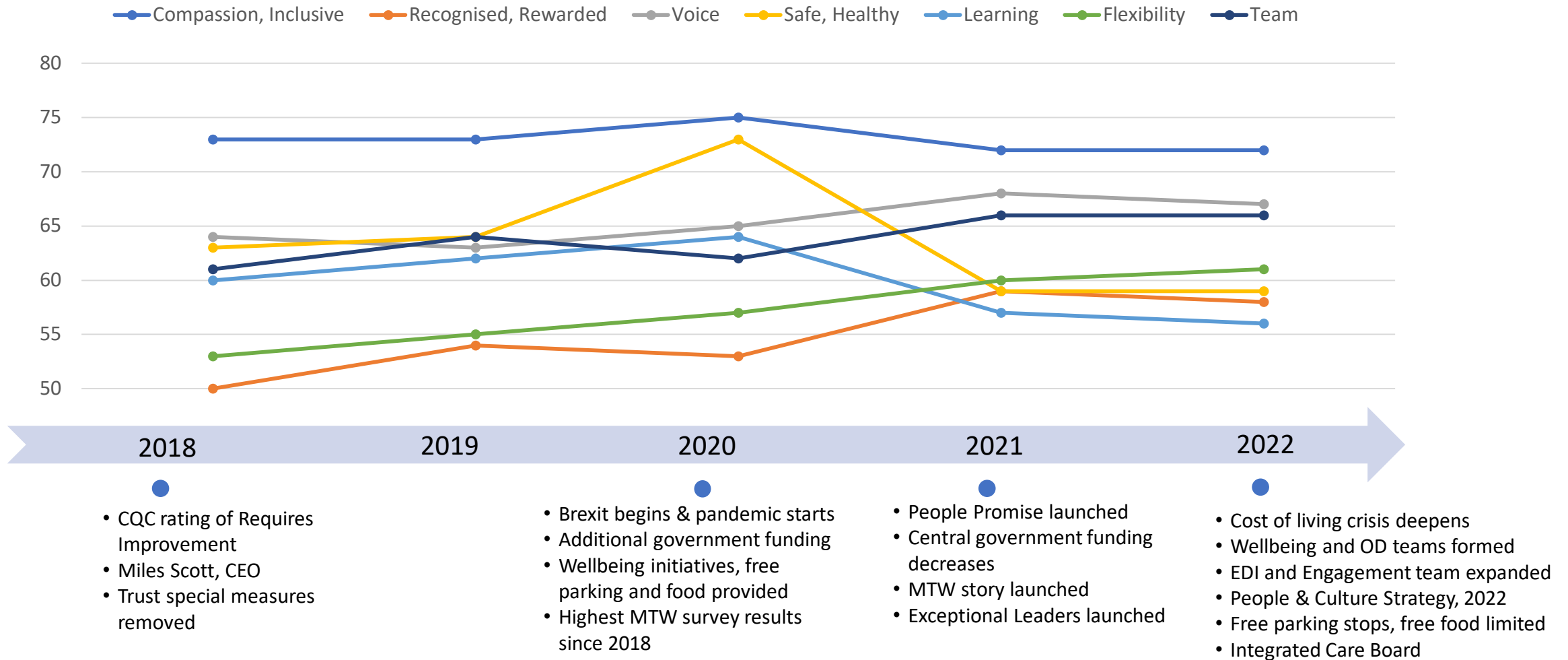
But, we have other complimentary, equally useful or more insightful data sources:

- Where some groups are over or under-represented, we have other useful information to aid our understanding, including but not limited to that obtainable from:
 - Listening events
 - Voiceboxes on wards
 - Exit interviews
 - Stay interviews
 - Climate surveys

Looking back: MTW Survey Context, 2018 to 2022

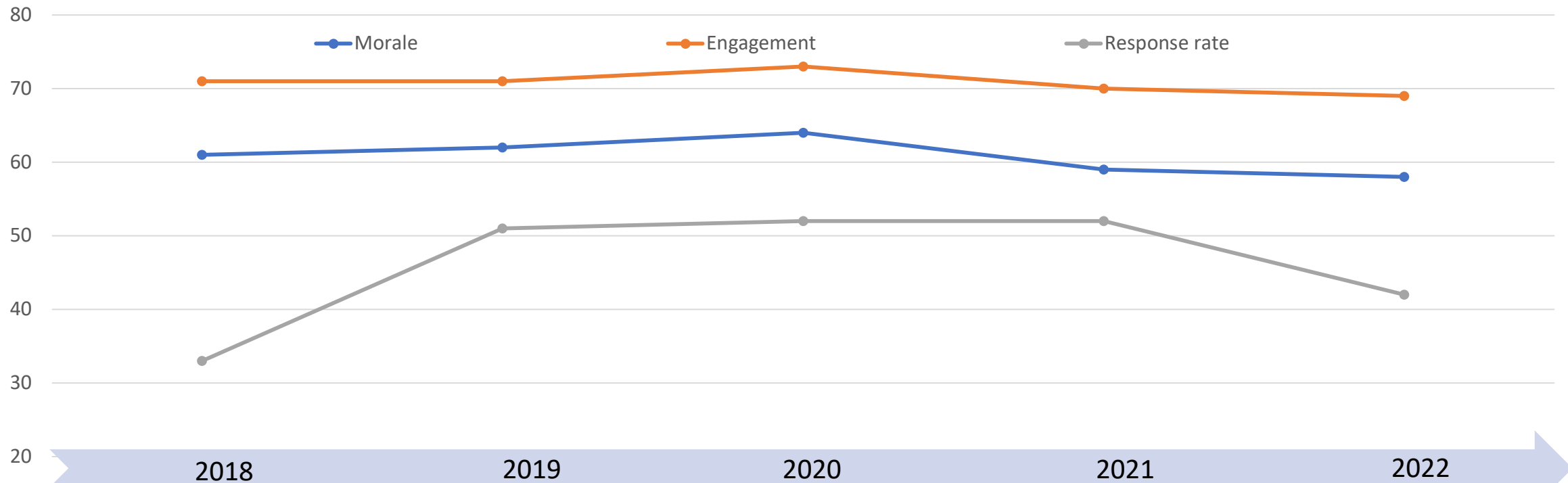


Looking back: MTW Context and People Promise Results, 2018-2022



Exceptional people,
outstanding care

Looking back: MTW Context and Engagement Results, 2018-2022



- CQC rating of Requires Improvement
- Miles Scott, CEO
- Trust special measures removed

- Brexit begins & pandemic starts
- Additional government funding
- Wellbeing initiatives, free parking and food provided
- Highest MTW survey results since 2018

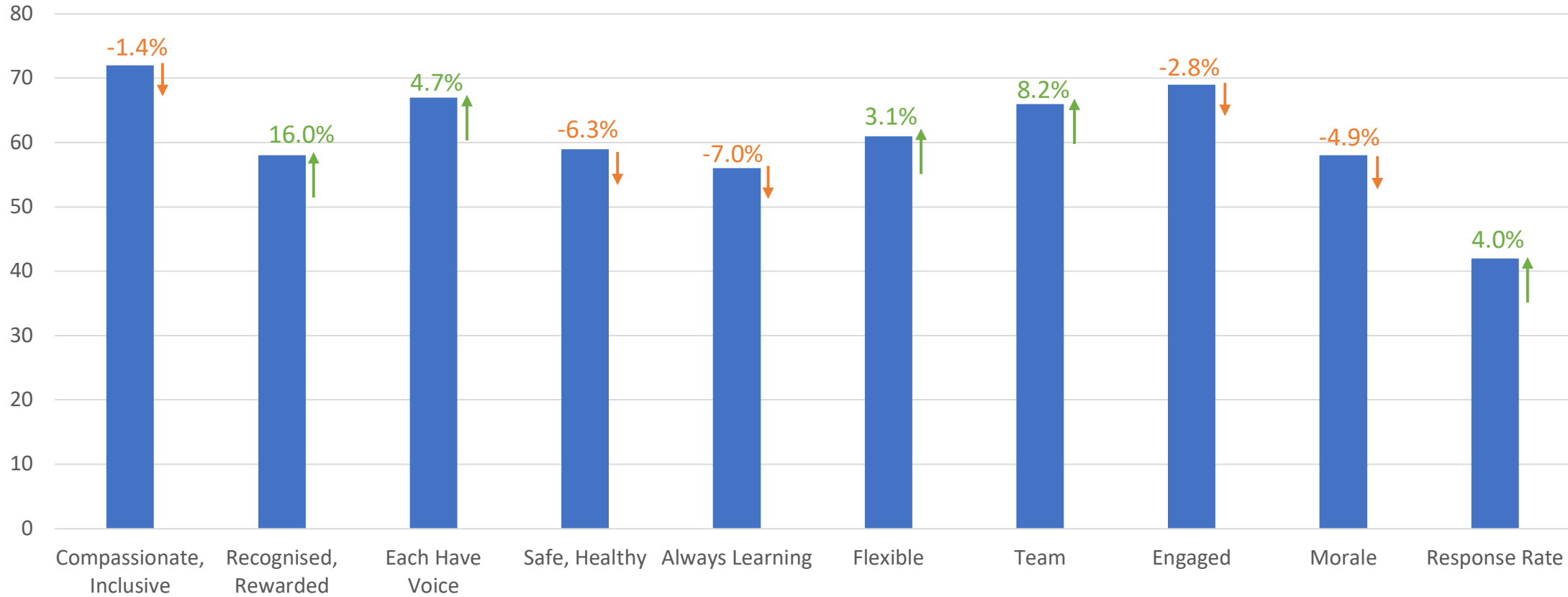
- People Promise launched
- Central government funding decreases
- MTW story launched
- Exceptional Leaders launched

- Cost of living crisis deepens
- Wellbeing Team formed
- People & Culture Strategy, 2022
- Free parking stops, free food limited
- Kent and Medway Integrated Care Board

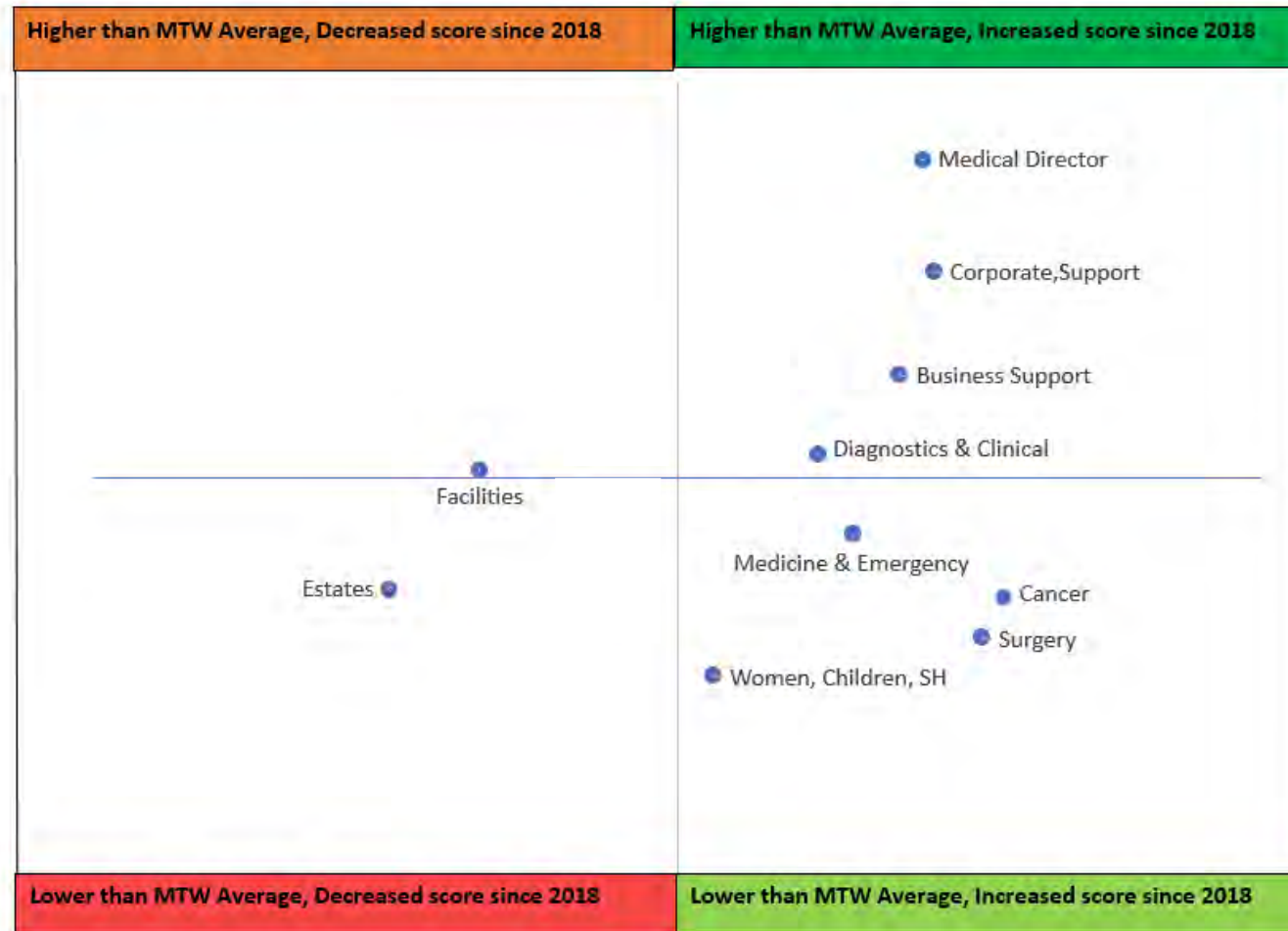
Exceptional people,
outstanding care

Looking back: People Promise 2018 and 2022 Comparison

2022-2018 Overall Difference in %



Looking back: Divisional Differences, 2018 and 2022



Overview

- Non-clinical divisions fare better.
- Clinical directorates largely ranked at mid-level.
- Estates and Facilities results remain poor, particularly with regards to engagement.

*Includes 7 People Promise elements, plus Staff Engagement and Morale scores

Looking back: Directorate Disparities, 2022 Results Example

- There are directorate-level differences within a division.
- There will likely be team-level disparities within directorates. We do not collect team-level data.

	Imaging	Pathology	Pharmacy	Therapies
	90%	92%	87%	96%
	68%	65%	71%	82%
	60%	62%	64%	77%
	65%	73%	68%	85%
	69%	71%	68%	88%
	62%	65%	61%	84%
	64%	62%	60%	87%

Looking back: What does the Survey tell us

- Over the last 5 years, progress and decline, as an entire organisation, has been steady; when we compare our 2018 results to those in 2022, our combined results indicate that we are approximately 1.5% above where we were in 2018. Organisational and external factors have influenced this.
- Organisation-level results only tell part of the story. Progress in areas such as wellbeing or learning and development are not mirrored in other areas, meaning that information-sharing on best practice and more, may be siloed.
- Survey response rates are not consistent, with less than half of our staff responding. This indicates issues with accountability systems and escalation processes for teams, directorates or divisions with low response rates, where monitored in real-time. This also indicates language and role-related barriers to communication.
- Differences between directorates within a division highlight that there are local level factors impacting progress. However, the way that survey data is currently collected does not allow us to distinguish between different teams within a directorate, or different teams or directorates across our different sites.

Moving forward: People and Culture Strategy, 2022-25

Our people and culture vision

Creating an inclusive, compassionate and high-performing culture where our people can thrive and be their best self at work.

Our strategic goal:

We will achieve continuous improvement to take MTW to the best place in the NHS Staff Survey amongst acute trusts.

Our system People Plan highlights the following priorities:



Moving forward: Implementing People and Culture Strategy, 2022-25

A joined-up internal knowledge management system between People and OD teams to capture, use and disseminate data in a more concerted, timely and impactful manner.

People and Culture Strategy, and EDI Strategy-informed Local Plans, with a limited number of priority areas, associated actions and SMART targets. Avoiding duplication by integrating with, or building on, existing initiatives or plans in existence, e.g. CQC Action Plans, to produce a living document that can create local change.

Reviewing and updating the mechanisms for accountability, at all levels, from Leadership to Management to Front-Line Workers, to influence change within our remit.

Developing and implementing an EDI and behavioural insights-informed approach to understanding communication needs across different roles and identities to improve the accessibility, reach, buy-in and impact of the improvement projects we do implement.

What Next for Divisions?

- A breakdown of 2022 Survey results and the five year overview will be sent to each division.
- Further contact will be made to help each division to understand the data and celebrate successes, and also to help us to understand communication and engagement needs necessary for creating Local Plans that improve priority areas.
- Local Plans will be co-designed within teams (but not in total isolation from directorate or divisional priorities), using the different engagement approaches identified as being necessary for different divisions, roles and identities.
- Interventions at an organisational-level will also be supported by the People and OD team, to create the wider infrastructure needed to support local action.

Want to hear more? Contact the Staff Engagement team:

Email: mtw-tr.staffengagement@nhs.net or tia.ndu@nhs.net

Call, text or WhatsApp: 07749710793

Visit us in person: The Academic Centre, Maidstone Hospital

Update on the West Kent Health and Care Partnership (HCP) and Medway Integrated Care Board (ICB)

Director of Strategy, Planning and Partnerships

The enclosed report provides information and updates on the establishment of the Kent & Medway Integrated Care Board (ICB) and the West Kent Health Care Partnership (WKHCP) and includes details of the teams which have been developed to support the programme of work and referenced the discussions in relation to Primary Care Senior Leadership.

Which Committees have reviewed the information prior to Board submission?

Executive Team Meeting, 21/03/23

Reason for submission to the Board (decision, discussion, information, assurance etc.)¹

The report is for information and discussion to facilitate feedback between MTW, the HCP and the wider system.

¹ All information received by the Board should pass at least one of the tests from 'The Intelligent Board' & 'Safe in the knowledge: How do NHS Trust Boards ensure safe care for their patients': the information prompts relevant & constructive challenge; the information supports informed decision-making; the information is effective in providing early warning of potential problems; the information reflects the experiences of users & services; the information develops Directors' understanding of the Trust & its performance

West Kent HCP and K&M ICB update
March 2023

Kent & Medway Integrated Care Board

Work continues on the Joint Forward View document. A draft has been circulated for comment and any additional updates with a view to producing a final version for the next Steering Group on 28th March. It will be coming to ETM and Board in April.

The operational plan will be submitted on 22nd March following an extra ordinary Board on 20th March. It is likely, although not confirmed, that a further iteration may be required by NHSE.

The ICB are out to public consultation on Improving Section 136 health-based places of safety. Kent and Medway have been allocated £3.7million of government funding to make improvements. The money is capital funding and can only be used to expand or renovate an existing facility, build a new one, or buy major equipment. The consultation closes on 18th April.

West Kent Health & Care Partnership Highlights

The partnership continues to develop our integrated neighbourhood team (INT) model in our 9 PCNs. Implementation will commence with 2 PCNs with higher levels of deprivation and health inequalities. We continue to work with the ICB to consider resourcing the development of the INTs alongside the primary care Medical Director post for WK HCP which will shortly be advertised. On 8th March the HCP had Board away day which was well attended and focussed on the development of INTs

We have established an HPC Discharge Capacity Programme Board which includes all partners and will inform the work that Mairead McCormick (CEO of KCHFT) is leading on discharge pathways across K&M.

On 20th February we had the Q4 place oversight meeting which focussed the delivery plan, delegation and quality. The meeting was very positive and the ICB feedback is attached.

WKHCP Risks and Challenges

The 2 top rated red risks are:

Workforce - All providers are identifying capacity issues with staffing core services and 2022/23 planning. Of particular note are ongoing shortages of domiciliary care staff in social care. primary care staffing capacity to meet increasing demands presenting at practices also raised as an issue and nursing capacity pressures in secondary care.

Demand pressures - Pressures across WK system arising from range of sources including: planned care backlog; Covid/Post Covid related demand; new ways of working i.e. VCA/remote consultations, vaccination/booster programme and urgent care demand.

Private and confidential

Miles Scott
Senior Responsible Officer
West Kent Health & Care Partnership

Chief Executive Office

NHS Kent and Medway
2nd Floor, Gail House
Lower Stone Street
Maidstone
ME15 6NB

27 February 2023

Email: p.bentley@nhs.net
www.kentandmedway.icb.nhs.uk

Ref: KL.PB/CMC16.23

Dear Miles

Place Oversight Meeting – West Kent

Thank you for participating in our West Kent Place oversight meeting on 20 February 2023. I would like to thank you for your leadership of the partnership and ask that you share my thanks on behalf of the ICB with the wider leadership team for the work you have delivered and the progress you have made this past quarter.

The purpose of our meetings is to have open, values-based, improvement-focused conversations at place-level, where we meet to discuss and hold each other to account in the delivery of priorities and how we can jointly and proactively support Place development.

These meetings also provide an opportunity to discuss the wider issues and risks of the geography, including quality, performance, and health inequality challenges where relevant.

Key discussion highlights were:

- Partnership working in West Kent is evident and well established. West Kent is recognised as having dealt remarkably well with the operational winter pressures across the partnership, considering the challenges faced, particularly in managing increased demand due to Streptococcus A infections. The positive impact of Social Care Discharge Fund schemes on improving patient flow and reducing emergency presentations to primary and secondary care was also noted.
- West Kent continues to make positive progress against local needs-led delivery plans, with the work around Adults and Children’s Mental Health and Frailty Virtual Wards of particular note. The H&CP are building on the benefits realised through the current virtual ward programme to expand the scope to increase the number of patients supported. This will be enabled through a flexible approach to clinical supervision across partners and monitored through a robust cross-organisational frailty pathway dashboard.

- The partnership is also looking at how to develop and expand on the successful primary care Mental Health pilot in the Weald to meet the increased complexity of mental health needs observed following the pandemic.
- The H&CP Development Board has identified the development of the Integrated Neighbourhood Care Team model as a clear priority over the next year because it is felt that aligning demand and capacity to address challenges in primary care is necessary to enable progress across the West Kent system. This development will build on successful pilot schemes to establish a model that positively impacts services and improves outcomes for the local population. Steps are being taken to bring partners together at Primary Care Network (PCN) level to drive changes and look at areas where work can be accelerated.
- West Kent continues to use population health and inequalities as a driver for delivery, with a number of schemes being taken forward and developed, such as the Shepway Community Larder, through the use of inequalities funding. The recently completed West Kent Needs Assessment provides a succinct and coherent message around health inequalities and the wider determinants of health and there is a good evaluation framework and infrastructure in place to evaluate delivery programmes.
- It was encouraging to see that Social Prescribing support to patients in west Kent has seen a positive impact. The H&CP, working with the ICB Business Intelligence Team, has identified a 24% reduction in Accident and Emergency attendance by an identified cohort of 6,000 patients with long term conditions over the age of 55 over the last six months, compared to the previous six months.
- It was recognised that the H&CP are in a good position in terms of delegation, with the evident impact of robust preparatory work prior to implementation. There is continued work between H&CP and ICC teams to ensure alignment and smooth transition of staff and associated workplans and good progress in the development of a draft operating model. The H&CP will continue to review work programmes across all partners to reduce duplication and clarify areas of responsibility.

The H&CP quality group was reported to have been re-invigorated and valuable discussions have taken place between the H&CP and ICB quality teams regarding quality reporting. It was noted that the ICB West Kent Quality Report is shared for information but is not the responsibility of the H&CP quality group. The H&CP is developing its own quality dashboard, overseen through the H&CP Clinical and Professional Board, with the inclusion of statistical process control (SPC) charts to enable monitoring over time. This will be further developed to provide narrative and soft intelligence for triangulation to aid decision making.

Challenges:

- It is recognised that a wider system conversation is needed to determine how the development of Integrated Neighbourhood Care Teams is resourced. The ICB and H&CP will work together to further discussions at system level alongside the other H&CPs.

Next steps:

- The ICB will plan a wider system conversation to determine how the development of Integrated Neighbourhood Care Teams might best be resourced.

- The partnership leaders will continue to work with H&CP and ICC teams to ensure alignment and smooth transition of responsibilities next year.
- The ICB Quality Team will keep the H&CP apprised of the changes in key Quality Team member contact points when these occur.
- Martin Carpenter, Chief Digital Transformation Officer, will engage with the H&CP to discuss the wider ICB Digital Strategy and how this links with the public health evaluation framework and infrastructure.

It is evident that much hard work is being done for the people of West Kent and that there is a strong partnership in place. I look forward to discussing the continued progress made at the next West Kent Place oversight discussion.

Once again, I do want to take the opportunity to thank you for your leadership of the partnership and would ask that you extend my thanks on behalf of the ICB to the wider partnership leadership team.

Yours sincerely

A handwritten signature in black ink that reads "Kate Langford". The signature is written in a cursive, flowing style.

Kate Langford
Acting Chief Executive and Chief Medical Officer

On behalf of
Paul Bentley
Chief Executive

Cc:
Jackie Huddleston, Locality Director Kent & Medway, NHS England
Natalie Davies, Chief of Staff, NHS Kent and Medway
Gerrie Adler, Director of Oversight, NHS Kent and Medway
Sally MacKinnon, Director, West Kent Health & Care Partnership

**Update on the Trust's planning
submissions for 2023/24**

Director of Strategy, Planning and Partnerships

The Trust's planning submissions for 2023/24 were approved at the Trust Board meeting on 20/03/23, the enclosed report provides an updated set of Finance slides.

Which Committees have reviewed the information prior to Trust Board submission?

- N/A

Reason for submission to the Trust Board (decision, discussion, information, assurance etc.)¹
Information

¹ All information received by the Board should pass at least one of the tests from 'The Intelligent Board' & 'Safe in the knowledge: How do NHS Trust Boards ensure safe care for their patients': the information prompts relevant & constructive challenge; the information supports informed decision-making; the information is effective in providing early warning of potential problems; the information reflects the experiences of users & services; the information develops Directors' understanding of the Trust & its performance

Finance and Performance Committee

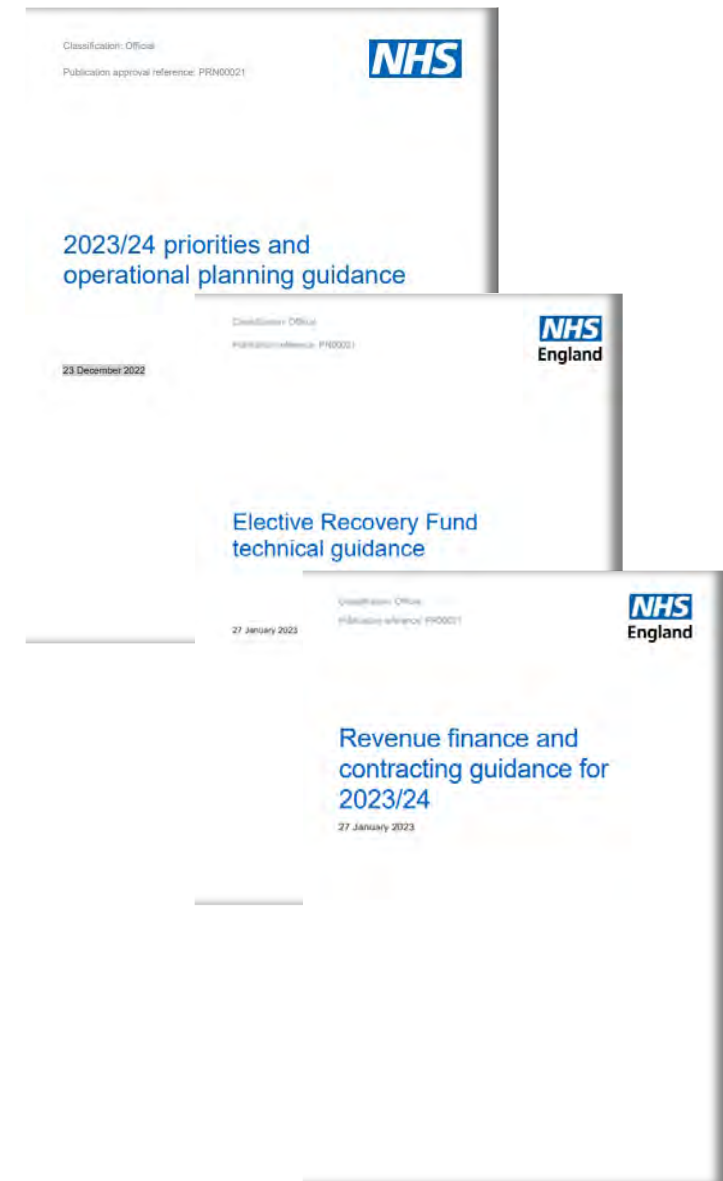
Update on the Trust's planning submissions for 2023/24

Reason/s for submission to the Finance and Performance Committee (delete the tick for any that do not apply):

Decision	
Discussion	
Information	✓
Other (state)	

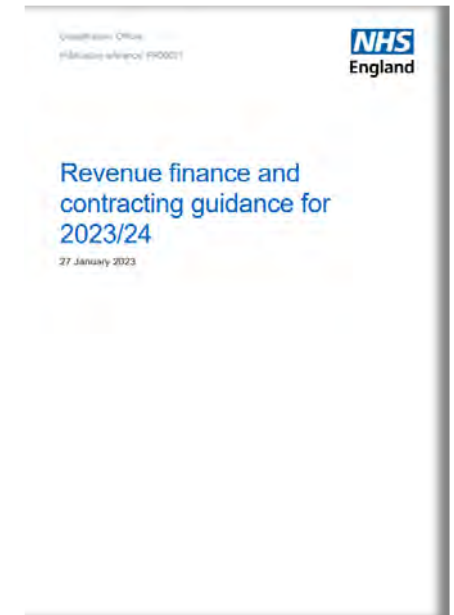
2023 – 2024 Operational Planning

MTW submission March 2023



Content

- Introduction & Overview
- Activity Update
- Finance Update
- Risk & Opportunities



MTW and K&M ICB must reach an Aligned Payment and Incentive (API) agreement

- The overall contract value, which will include **payment for elective activity on a 100% NHS Payment Scheme (NHSPS) unit price basis**.
- For **other activity**, the value of the **fixed payment** to fund these services.
- The **contract** should **document the activity target** which has been **agreed** with the provider, which will **contribute to the commissioner activity target**.

NHSPS payment, within scope of activity target	NHSPS payment, outside scope of activity target	Within fixed payment
Elective ordinary and day case	Chemotherapy	Outpatient follow ups
Outpatient procedures	Diagnostic Imaging	Critical care
First outpatient attendances	Nuclear medicine	Radiotherapy
	Excluded drugs, devices and procedures	Other activity incl. all non elective & wider elective pathways of care

- There is **no floor or baseline** level of activity funding guaranteed in contracts – **payment is entirely dependent on elective activity delivery**.
- K&M system elective activity target for **23/24 is 109% of 2019/20**.
 - The **MTW elective activity baseline has yet to be proposed by commissioners**, but **NHSE have indicated 108.9% of 19/20 with a target of 114%** (on a value basis).

**Worked example in appendix*

The first K&M ICB submission was a £217.4M deficit plan (£55.4M ICB, £162M aggregate of 5 providers) with planned activities in scope of ERF just below out turn, significantly below target.

Trust value weighted plans (NHPS activities within scope)

Provider/provider type	23/24 baseline £	23/24 target £	Target %	23/24 Plan £	Plan %
DGT	49,337,888	57,127,685	115.8%	52,193,416	105.8%
EKHUFT	144,277,223	154,725,382	107.2%	142,161,397	98.5%
MTW	94,865,586	107,890,893	113.7%	98,901,168	104.3%
MFT	58,609,339	63,605,083	108.5%	48,197,859	82.2%
Acute subtotal	347,090,035	383,349,041		341,453,841	98.4%
IS	56,323,055	61,321,726	108.9%	61,955,360	110.0%
LVA	2,307,156	3,018,813	130.8%	2,446,544	106.0%
Tertiary	63,132,736	68,934,070	109.2%	60,734,117	96.2%
Total	815,943,018	899,972,692		808,043,702	99.0%

Since our first activity submission the core capacity plan for 23/24 has improved, equating to **107%** of 19/20 in value terms for activities in scope of ERF. It is our understanding that ERF thresholds are being revised downwards by NHS E.

Activity

Total Elective (IP, DC and All First OP)	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Total
23/24 Plan as % of 1920	97%	107%	117%	102%	119%	106%	103%	111%	108%	103%	110%	127%	109%
23/24 Plan as % of 22/23 Actuals	98%	98%	107%	109%	105%	96%	103%	96%	92%	100%	105%	89%	100%
All Cons and Non-Cons First OP Total	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Total
23/24 Plan as % of 1920	99%	112%	119%	102%	122%	109%	105%	115%	110%	106%	113%	127%	111%
23/24 Plan as % of 22/23 Actuals	100%	99%	102%	102%	101%	101%	102%	102%	99%	101%	102%	99%	101%
Elective IP	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Total
23/24 Plan as % of 1920	93%	94%	109%	98%	103%	97%	97%	94%	95%	94%	92%	114%	98%
23/24 Plan as % of 22/23 Actuals	118%	106%	97%	103%	109%	106%	108%	100%	96%	104%	108%	94%	104%
Elective DC	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Total
23/24 Plan as % of 1920	88%	93%	108%	99%	107%	95%	95%	100%	102%	93%	98%	128%	100%
23/24 Plan as % of 22/23 Actuals	93%	102%	105%	101%	95%	89%	97%	88%	86%	95%	99%	83%	94%

Income Assessment

	2019/20 Baseline @ 23/24 Prices	*2023/24 Target %	Revised Activity Plan Flexed to 22/23 Casemix	Variance from Baseline	ERF Achievement %
NHS Kent and Medway ICB	94,865,372	114%	101,339,441	6,474,069	107%
NHS Sussex ICB	7,842,393	109%	8,073,305	230,912	103%
NHS South East London ICB	324,354	111%	344,392	20,038	106%
NHS Surrey Heartlands ICB	136,031	103%	90,693	-45,338	67%
NHSE Spec Comm	5,785,260	116%	7,297,649	1,512,388	126%
NHSE Direct Commissioning	167,508	103%	129,762	-37,746	77%
Total	109,120,918	113%	117,275,242	8,154,324	107%

Risk(s)/Assumptions:

- No baseline adjustments will be applied.
- March 19/20 counterfactual has not been applied. If NHSE previous methodology applied activity performance reduced by 3%
- Radiotherapy activity is not included (as per technical guidance).
- The plan assumes no impact of an additional BH in 23/24
- Potential for continuation of industrial action impacting on capacity
- KOC activity is not in the activity plan

Our RTT trajectory shows 1.9% deterioration in performance over the financial year, with zero patients waiting longer than 52 weeks, against a target of eliminating 65 week waits

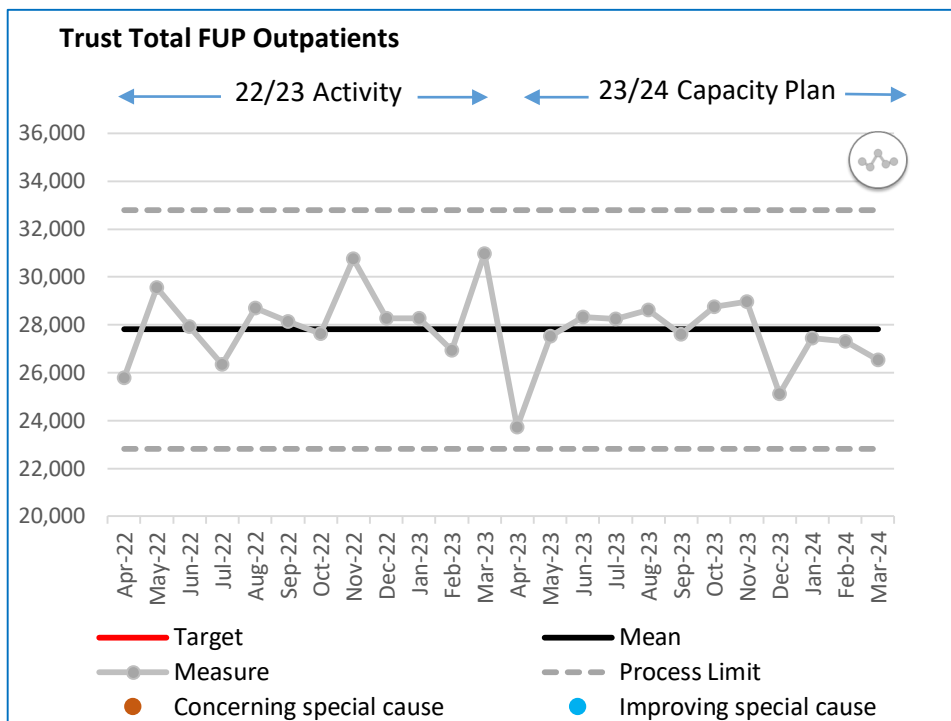
Submitted RTT Trajectory	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23
Total Waiting List	43596	44604	44785	44907	45029	45078	45226	45359	45444	45516	45624	45721	45816
Total Backlog	13582	13787	13892	13978	14094	14205	14333	14482	14607	14751	14897	15031	15179
Total %	68.8%	69.1%	69.0%	68.9%	68.7%	68.5%	68.3%	68.1%	67.9%	67.6%	67.3%	67.1%	66.9%

Risk(s)/Assumptions:

- Projected Trajectory assumes the level of activity in the plan for each specialty is delivered
- Performance has not had any uplift applied for RTT validation – which can be up to 3% higher
- Assumes no 52 wk waiters for 2023/24

OP follow up activity is within the fixed element of the contract. Our OP follow up plan does not move us towards the national ambition of 25% reduction, and therefore represents both a risk and an opportunity for the trust.

All Cons and Non-Cons Follow Up OP Total	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Total
23/24 Plan as % of 1920	91%	101%	114%	103%	116%	108%	100%	105%	108%	95%	107%	114%	105%
23/24 Plan as % of 22/23 Actuals	101%	102%	103%	104%	102%	102%	102%	101%	101%	102%	103%	100%	102%



Key Question:

- Should we re-set our ambition and approach to reduce OP follow rates, releasing capacity for other elective PODs/organisational priorities?
- Could the OP transformation programme be repurposed to drive this ambition?

All points for delivery will be compliant with the Diagnostics Waiting Times (DM01) performance target of 99% compliance by March 24.

Submitted Trajectory	Mar-23	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24
Total Patients Waiting	8271	8271	8120	7829	7872	7943	7759	7616	7565	7428	7359	7275	7222
Patients waiting >6wks	1195	1145	1125	1101	1071	1027	963	878	757	606	435	255	66
Total %	85.6%	86.2%	86.1%	85.9%	86.4%	87.1%	87.6%	88.5%	90.0%	91.8%	94.1%	96.5%	99.1%

Risk(s)/Assumptions:

Recovery plan trajectory for challenged service lines

		Baseline	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24
Cardiology	Total Patients Waiting	1,541	1,541	1,576	1,611	1,646	1,681	1,716	1,751	1,786	1,821	1,856	1,891	1,926
	Patients waiting >6wks	1,096	1,046	1,031	1,011	986	946	886	806	691	545	380	205	20
	Performance %	28.9%	32.1%	34.6%	37.2%	40.1%	43.7%	48.4%	54.0%	61.3%	70.1%	79.5%	89.2%	99.0%

Recovery plan required for Echocardiography as well Gastroscopy (Paediatric element only) and Cystoscopy in order for them to achieve 99% compliance by March 24

		Baseline	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24
Gastroscopy	Total Patients Waiting	283	283	299	197	230	302	283	240	289	286	277	277	277
	Patients waiting >6wks	38	38	35	32	29	26	23	20	16	12	8	4	2
	Performance %	86.6%	86.6%	88.3%	83.8%	87.4%	91.4%	91.9%	91.7%	94.5%	95.8%	97.1%	98.6%	99.3%

		Baseline	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24
Cystoscopy	Total Patients Waiting	64	64	60	55	60	85	94	81	78	85	90	85	83
	Patients waiting >6wks	4	4	4	4	3	3	3	2	2	2	1	1	-
	Performance %	93.8%	93.8%	93.3%	92.7%	95.0%	96.5%	96.8%	97.5%	97.4%	97.6%	98.9%	98.8%	100.0%

Cancer Waiting Times Trajectories 2023/24 – All areas will be compliant throughout 2023/2024

Cancer 2WW (93%)	Baseline	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24
Total Patients Seen	1920	1610	2016	1756	1812	2027	2026	1967	2213	1761	1920	1829	2103
Not in Target	125	105	131	114	118	132	132	128	144	114	125	119	137
Total %	93.5%	93.5%	93.5%	93.5%	93.5%	93.5%	93.5%	93.5%	93.5%	93.5%	93.5%	93.5%	93.5%
Cancer 62 days (85%)	Baseline	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24
Total Patients Seen	121	102	145	106	115	108	134	111	118	141	121	115	132
Not in Target	17	15	21	16	17	16	20	16	17	21	18	17	19
Total %	85.5%	85.3%	85.5%	85.4%	85.7%	85.6%	85.4%	85.6%	85.6%	85.5%	85.5%	85.7%	85.6%
Cancer Faster Diagnosis 28 Days	Baseline	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24
Total Patients Seen	1749	1492	1841	1623	1693	1843	1790	1737	2017	1619	1749	1665	1915
Not in Target	437	372	460	405	423	460	447	434	504	404	437	416	478
Total %	75.0%	75.1%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%	75.0%	75.1%	75.0%	75.0%	75.0%

Risk(s)/Assumptions:

- Increase in demand beyond planning assumptions

We will continue to see growth in A&E attendances. We will be compliant with A&E Percentage <4 hours performance targets throughout the year.

A&E Type 1 & Type 3	Baseline	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24
Total Patients Seen	18235	19292	20919	20161	21092	19732	19551	20021	19279	19919	18949	18301	20313
>4hr Wait	2546	2262	2630	1973	2277	2301	2574	2653	2684	3585	3032	2562	2322
Total %	86.0%	88.3%	87.4%	90.2%	89.2%	88.3%	86.8%	86.7%	86.1%	82.0%	84.0%	86.0%	88.6%

A&E Type 1 only	Baseline	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24
Total Patients Seen	17031	17031	18393	17680	18450	17268	17093	17696	17153	17716	16925	16261	18079
>4hr Wait	17	2238	2606	1949	2253	2277	2550	2629	2660	3561	3008	2538	2298
Total %	99.9%	86.9%	85.8%	89.0%	87.8%	86.8%	85.1%	85.1%	84.5%	79.9%	82.2%	84.4%	87.3%

Total A&E Attendances	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Total
23/24 Plan as % of 1920	123%	125%	126%	119%	120%	117%	121%	118%	118%	117%	120%	171%	123%
23/24 Plan as % of 22/23 Actuals	108%	103%	102%	106%	105%	104%	100%	97%	92%	104%	104%	101%	102%

Non-Elective Activity & Bed Occupancy 2023/24. Our forecast bed occupancy is higher than the national ambition of 92.5%

Total Non-Elective	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Total
23/24 Plan as % of 1920	128%	130%	126%	118%	135%	130%	129%	127%	122%	125%	129%	170%	130%
23/24 Plan as % of 22/23 Actuals	112%	102%	101%	104%	105%	104%	105%	102%	113%	105%	109%	103%	105%

Total Non-Elective - Zero LOS	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Total
23/24 Plan as % of 1920	170%	164%	153%	142%	176%	165%	162%	160%	155%	156%	168%	229%	165%
23/24 Plan as % of 22/23 Actuals	117%	104%	100%	104%	106%	106%	107%	104%	125%	107%	113%	106%	108%

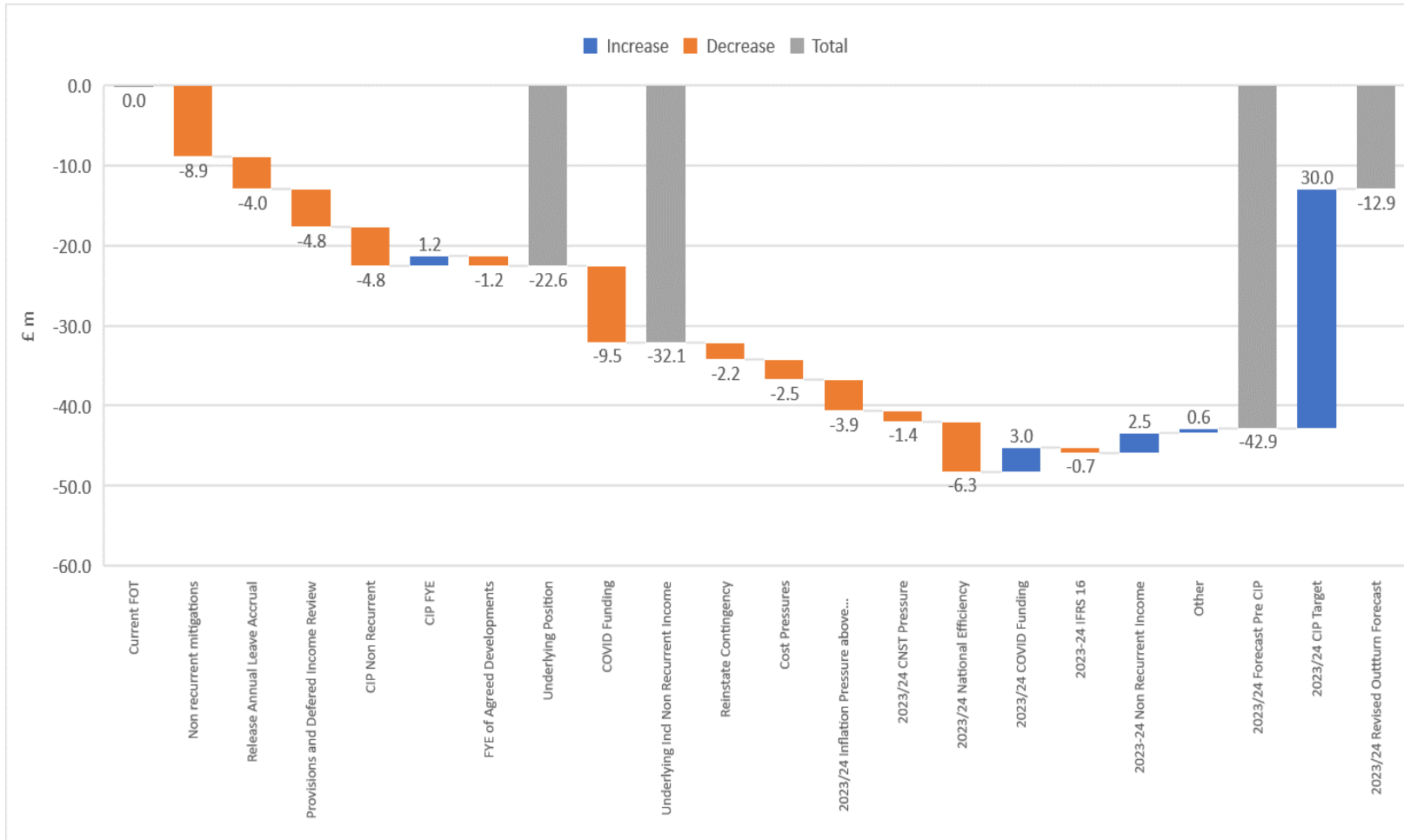
Total Non-Elective - +1 Day LOS	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Total
23/24 Plan as % of 1920	98%	101%	102%	96%	101%	100%	100%	99%	94%	98%	98%	124%	101%
23/24 Plan as % of 22/23 Actuals	106%	101%	102%	103%	105%	101%	102%	99%	100%	101%	105%	99%	102%

General & Acute Beds	Apr-23	May-23	Jun-23	Jul-23	Aug-23	Sep-23	Oct-23	Nov-23	Dec-23	Jan-24	Feb-24	Mar-24	Total
Average number of G&A Beds occupied per day	647	647	646	635	630	636	654	665	657	689	705	662	656
Average number of G&A Beds available per day	715	715	696	666	666	666	687	717	717	736	736	715	703
Bed Occupancy	90.5%	90.5%	92.8%	95.3%	94.5%	95.5%	95.1%	92.8%	91.6%	93.6%	95.8%	92.6%	93.4%

Risk(s)/Assumptions:

- Significant increase in zero LOS due to changes in pathways and introduction of SDEC areas
- Similar level in +1 day LOS

Financial Bridge (2022/23 Outturn to 2023/24 Plan)



- The Trust is forecasting a breakeven position in 2022/23 but has a underlying deficit position of £32.1m due to non recurrent measures implemented in 2022/23 and non recurrent COVID funding.
- The forecast for 2023/24 is predicting a deficit of £42.9m, a CIP target has been set at £30m which if fully delivered will result in a £12.9m deficit.
- The £10.8m increase in the deficit is mainly due to:
 - National Efficiency Target = £6.3m
 - Reinstatement of Contingency and Cost Pressure reserve = £4.8m
 - Inflation pressures above national funding £3.9m (Mainly related to PFI)
 - CNST Increase = £1.4m
 - Additional IFRS16 Leases = £0.7m
 - Non recurrent income benefit = £2.5m

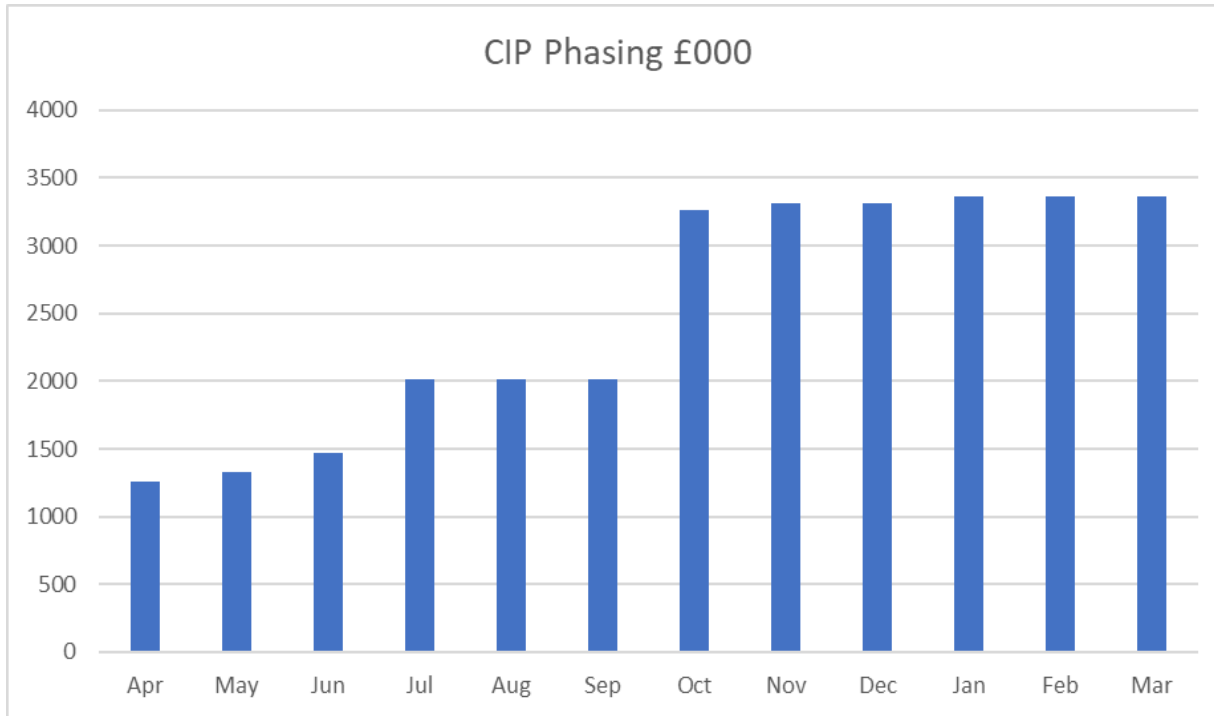
Income and Expenditure Summary

	2022/23			2023/24
	Forecast	Plan	Variance	Plan
Income - Patient Care Activity	598.1	590.8	-7.3	613.9
Other Income	51.4	45.5	-5.9	54.5
Total Income	649.5	636.2	-13.2	668.3
A&C/Sen Man Staff	-36.7	-36.6	0.0	-41.2
Medical Staff	-116.3	-111.6	4.7	-116.2
Nursing	-109.0	-113.0	-4.0	-119.2
Qualified Ambulance + Paramed	-0.5	-0.6	-0.1	-0.4
Scientific Therap & Tech Staff	-48.2	-49.1	-0.9	-52.6
Support Staff	-18.9	-17.9	1.1	-17.4
Support to Clinical Staff	-64.5	-64.9	-0.4	-59.4
Apprenticeship Levy	-1.6	-1.3	0.3	-1.6
Total Pay	-395.6	-395.0	0.6	-408.1
Clinical Negligence	-18.7	-19.4	-0.7	-20.2
Drugs & Medical Gases	-67.4	-60.7	6.7	-66.6
Purch healthcare from non NHS	-22.5	-22.9	-0.4	-21.1
Supplies and Servcies	-44.2	-46.2	-2.0	-51.4
Other Non Pay (Including Contingency)	-56.7	-45.0	11.7	-62.2
Total Non Pay	-209.4	-194.2	15.2	-221.4
Depreciation	-23.0	-24.7	-1.7	-25.7
Public Dividends Payable	-5.8	-5.8	0.0	-6.9
Other Finance Costs	-15.7	-16.5	-0.9	-19.1
Total Other Finance Costs	-44.5	-47.0	-2.6	-51.7
Total (Surplus (+) / Deficit (-))	0.0	0.0	0.0	-12.9

Income and Expenditure Trend

	£m												
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Total
Income - Patient Care Activity	49.2	50.5	51.9	51.4	52.0	51.4	51.9	52.0	50.1	51.6	51.0	50.9	613.9
Other Income	3.9	3.9	3.9	3.9	4.0	4.1	4.5	4.6	4.4	4.7	4.9	7.7	54.5
Total Income	53.0	54.4	55.7	55.3	56.0	55.5	56.4	56.6	54.5	56.3	56.0	58.6	668.3
A&C/Sen Man Staff	-3.4	-3.4	-3.5	-3.4	-3.4	-3.4	-3.4	-3.4	-3.4	-3.5	-3.5	-3.5	-41.2
Medical Staff	-9.7	-9.7	-9.7	-9.4	-9.5	-9.6	-9.6	-9.5	-9.7	-9.8	-9.9	-10.2	-116.2
Nursing	-9.8	-9.9	-9.9	-9.6	-9.6	-9.7	-9.7	-9.8	-10.2	-10.3	-10.4	-10.3	-119.2
Qualified Ambulance + Paramed	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.4
Scientific Therap & Tech Staff	-4.3	-4.3	-4.4	-4.4	-4.3	-4.3	-4.4	-4.4	-4.4	-4.5	-4.5	-4.5	-52.6
Support Staff	-1.5	-1.5	-1.5	-1.4	-1.4	-1.4	-1.4	-1.5	-1.5	-1.5	-1.5	-1.5	-17.4
Support to Clinical Staff	-5.1	-5.1	-5.0	-4.8	-4.8	-4.8	-4.8	-4.9	-4.9	-5.0	-5.0	-5.2	-59.4
Apprenticeship Levy	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-0.1	-1.6
Total Pay	-33.9	-34.1	-34.0	-33.3	-33.2	-33.4	-33.5	-33.6	-34.3	-34.6	-34.9	-35.3	-408.1
Clinical Negligence	-1.7	-1.7	-1.7	-1.7	-1.7	-1.7	-1.7	-1.7	-1.7	-1.7	-1.7	-1.7	-20.2
Drugs & Medical Gases	-5.8	-5.8	-5.6	-5.5	-5.5	-5.5	-5.5	-5.5	-5.5	-5.5	-5.5	-5.5	-66.6
Purch healthcare from non NHS	-1.8	-1.8	-1.8	-1.8	-1.8	-1.8	-1.8	-1.8	-1.8	-1.6	-1.6	-1.6	-21.1
Supplies and Servcies	-3.9	-3.9	-3.7	-4.3	-4.3	-4.3	-4.6	-4.6	-4.3	-4.3	-4.3	-4.8	-51.4
Other Non Pay (Including Contingency)	-5.2	-5.1	-5.2	-5.1	-5.1	-5.1	-5.1	-5.2	-5.2	-5.2	-5.2	-5.5	-62.2
Total Non Pay	-18.3	-18.3	-17.9	-18.4	-18.4	-18.4	-18.7	-18.8	-18.5	-18.3	-18.3	-19.1	-221.4
Depreciation	-2.0	-2.0	-2.0	-2.1	-2.1	-2.1	-2.1	-2.1	-2.1	-2.2	-2.4	-2.4	-25.7
Public Dividends Payable	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-0.6	-6.9
Other Finance Costs	-1.5	-1.5	-1.5	-1.6	-1.6	-1.6	-1.6	-1.6	-1.6	-1.6	-1.7	-1.7	-19.1
Total Other Finance Costs	-4.1	-4.1	-4.1	-4.2	-4.2	-4.3	-4.3	-4.3	-4.3	-4.4	-4.6	-4.6	-51.7
Total (Surplus (+) / Deficit (-))	-3.3	-2.1	-0.4	-0.6	0.1	-0.5	-0.1	-0.1	-2.7	-1.1	-1.8	-0.4	-12.9

Cost Improvement Plans



Efficiency Plan Risk

£'000				
	Pay	Non Pay	Income	Total
High Risk	9,592	5,329	1,440	16,361
Medium risk	137	2,411	287	2,835
Low Risk	8,778	2,032	60	10,870
Total Efficiencies	18,507	9,772	1,787	30,066

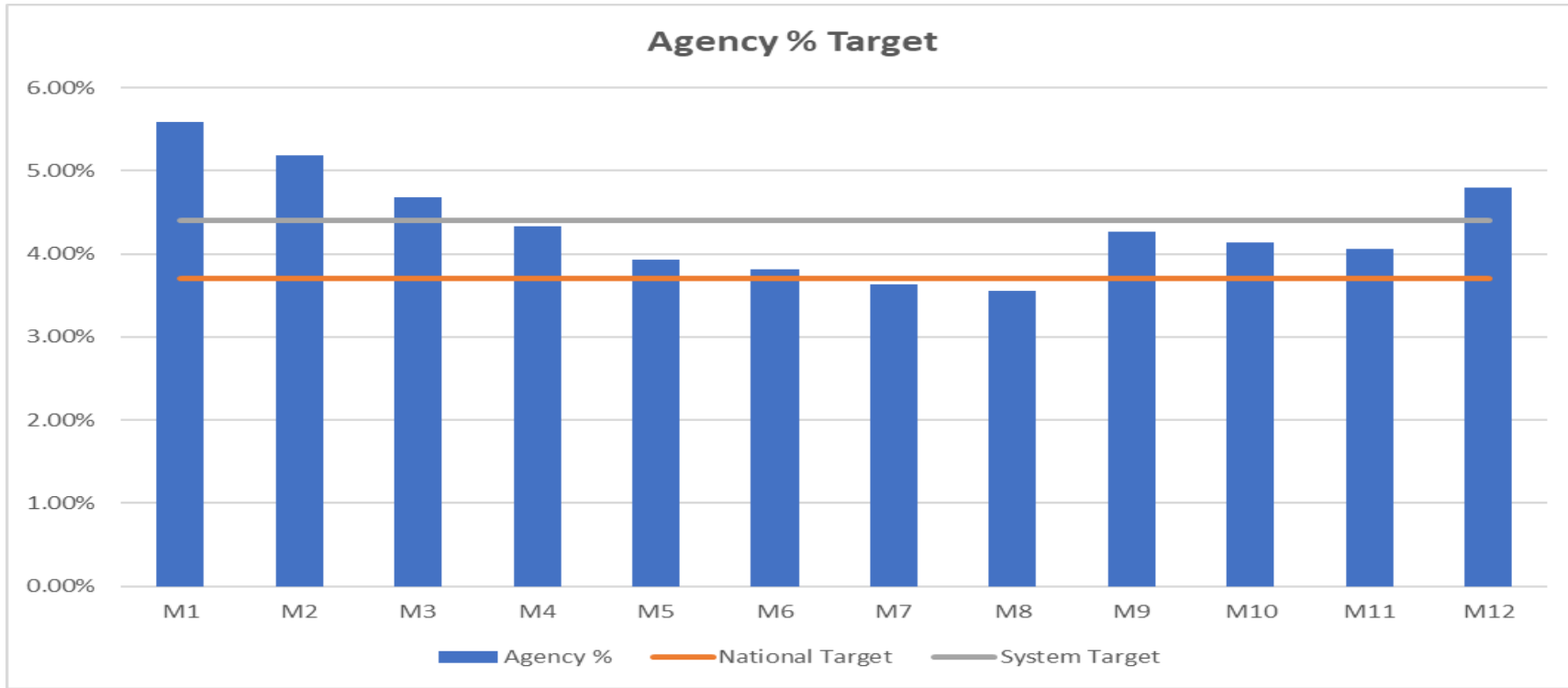
Efficiency Plan Status

£'000				
	Pay	Non Pay	Income	Total
Fully Developed	137	2,662	287	3,086
Plans in Progress	3,665	1,529	815	6,009
Opportunity	10,097	3,178	266	13,541
Unidentified	4,608	2,403	419	7,430
Total Efficiencies	18,507	9,772	1,787	30,066

- The Trust has set a £30m savings target for 2023/24, which is 4.4% of operating expenses.
- Currently there are £7.5m of schemes which are unidentified which have been phased from October 2023.
- The Trust has identified potential income opportunities of c£6m which are being reviewed and explored. If this opportunity could be materialised this would help to mitigate most of the unidentified value.

Agency Target

	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Total
Total Pay £m	33.9	34.1	34.0	33.3	33.2	33.4	33.5	33.6	34.3	34.6	34.9	35.3	408.1
Agency Spend £m	1.9	1.8	1.6	1.4	1.3	1.3	1.2	1.2	1.5	1.4	1.4	1.7	17.7
Agency %	5.58%	5.19%	4.68%	4.33%	3.93%	3.81%	3.63%	3.56%	4.26%	4.13%	4.06%	4.79%	4.33%
National Target	3.70%	3.70%	3.70%	3.70%	3.70%	3.70%	3.70%	3.70%	3.70%	3.70%	3.70%	3.70%	3.70%
System Target	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%	4.40%



- The Trust is currently forecasting to spend 4.3% (£17.7m) of the total pay spend on agency which is 0.63% more than the target set by NHSE.
- The Kent and Medway System has set a local target for the Trust to use a maximum of 4.4% of agency. The Trust is currently forecasting to achieve this target.
- This is an improvement of 1.67% compared to the draft plan which previously forecasted 6% agency spend.
- The increase towards the end of the financial year is due to additional costs associated with winter and the Kent and Medway Elective Orthopaedic Unit
- The average agency % in 2022/23 (11 months) was 6.4% however in February 2023 this has reduced to 5.24%

Key Assumptions

C	
Pay	AFC Staffing – 2.1% inflation uplift which incorporates pay award and incremental drift – As per Planning Guidance
Non Pay	Drugs 1.3% and Other non pay (5.5%) – As per Planning Guidance PFI
CNST	CNST based on notified levels (£1.4m increase to 2022/23 core charge)
Reserves	Assumes £2.2m contingency reserve plus £2.5m cost pressures reserve
Depreciation and PDC	Depreciation and PDC charges are based on 2023/24 planned levels
PFI	Increase is estimated based on January RPI however contract is based upon February RPI published on 22nd March.
CIP	The Trusts total CIP target for 2023/24 is £30m which if delivered will lead to a £12.9m deficit in 2023/24
Capitalised Leases	The plan does assume leases of buildings and land which are not yet at business case approval stage. This is to ensure there is potential capital coverage for the capital element of the lease as per IFRS16. HMT has not yet confirmed the value of any IFRS16 allocation to the DHSC

Capital Plan 2023/24 – slide #1

1. The Trust's capital plan for 2023/24 (and 2024/25) is required to meet the ICB control total resource for MTW. The baseline £9.278m remains below the Trust's actual internal resource of £11.225m generating an immediate baseline pressure against capital replacement demand.
2. The baseline control total has been subject to two adjustments from the ICB:
 1. A reduction of £0.258m to balance the ICB's overall allocation. All providers in the system have had a similar % reduction applied;
 2. An allocation of £4.996m from system held funds for the HASU reconfiguration project. This is an increase from the original plan of £4.175m and takes into account the increased costs of the scheme.Therefore the planned capital control total for 2023/24 is £13.019m.
3. Following discussion with the ICB, the plan for 2023/24 assumes that MTW funds the additional cost of the K&M Elective Orthopaedic Centre (the Barn) over and above the national funding. This is a total of £6.411m.
4. Therefore the Trust is left with only an available sum of £2.6m to cover all other capital spend in 2023/24 on Estates, ICT and Equipment requirements.
5. In agreement with the ICB, the CDC capital that is required in 2023/24 of £5.72m, following slippage in the 2022/23 plan, has been included assuming an additional national programme capital source of funding. This is a key risk to both the MTW and the ICB capital plan.
6. Additionally, the Trust has included national funding of £22.465m for the Barn project, and an £88k of digital diagnostics funding already agreed for 2023/24.

Capital Plan 2023/24 – slide #2

7. The Trust also has an expectation of further digital funding, related to EPR optimisation. The anticipated figure is £2.9m but this is subject to business case review and confirmation from NHS England. As such we are not permitted to include this assumption within the plan.
8. The capital regime has a mechanism for additional national capital that can be earned by systems under a “fair share” approach. The capital is linked to revenue performance by the whole ICB system against either breakeven or a stretch deficit control total. For the K&M ICB this potential additional capital is c. £7m for 2023/24 but it is subject to audited accounts demonstrating that the system has achieved the agreed control total.
9. This additional resource cannot therefore be included in planning submissions. Discussion with the ICB CFO has indicated that the significant impact of the Barn additional costs on MTW’s capital resource levels for 2023/24 will be taken into account in the ICB agreeing the use of the £7m across the system if it becomes available from achieving the 2022/23 performance requirements. The Trust is submitting bids against this potential funding.
10. The level of any national IFRS 16 capital lease resource is not yet confirmed by HMT to the DHSC for 2023/24. Trusts have been asked to include planned use of leases in the plans without any confirmation of approval. MTW has included its key commitment of the KMMS accommodation that has slipped into 2023/24, and also some “broad” headings of other potential schemes in order to stake a claim to resource. Further work is being undertaken at present in respect of CDC leases and additional residential accommodation – depending on what is possible to complete by the 22/23 year end, there may be further planned IFRS 16 leases in the final return.
11. Changes to rental costs from rent reviews or inflation impacts lead to a “remeasurement” of the IFRS 16 right to use assets, which is also a charge to capital and has been included where known from our register of leases.

Capital Plan 2023/24 – purchased capital – slide #3

Capital Spend Plan - all figures £000	2023/24	2024/25	2025/26	2026/27	2027/28
Estates					
Estates Projects - b/f commitments	300				
Backlog maintenance	542	2,078	3,147	3,259	3,100
Barn Theatre - cost over national funding	6,411				
ICT					
ICT Backlog Devices		1,000	1,000	750	1,000
ICT Clinical Applications	350		750	1,000	750
ICT Infrastructure	500	1,000	1,200	1,000	1,000
Equipment					
Linear Accelerator replacements		3,000	3,000		
Backlog equipment replacement	917	2,200	1,828	3,909	3,226
System PDC funded projects					
HASU stroke	4,996				
System control total (issued for 2023/24 and 2024/25)	14,016	9,278	10,925	9,918	9,076
Nationally financed projects					
TWH - Lifecycle (IFRIC 12 PFI capital)	1,503	1,563	2,330	3,071	3,444
Barn Theatre	22,465				
Digital Pathology - I-Refer	88				
Community Diagnostic Hub - Build and Equipment - PDC	5,723				
Total planned capital	43,795	10,841	13,255	12,989	12,520

Capital Plan 2023/24 – leased capital – slide #4

Capital Spend Plan - all figures £000	2023/24	2024/25	2025/26	2026/27	2027/28
IFRS 16 new Leased "Right to Use" Assets					
Kent Medical School Accommodation	14,649				
CDC Additional Land Lease	tbc				
CDC Unit A additional lease	tbc				
Cardiology Equipment	1,501				
Portakabin - Transport	17				
Residential accommodation	4,335				
SFS Printers	46				
Cardiology Building	8,359				
Urology Investigation Unit Building	5,016				
IFRS 16 Remeasurements of lease liabilities					
32 High Street, Pembury accommodation	820				
EK Bunker	11				
Larkfield Health Ctre	10				
Springwood Accommodation	1702				
Subtotal - IFRS 16 Leases	36,466	0	0	0	0
Total Capital Spend Plans	80,261	10,841	13,255	12,989	12,520

Risks & Opportunities

Risks & Opportunities

1. Fixed envelope may not cover our costs or reflect risks around growth in demand in 23/24 in activity out of scope for NHSPS, such as Non elective care.
2. Given the system financial position further local efficiency factor has been requested of the Trust to support achieving a system balanced financial plan.
3. Adding WLI costs into our position to support delivery of Elective IP and DC activity will create additional financial challenge to our position of circa £2.4M, in the context of a £15.2M deficit plan
4. CIP delivery assumption of £30M
5. 19/20 baseline does not reflect pathway changes
6. System activity target vs. 22/23 FOT presents a risk and opportunity to MTW
7. OP Follow up run rate and overperformance risk

Worked example

		Total (£m)
A	Opening baseline	250
B	2023/24 Growth + ERF money	265
C	Elective target for 23/24 @ 107% of 19/20	107
D	Deductions for unbundled activity	5
E	Value of 23/24 Fixed payment (= B – C – D)	153

In this example, a provider has a contract with a commissioner which has an opening baseline (post baseline reset exercise) of £250m. In 2019/20 they delivered £100m of elective activity within the definition of the ERF target.

- Discussions for 2023/24 has increased the opening baseline to £265m, because of additional growth and ERF funding, net of efficiency and convergence.
- In order to help deliver the ICB's ERF target, they have agreed to deliver 107% (£107m) of in scope of ERF target activity. They have also agreed to deliver £5m of activity within scope of the variable payment.
- This leaves a fixed payment for 2023/24 of £153m out of an expected annual contract value of £265m.
- This is then transacted in the usual way. Where elective activity is below the amount documented in the contract, the monthly payment will be adjusted down.
- For example, if the provider delivers £97m of elective activity, it will receive £246m overall (£10m less than plan)

Update to capital programme funding and expenditure approvals, 2022/23

**Deputy Chief Executive /
Chief Finance Officer**

The enclosed report provides an update on the forecast outturn position of the Trust's capital programme. The Trust Board is required to review and approve the overall use of capital resource for 2022/23

Which Committees have reviewed the information prior to Board submission?

- Finance and Performance Committee, 28/03/23

Reason for receipt at the Board (decision, discussion, information, assurance etc.) ¹

To review and approve the overall use of capital resource for 2022/23

¹ All information received by the Board should pass at least one of the tests from 'The Intelligent Board' & 'Safe in the knowledge: How do NHS Trust Boards ensure safe care for their patients': the information prompts relevant & constructive challenge; the information supports informed decision-making; the information is effective in providing early warning of potential problems; the information reflects the experiences of users & services; the information develops Directors' understanding of the Trust & its performance

1. PURPOSE OF PAPER

1.1 The purpose of this paper is to update the Trust Board on the forecast outturn position of the capital programme including funding and expenditure approvals.

2. FORECAST OUTTURN 2022.23

2.1 The Trust's outturn capital programme forecast for 2022.23, at Month 11, is a total of £25.1m, of which £23m has been committed by purchase order, with the remaining ordering for short lead time items due in March.

Capital Programme 2022/23 - M11	Forecast £000	Commitments £000
ICB System Capital Control total		
Estates Enabling Bfwd	1,163	1,033
Estates Backlog Bfwd	1,489	1,559
ICT Schemes Bfwd	692	634
ICT Clinical Systems Bfwd	470	334
ICT Backlog Essential	390	244
ICT Clinical Applications/Infrastructure	1,164	1,154
Equipment Bfwd	1,076	1,065
Equipment Replacement	2,193	1,910
System CRL Equipment	592	436
Net internal funds	9,230	8,370
System PDC - HASU project	1,945	1,945
Net ICB system funds	1,945	1,945
Capital Control Total	11,175	10,315
External Capital Funding		
National PDC - Barn Theatre	6,575	6,575
Digital Diagnostic - PACS/RIS	291	279
Digital Diagnostic - Home reporting	91	91
EPR Optimisation (Frontline Digitisation)	500	64
CDC	4,150	3,791
Endoscopy - Decontamination Trac & Trace	58	55
Digital Diagnostics - iRefer	34	34
Digital Diagnostics - Digital Pathology	130	130
Patient Portals (Wayfinder)	352	0
Digital Pathology (FISH)	186	186
Cyber Security	48	48
TOTAL National funding sources	12,415	11,253
Other Capital Funding		
PFI Lifecycle (IFRIC 12)	1,325	1,325
Donated spend plans	175	82
Asset disposal	-6	
Total IFRIC12 & Donated assets	1,494	1,407
GRAND TOTAL	25,084	22,976

3. FUNDING APPROVALS

3.1 The Trust has remained within its agreed ICB operational capital baseline control total of £9.2m, including an additional £0.59m made available recently from slippage elsewhere in the system. In addition, the system agreed £1.95m for Phase 2 of the HASU reconfiguration programme.

3.2 The Trust has drawn down PDC cash of £12.4m relating to a number of national funding approvals, each of which is conditional on requirements contracted through a DHSC Memorandum of Understanding (MoU). The most significant of these is the £6.5m approved by NHSE on the basis of the OBC for the Kent & Medway orthopaedic centre at Maidstone.

3.3 The Trust was also initially awarded £9.8m for the development of the Community Diagnostic Centre at Hermitage Court, following approval by the ICB and NHSE of its business case bid. However significant slippage on the scheme means that only £4.15m of equipment and early building works can be recognised by the end of the financial year. The capital resource limit has been partly reduced by NHSE to the level of £5.2m – this may be adjusted down further to match outturn as part of the final capital limits exercise, but otherwise it will result in a technical underspend in the Trust's accounts

The Trust initially included the balance for completion of the CDC, £5.7m, in its plan submissions, positioned against further national funding, in line with ICB guidance. However, the ICB has instructed MTW to remove this for the final plan submission pending further work/discussion with NHSE. If further national funding is not approved, then the capital will be a system risk for 2023/24 and may require changing plans across the system with deferrals of other schemes.

4. EXPENDITURE APPROVALS

Overview

The capital plan is approved by the Trust Board each year, following recommendation from the Finance and Performance Committee as part of the Business Planning arrangements. Individual schemes require business cases which are firstly reviewed by the Business Case Review Panel (unless simple replacement cases), and if recommended for approval, go forward for approval at Executive Team meetings or at Finance and Performance Committee/Trust Board depending on the size of the value.

Actual sign off of Purchase Order requisitions follows the Scheme of Delegation with a restricted number of authorised officers at escalating levels of value (Deputy Director of Finance; Chief Finance Officer; Chief Executive Officer). There is an exceptional process to cover emergency replacement purchases.

From a budgetary perspective there are three main operational budget holders, managing each year's programme budgets:

- Estates Director – for estates schemes, or schemes with estates component
- ICT Director – for IT and Clinical systems
- Deputy Chief Operating Officer – for Divisional and Trust-wide medical equipment

The medical equipment component includes the prioritisation of Divisional proposals within the existing resource and was established as the representative of the Medical Director, the Chief Nurse and the Chief Operating Officer.

Overall management and accountability for delivering the capital programme within the capital resource limit lies with the Deputy CEO/Chief Finance Officer supported by Deputy Director of Finance (Governance). The Deputy CEO chairs a monthly Capital Steering Group which oversees prioritisation of schemes, risks on the programme and the progress on projects on a monthly basis. This group includes the main capital budget holders and other relevant officers for key schemes (e.g. CDC).

The Head of Financial Services or Deputy Director of Finance are also part of the fortnightly ICB Capital group, which is forum that manages the ICB accountability and oversight on the capital control total for the system, and reports into the ICB CFO group.

Outstanding approvals

In a pattern not unfamiliar from recent years, final approval on some key nationally funded schemes was not given until late in the financial year e.g. the orthopaedic centre funding approval followed the JISC meeting on the 12th December. The Trust had to hold back internal resource to cover the risks of not obtaining full funding approval. Similarly the ICB has made additional resource available in the last quarter of the financial year, as a result of declared slippage elsewhere in the system.

In order to ensure best endeavours to utilise the resource to the full, requiring goods to be delivered and services rendered by 31st March, the Trust has needed in some cases to proceed with the governance process alongside committing resource. This has been managed through the Capital Steering Group in tandem with the Capital budget holders. A number of cases have been reviewed in the last month by the BCRP and/or by the Executive Team, but there are a number of replacement equipment cases, including those funded by the late approved ICB funding, that require formal approval. The cases will be submitted to the Finance and Performance Committee in March, as there are no further Executive Team Meetings before year end.

The aggregate value of the equipment cases requiring approval is £1.797m. The FPC summary powerpoint slides are attached for information.

Backlog Estates schemes, similarly agreed through the Capital Steering Group due to the timing exigencies, are scheduled for review at the BCRP and will proceed to ETM in due course – these are a number of smaller schemes, included in the original planning, with a total value of c. £370k.

5. IFRS 16 CAPITAL POSITION

The Trust is reporting a c. £18m forecast outturn underspend on IFRS 16 capital resource planned for 2022/23. The main slippage relates to the Kent & Medway Medical school student accommodation project at TWH which was planned for completion in March 2023 but has slipped to December 2023. The resource of c. £15m has been re-planned in our 2023/24 submissions, but there is no confirmation as yet of IFRS 16 resource for 2023/24.

6. RECOMMENDATION

The Trust Board is asked to review and approve the overall use of capital resource for 2022/23.

Finance & Performance Committee

Capital Business Case Summary (Replacements)

Summary:

- The following Business Cases are submitted for approval by the FPC on the basis:
 - All cases are replacements.
 - BCRP approval is not required due to the nature of the case.
 - The Capital Budget Holder has prioritised and approved all cases.
 - All cases have a planned delivery prior to the end of the financial year.
 - All cases are included in the 22/23 Capital allocation

The total value of cases submitted: £1,797,036.28

The Recommendation is for the FPC to approval all cases

List of cases and costs:

Number	Capital Code	Project Name	Area	Cost
1	C17310	Blood bank room refurb	Estates	24,000.00
2	C17300	Cardiopulmonary Exercise Testing Equipment	Equipment	24,217.00
3	C17280	Storz sets theatres	Equipment	32,510.00
4	C17240	Operating Lights	Equipment	22,093.00
5	C17200	Centrifuge/Incubator	Equipment	20,994.00
6	C17190	Nasendoscopes	Equipment	114,140.00
7	C17160	Bipolar resectoscope	Equipment	20,178.00
8	C17150	Obs ultrasound	Equipment	31,768.00
9	C17140	Patient Hoists	Equipment	144,619.00
10	C17370	Auto Staining Instrument	Equipment	24,052.92
11	C17270	Cassette printers	Equipment	72,738.43
12	C17000	E95 echo MS	Equipment	123,972.00
13	C16990	Telstar Ultra Low Temperature Freezer -80	Equipment	12,482.90
14	C16970	Blood stock fridge	Equipment	12,450.00
15	C16960	Injector - Cath Lab TWH	Equipment	20,918.40
16	C16950	Radiofrequency Machine	Equipment	35,000.00
17	C16890	Bladder Scanner - SSSU	Equipment	9,255.12
18	C16870	Exercise Tolerance Testing systems (ETT)	Equipment	62,808.00
19	C16860	Central Monitoring Stations	Equipment	17,645.17
20	C16750	Ultrasound Probe GE C2-9-D - Womens Health	Equipment	6,809.27
21	C16830	Fresh Frozen Plasma Freezer x3	Equipment	30,614.76
22	C16910	Bladder Scanner - ED	Equipment	9,255.00
23	C16460	HDR cervix applicators	Equipment	5,220.00
24	C16550	X-ray equipment	Equipment	180,000.00
25	C16540	Tissue processor	Equipment	52,127.00
26	C16700	Forklift	Equipment	11,185.00
27	C15740	Reverse Osmosis TWH	Equipment	87,675.00
28	C16470	Blood Issue Fridge	Equipment	15,882.00
29	C17180	ECG machines	Equipment	11,081.00
30	C17320	CTG Monitors	Equipment	116,475.72
31	C17290	GE Vivid S70 Repair	Equipment	7,955.59
32	C17040	Snowplough (Tractor)	Equipment	11,334.00
33	C16680	Fluoroscopy MGH	Equipment	425,580.00
			Total	£1,797,036.28

To approve the Full Business Case (FBC) for the additional orthopaedic elective capacity for Kent and Medway

Chief Operating Officer

The Outline Business Case for Additional Orthopaedic Elective Capacity for Kent & Medway was approved by the Trust Board in July 2022. Following NHS England's detailed review of the business case, the Outline Business Case was approved at the DHSC/NHSE Joint Investment Sub-Committee (JISC) in December 2022.

The FBC has now been finalised and confirms the optimal way of delivering additional elective orthopaedic capacity for the Kent and Medway System is an investment of £39.1m to create the Kent & Medway Orthopaedic Centre (KMOC) on the Maidstone Hospital site. This proposal is fully supported by Kent & Medway ICB.

The new facility will open on 4th March 2024 and will consist of:

- Three laminar flow theatres, in a 'barn' theatre block, with a modelled capacity of 5,030 elective adult orthopaedic cases per annum
- Supported by a 14-bed inpatient ward and a 10-trolley day care area

The facility will also generate 29,237 outpatient (New, Follow up, Pre-operative assessment, Physio and Anaesthetic Review) appointments per annum.

The centre of excellence will be ring-fenced for orthopaedic green pathway (Covid-negative) elective activity and will operate 60 hours a week for 48 weeks a year, in line with GIRFT recommendations. By being ring-fenced and by operating to GIRFT guidelines, the facility will make a significant impact on the forecasted medium-term Kent & Medway demand and capacity gap, and create capacity to help system-wide elective recovery.

The FBC confirms the preferred option is affordable from a capital and revenue perspective and delivers the best value for money outcome. Capital costs (and the sources of funding) remain the same as OBC, and the FBC continues to deliver a recurrent surplus.

A robust Programme governance structure is in place to ensure the programme delivers to scope, time and budget.

Following Trust Board approval, the FBC will be submitted to Kent & Medway ICB for approval by the ICB Governing Board on the 4th April 2023. The current timeline for final FBC approval at the DHSC/NHSE Joint Investment Sub-Committee, following NHS England's detailed review of the FBC, is 19th June 2023.

Which Committees have reviewed the information prior to Trust Board submission?

- Executive Team Meeting, 21/03/23
- Finance & Performance Committee, 28/03/23

Reason for submission to the Trust Board (decision, discussion, information, assurance etc.)¹

Decision - To approve the Full Business Case for Additional Orthopaedic Elective Capacity for Kent & Medway.

¹ All information received by the Board should pass at least one of the tests from 'The Intelligent Board' & 'Safe in the knowledge: How do NHS Trust Boards ensure safe care for their patients': the information prompts relevant & constructive challenge; the information supports informed decision-making; the information is effective in providing early warning of potential problems; the information reflects the experiences of users & services; the information develops Directors' understanding of the Trust & its performance

FBC for Additional Elective Orthopaedic Capacity for Kent & Medway

March 2023



Maidstone and
Tunbridge Wells
NHS Trust

1. Introduction

The Outline Business Case for 'Additional Orthopaedic Elective Capacity for Kent & Medway' was approved as follows:

- ✓ MTW Trust Board – July 2022
- ✓ ICB Governing Board – September 2022 (No August meeting)
- ✓ DHSC/NHSE Joint Investment Sub-Committee (JISC) – December 2022 (Following NHSE detailed review process)

The Project scope is as follows:

- The new Kent & Medway Orthopaedic Centre (KMOC) will go-live on 4th March 2024 and will consist of:
 - 3 Theatres. Each theatre will run 2.5 session days (8.30am-6.30pm), 6 days a week, 48 weeks a year.
 - Delivering 5,030 Adult Orthopaedic Elective cases per annum for the System, and c.29,000 corresponding Outpatient/POA/Physio appointments.
 - A 10 trolley day care area (open 7am – 10.30pm, 6 days/week).
 - 14 Inpatient beds (ward open 7 days/week).
- Outpatient services will go live in November 2023, and Pre-operative assessment services will go live in December 2023.

The formal name of the facility - Kent & Medway Orthopaedic Centre (KMOC) - was finalised in December 2022, following discussions and agreement with the Orthopaedic Directorate, Trust Executive and Healthwatch members.

Capital costs remain the same as OBC and the FBC continues to deliver a recurrent surplus.

The Full Business case is being submitted to MTW's March Trust Board for approval, April's ICB Governing Board meeting and the current timeline, following NHSE's detailed review of the FBC, is to submit the FBC to DHSC/NHSE's Joint Investment Sub-Committee (JISC) for final business case approval on 19th June 2023.

2. High level comparison – FBC to Approved OBC

	Approved OBC	FBC
Scope	<ul style="list-style-type: none"> • 3 Theatres, in a ‘barn’ theatre block • 14 IP Beds, 10 DC Trolleys, 6 Recovery beds • Modular Building 	<p>NO CHANGE</p> <ul style="list-style-type: none"> • 3 Theatres, in a ‘barn’ theatre block • 14 IP Beds, 10 DC Trolleys, 6 Recovery beds, Modular Building
Activity	<p>5,030 Elective Orthopaedic IP/DC capacity for Sector 5,030 New Outpatients, 5,030 Follow-Up Outpatients 16,500 Other Appointments (POA, Physio)</p>	<p>5,030 Elective Orthopaedic IP/DC capacity for Sector 6,602 New Outpatients, 6,036 Follow-Up Outpatients 16,599 Other Appointments (POA, Physio)</p> <p>Outpatients increased based on MSK whole pathway, with 80% conversion to IP/DC and 1.2 Follow-Up ratio.</p>
Go live date	<p>4th March 2024 (Originally February 2024, but NHSE review process added a month’s delay to the go-live. Final OBC submitted to JISC had 4/3/24 as go-live date)</p>	<p>NO CHANGE for KMOC facility - 4th March 2024 (If FBC presented and approved at 19th June 2023 JISC)</p> <p>Outpatient services to go live November 2023, Pre-operative assessment/Anaesthetic review services to go live December 2023</p>
Capital Cost	<p>£39.1m (Estimate)</p>	<p>NO CHANGE</p> <p>£39.1m (Final) : Based on Modular Supplier fixed price, Equipment/IT costs, Enabling groundworks (in progress) and £1.4m contingency for Design development and Construction Risk</p>
Annual Surplus	<p>Delivers Recurrent Surplus of £1.4m per annum (once non-recurrent costs cease, such as Project team and Recruitment costs)</p>	<p>Delivers Recurrent Surplus of £2.3m per annum</p> <p>The cost increases in pay and non-pay (predominantly due to FBC cost base being set to 2023/24 prices) have been offset by a significant reduction in capital charges (due to the asset impairment).</p>

3. Capital Costs

The FBC capital cost plan remains in line with the overall OBC estimate of £39.1m. The FBC capital cost by spend category and phasing by year is as follows.

£000	2021/22	2022/23	2023/24	Total
Build costs	£302	£2,318	£21,877	£24,497
Enabling works Costs	£1,065	£2,778	£3,872	£7,715
Equipment and IT	£1,200	£111	£1,221	£2,532
Professional Fees	£1,086	£1,250	£227	£2,563
Contingency		£118	£1,314	£1,432
Inflation			£360	£360
TOTAL	£3,653	£6,575	£28,871	£39,099

The Trust requested early drawdown of capital funds, following OBC approval, to enable the project to continue to progress during the FBC development phase and achieve the go-live date of 4th March 2024. The Trust was successful in the application, and JISC approved both the OBC and the requested early drawdown of capital funding on the 12th December 2022. Funding has been approved to May 2023, as follows.

£000	2022/23	2023/24 April / May	TOTAL
Enabling Works which includes enabling/civil works, early ordering of materials and large plant and provision of statutory utilities to site	£5,180	£8,280	£13,460
Professional fees for the development of the OBC and FBC	£1,395	£119	£1,514
Total Early drawdown of capital approved and MOUs received	£6,575	£8,399	£14,974

3. Capital Costs cont.

Funding allocated in 2021/22 (£3,653k) and the early drawdown approved for 2022/23 to May 2023 (£14,974k) has resulted in £18,627k (48%) of funding approved, in advance of FBC approval, with orders placed/in the process of being placed.

The Funding source at FBC remains the same as at OBC:

Funding Stream	£000
TIF Funding	£31,489
ICS Pump Priming 2021/22	£1,200
Trust funded / System slippage / TIF Contingency	£6,410
Total Capital Requirement	£39,099

The additional £6.4m of capital funding will require re-prioritisation of MTW's internally funded capital programme, whilst mitigations, such as slippage from System capital and Contingency from Regional TIF Elective Recovery Fund are progressed. At OBC, we requested to broker the £6.4m impact across 2 financial years (2023/24 and 2024/25). The System's overall capital programme has not enabled the brokerage approach to be taken forward, as the System's capital position is over-committed in 2023/24. Therefore the £6.4m must be fully committed from MTW's 2023/24 capital programme (whilst continuing to pursue mitigations).

The Project advisors are confident the scheme will be delivered within the £39.1m. A contingency of £1.4m (inclusive of VAT) remains in the FBC cost plan, and £18.6m of capital funding has been released to the end of May 2023, to help achieve the earliest go-live date possible of the new facility, enable the ground/civil works to progress and orders for long lead items to be placed. In the unexpected event of capital cost overruns, the Trust and System will work together to find a funding solution.

3. Capital Costs cont.

New asset valuation and impairment

Montagu Evans have provided a valuation for the new development, as requested in a DHSC/NHSE OBC approval condition.

The Kent & Medway Orthopaedic Centre has been valued using the depreciated replacement cost methodology, which assumes the modern equivalent asset (MEA) approach. This approach has valued the asset at £15,323k (buildings and land). Following construction of the new asset, there will therefore be an impairment of the new capital asset of £21,244k, as detailed below.

The impairment will show as a one-off impact on the Statement of Comprehensive Income and also leads to a reduction in the annual capital charges (depreciation and PDC).

£000	
£39,099	Total Capital cost - per FB Forms
-£2,532	Less Equipment / IT - Per FB Forms
£36,567	Build Cost (including Professional fees)
£15,323	Valuation of asset - provided by Montagu Evans
-£21,244	Impairment of new capital asset

We are in the process of obtaining an impairment review of the Asset Under Construction (AUC) at the end of 2022/23, so in practice the impairment will be split across financial years.

4. Revenue Implications - Workforce

All workforce establishments have been reviewed, challenged and signed off by an MTW Executive Director, as part of the FBC workforce governance process. The required establishment by staff group, with a comparison to OBC, is as follows.

Staff Group	OBC WTE	FBC WTE	Executive sign off
Medical	25.00	26.04	Pete Maskell, Medical Director
Nursing	90.09	88.32	Jo Haworth, Chief Nurse
AHP	31.70	33.82	Richie Chalmers, Chief of Service
Admin	42.21	43.29	Sarah Davis (Deputy COO) / Steve Orpin (CFO/Deputy CEO)
Other Support Staff	17.29	14.30	John Weeks, Director of Facilities
TOTAL	206.29	205.76	

Recruitment in advance of services commencing has been reviewed in detail, noting it is a cost pressure, however there is need to have staff in post, trained and ready to achieve full productivity and efficiency assumptions in the Centre of Excellence from Day 1 of opening (as no ramp up of activity assumed for theatre related activity, due to the urgency for additional capacity). This has also been signed off by Executive Directors.

Although our approach is to fully recruit to the workforce establishment, the financial model prudently allows for a temporary staffing premium. This has been re-reviewed for FBC, in line with national agency reduction expectations.

	OBC				FBC			
	Year 1 2023/24	Year 2 2024/25	Year 3 2025/26	Year 4+	Year 1 2023/24	Year 2 2024/25	Year 3 2025/26	Year 4+
% of staff substantively recruited	70%	70%	85%	90%	75%	75%	87.50%	95%
% Temporary staffing	30%	30%	15%	10%	25%	25%	12.50%	5%
Temporary staffing Premium	100%	100%	100%	100%	80%	80%	80%	80%

5. Revenue Implications - Other

Non Pay

Non pay costs have been updated at FBC to reflect 2022/23 average spend, energy costs re-reviewed, non pay linked to sqm updated and go live date of services (e.g. Outpatients commencing November 2023).

Non-recurrent costs

These have been updated at FBC, and are as follows:

£000	Year 0 2022-23	Year 1 2023-24	Year 2 2024-25	TOTAL
Recruitment fees		£675	£200	£875
Project Team Costs	£355	£446		£801
Non-capital equipment/IT		£529		£529
Consultant Relocation fees		£107		£107
Total	£355	£1,757	£200	£2,312

Income

The OBC assumed that activity would be funded at ERF rates (75% of tariff) for 2023/24 and 2024/25 and then full tariff from 1st April 2025. This assumption has been now removed, in line with current planning guidance, and income has been assumed at full tariff from 2023/24. The assumption is also that any backlog activity will be an inter-provider transfer and the activity and corresponding income will be recorded and reported as MTW delivered activity.

Inflation assumptions for 2023/24 cost base

Costs have been updated to 2023/24 cost base, using the following planning assumptions for inflation:

2.1% Pay

Tariff - based on the 23/24 consultation tariff

1.3% Drugs

5.5% Other Non Pay

6. Impact on Statement of Comprehensive Income

The incremental impact on the Statement of Comprehensive Income is as follows.

STATEMENT OF COMPREHENSIVE NET INCOME	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Project Investment	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Gross employee benefits	-£355	-£4,957	-£16,429	-£15,350	-£14,691	-£14,691	-£14,691	-£14,691	-£14,691	-£14,691
Other operating costs	£0	-£23,280	-£8,494	-£8,294	-£8,294	-£8,294	-£8,294	-£8,294	-£8,294	-£8,294
Revenue from patient care activities	£0	£2,682	£26,446	£26,446	£26,446	£26,446	£26,446	£26,446	£26,446	£26,446
Other operating revenue	£243	£644	£0							
Operating surplus/(deficit)	-£112	-£24,911	£1,523	£2,802	£3,461	£3,461	£3,461	£3,461	£3,461	£3,461
Investment revenue										
Finance costs	-£155	-£177	-£623	-£623	-£623	-£623	-£623	-£623	-£623	-£623
Surplus/(deficit) for the financial year	-£268	-£25,088	£900	£2,179	£2,839	£2,839	£2,839	£2,839	£2,839	£2,839
Dividends payable on public dividend capital (PDC)	-£238	-£466	-£571	-£549	-£531	-£516	-£510	-£503	-£497	-£503
Retained surplus/(deficit)	-£506	-£25,555	£329	£1,630	£2,307	£2,323	£2,329	£2,336	£2,341	£2,336
Adjustments (including PPA, IFRIC 12 adjustment, Impairment)		£21,244								
Adjusted financial performance retained surplus/(deficit)	-£506	-£4,311	£329	£1,630	£2,307	£2,323	£2,329	£2,336	£2,341	£2,336

OBC to FBC comparison:

£000	Year 5 OBC (22/23 prices)	Year 5 FBC (23/24 prices)	Movement (Worsened)	Comments
Income	(£25,680)	(£26,447)	£767	Full tariff now assumed. Outpatient activity commences Nov-23, Pre-Operative Assessment Dec-23.
Pay	£14,371	£14,691	(£320)	Exec sign off of workforce establishments for FBC. Pay costs inflated by 2.1% for 2023/24 prices.
Non-Pay	£7,705	£8,294	(£589)	Non pay costs updated based on 2022/23 average spend. Energy costs re-reviewed. Phasing of spend updated with go live date of services. Inflated by 1.3% drugs and 5.5% other non pay for 2023/24 prices.
Capital Charges	£2,244	£1,138	£1,075	The calculation of capital charges in the FBC financial model assumes an impairment in the net book value of the building on opening.
Total Revenue costs	£24,320	£24,124	£150	The cost increases in pay and non-pay (predominantly due to FBC cost base being set to 2023/24 prices) have been offset by a significant reduction in capital charges (due to the asset impairment).
Surplus / (Deficit)	£1,360	£2,323	£963	

7. Project Risks and Benefits

Risks

All risks are logged in a programme risk register and include mitigation against each risk with a responsible lead for delivering the mitigation plan (See Appendices 5 and 6). Risks are a standing agenda item at the weekly Project Management Team meetings and Project Delivery Group meetings. Risks are reviewed at the monthly KMOC Programme Board, via the provision of a risk summary report. Monthly assurance meetings chaired by the Head of PMO are in place to externally review the risks and provide advice on mitigation as needed. Where relevant risks will also be added to the MTW Trust Risk Register.

There are no red risks, post mitigations at FBC. There are 15 Amber risks. The Programme works to the principles of the MTW Risk Management Policy and Procedure through its own risk management plan.

Benefits

The new KMOC facility is a catalyst for change that will transform Orthopaedic services for the System. These changes are expressed through the investment objectives of the business case and will be realised and evidenced through a set of benefits classified as cash releasing, non-cash releasing and qualitative/societal. The desired benefits are set out within the benefits realisation plan in Appendix 4.

Following a Quality Impact Assessment (QIA) and Equality Impact Assessment (EIA), the benefits include providing additional capacity that will be ring fenced for elective patients only. Patients will be treated in an Orthopaedic centre of excellence delivering evidence-based practice which will optimise their chances of a good outcome and minimise the risk of their operation being cancelled. Waiting time will also reduce and the new centre will be close to the most deprived areas within West Kent and readily accessible to the wider Kent and Medway population.

Post project evaluation

Post project evaluation (PPE) will assess how well benefits have been realised, if there are any further actions required to enable greater delivery of benefits and any lessons learnt to be shared on future projects of a similar nature. The first evaluation will take place once services have been operating in the new facility for six months (as requested by NHS England).

8. Key Milestones

The key milestones in delivering the Project are as follows:

Activity	Milestone
OBC and early release of capital funding approved at Joint Investment Sub-Committee of NHSE/DHSC (JISC)	12 th December 2022
Enabling works	January to June 2023
Completion of market testing and final contract price	February 2023
Recruitment of key posts to begin, including commencement of overseas recruitment campaign	February 2023
FBC approval – MTW and K&M ICB Board	March / April 2023
FBC review and approval - NHSE	March 2023 to June 2023
FBC presented to JISC for Final approval	19 th June 2023
Manufacture and Construction period (Assuming approval by JISC)	June 2023 to January 2024
Outpatient activity for the System to commence	November 2023
POA activity for the System to commence	December 2023
Handover to Trust and operational commissioning	February 2024
Opening of new facility to patients	4 th March 2024
Post project evaluation	September 2024

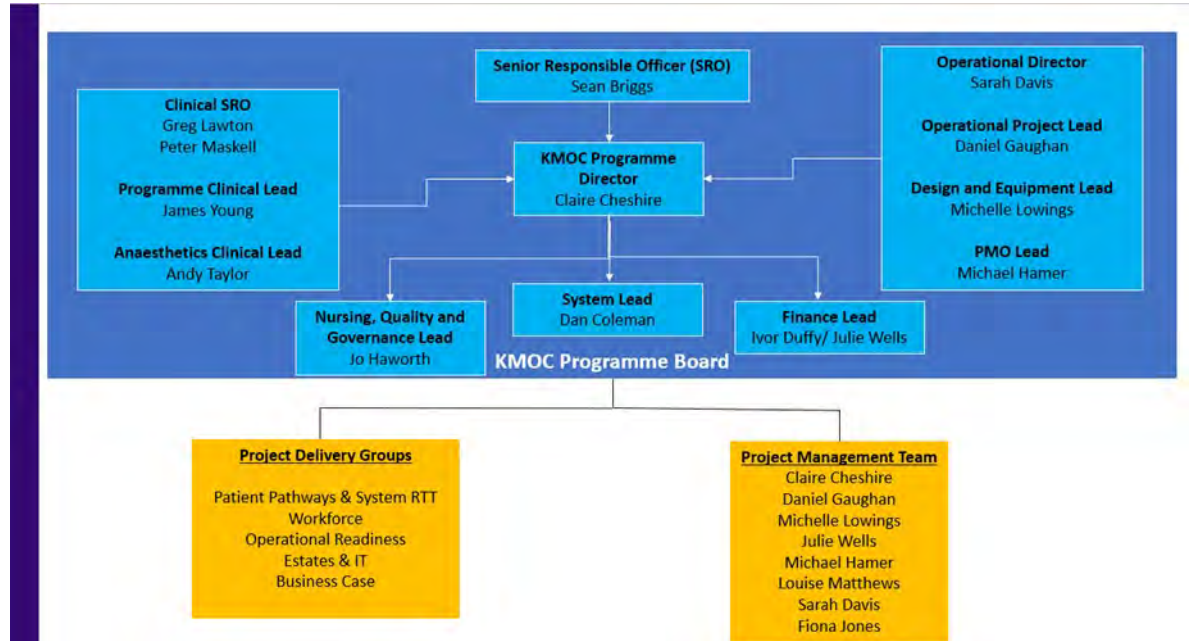
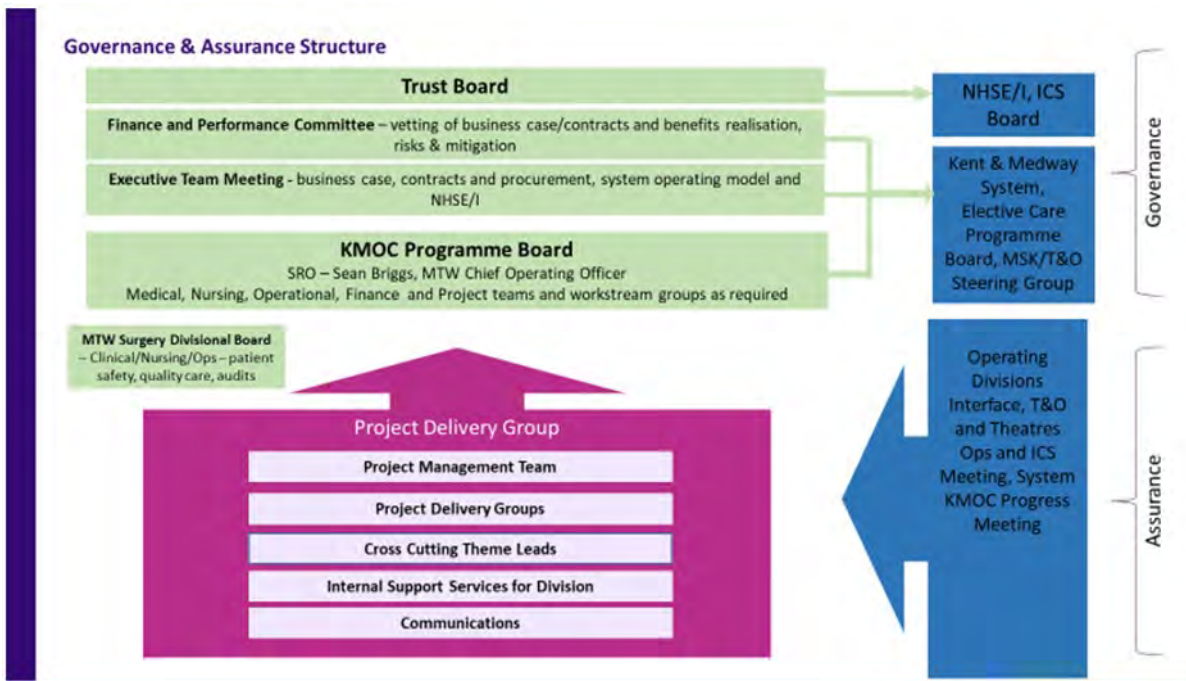
Milestones from the Project Delivery Groups are also outlined in the FBC in Section 7.6.

9. Project Governance

A robust project governance structure is in place, to ensure the project delivers to scope, time and budget. The project governance arrangements reflect the Kent and Medway system involvement in the project as well as delivery being focused on MTW.

The KMOC governance structure is headed by the Programme Board, which oversees the project and is directly accountable and provides assurance to the MTW Trust Board (and relevant committees), the Executive Management Team and the Surgery Divisional Board.

The KMOC Programme Board is underpinned by Project Delivery Groups and a Project Management Team.



10. Conclusion and Recommendation

The OBC assessed all options to assist with elective recovery across Kent & Medway including using the independent sector. The FBC confirms that the preferred option set out at OBC - to develop an Orthopaedic Centre of Excellence at Maidstone Hospital – remains the optimal way of delivering additional elective orthopaedic capacity for Kent & Medway. The facility will be a Kent and Medway resource available to all Kent and Medway providers to assist with elective recovery and meeting predicted growth levels.

The FBC confirms the preferred option is affordable from a capital and revenue perspective and delivers the best value for money outcome. Capital costs remain the same as OBC and the FBC continues to deliver a recurrent surplus.

A robust Programme governance structure is in place to ensure the programme delivers to scope, time and budget.

The Trust will continue to engage with its stakeholders as the project progresses to ensure the development delivers the benefits associated with the investment.

The new Kent & Medway Orthopaedic centre is planned to go-live 4th March 2024. The Trust will require non-recurrent revenue support in 2023/24 to cover the in-year deficit as a result of non-recurrent set up costs and lead time in recruitment in advance of services going live.

Recommendation

Trust Board to approve the FBC on Additional Orthopaedic Elective Capacity for Kent & Medway.

Full Business Case for Additional Orthopaedic Elective Capacity for Kent and Medway



March 2023

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Glossary

ALO	Architectural Liaison Officers
ASHP	Air Source Heat Pump
AUC	Asset Under Construction
BADS	British Association of Day Surgery
BAME	Black, Asian and Minority Ethnic
BAU	Business as Usual
BCR	Benefits to Cost Ratio
BMS	Building Management System
BREEAM	Building Research Establishment Environmental Assessment Method
CAU	Clinical Admin Unit
CCT	Certificate of Completion of Training
CIA	Comprehensive Investment Appraisal
CD	Clinical Director
CDEL	Capital Departmental Expenditure Limit
COO	Chief Operating Officer
CQC	Care Quality Commission
CSF	Construction Supervision Fundamentals
CRB	Cash Releasing Benefit
DC	Day Case
DDO	Divisional Director of Operations
DGT	Dartford and Gravesham NHS Trust
DHSC	Department of Health and Social Care
DQI	Design Quality Indicator
DSU	Day Surgery Unit
EDI	Equality, Diversity and Inclusion
EDN	Electronic Discharge Notification
EIA	Equality Impact Assessment
EKHUFT	East Kent Hospitals University NHS Foundation Trust
EPR	Electronic Patient Records
ERF	Elective Recovery Funding
EROS	Electronic Referral Optimisation System
ERS	E-Referral System
FBC	Full Business Case
FM	Facilities management
FSM	Financial Special Measures
GIRFT	Getting It Right First Time
GM	General Manager
GMP	Guaranteed Maximum Price
GVA	Gross Value Add
HASC	Health and Adult Social Care

HBN	Health Building Notice
HCAI	Healthcare Acquired Infections
HOSC	Health Overview and Scrutiny Committee
HR	Human Resources
HTM	Health Technical Memoranda
HVLC	High Volume Low Complexity
ICB	Integrated Care Board
ICS	Integrated Care System
IP	Inpatient
IPC	Infection Prevention and Control
IS	Independent Sector
ISTC	Independent Sector Treatment Centres
JAG	Joint Advisory Group
JISC	Joint Investment Sub-Committee
K&M	Kent & Medway
KCH	Kings College Hospital
KMOC	Kent & Medway Orthopaedic Centre
KPI	Key Performance Indicator
LED	Light-Emitting Diode
MEP	Mechanical, Electrical & Plant
MFT	Medway NHS Foundation Trust
MMC	Modern Methods of Construction
MOU	Maidstone Orthopaedic Centre
MRSA	Methicillin-Resistant Staphylococcus Aureus
MSK	Musculoskeletal
MSSSU	Maidstone Short Stay Surgical Unit
MTW	Maidstone and Tunbridge Wells
NCR	National Criteria Referral
NEC	New Engineering Contract
NPSV	Net Present Societal Value
NHSE	NHS England
NJR	National Joint Registry
Non-CRB	Non-Cash Releasing Benefit
OBC	Outline Business Case
OD	Organisational Development
OP	Outpatient
OPA	Outpatient Appointment
PACS	Integrated Primary and Acute Care Systems
PAS	Patient Administration System
PCCT	Planned Care Co-Ordination Team
PCSA	Pre-Construction Services Agreement
PDC	Public Dividend Capital
PFI	Private Finance Initiative

PM	Project Manager
PML	Premier Modular Ltd
PMO	Programme Management Office
POA	Pre-operative Assessment
PPE	Post Project Evaluation
PSC	Professional Services Contract
PV	Photovoltaic
QI	Quality Improvement
QIA	Quality Impact Assessment
QMH	Queen Mary's Hospital
QS	Quantity Surveyor
RGN	Registered General Nurse
RIBA	Royal Institute of British Architects
RPA	Risk Potential Assessment
RTT	Referral to Treatment
SB	Societal Benefits
SBS	Shared Business Services
SNA	Security Needs Assessment
SOC	Strategic Outline Case
SOCF	Statement of Cashflows
SOCI	Statement of Comprehensive Income
SOFP	Statement of Financial Position
SPoA	Single Point of Access
SRO	Senior Responsible Owner
STP	Systematic Transfer Plan
T&O	Trauma & Orthopaedics
T&T	Turner & Townsend
TAT	Turn-Around Time
TIF	Target Investment Fund
TTCM	Turner & Townsend Cost Management
TUB	Theatre Utilisation Board
TUPE	Transfer of Undertakings (Protection of Employment) regulations
TWH	Tunbridge Wells Hospital
UBRN	Unique Booking Reference Number
VAT	Value Added Tax
VOC	Volatile organic compound
WASP	Web Access Service for Patients
WTE	Whole Time Equivalent

1 Executive Summary

1.1 Introduction

This full business case (FBC) confirms that the optimal way of delivering additional elective orthopaedic capacity for the Kent and Medway (K&M) system is an investment of £39.1m to create the Kent & Medway Orthopaedic Centre (KMOC) on the Maidstone Hospital site. As described in the outline business case (OBC), the new facility will open on 4th March 2024 and will consist of:

- Three laminar flow theatres, in a 'barn' theatre block, with a modelled capacity of 5,030 elective adult orthopaedic cases per annum
- Supported by a 14-bed inpatient ward and a 10-trolley day care area

The facility will also generate 29,237 outpatient (New, Follow up, Pre-operative assessment, Physio and Anaesthetic Review) appointments per annum.

The facility will be ring-fenced for orthopaedic green pathway (covid negative) elective activity and will operate 60 hours a week for 48 weeks a year, in line with GIRFT recommendations. By being ring-fenced and by operating to GIRFT guidelines, the unit will make a significant impact on the forecasted medium-term Kent & Medway demand and capacity gap, and create capacity to help system-wide elective recovery.

As part of the supporting strategy, MTW also proposes to reconfigure a number of other orthopaedic theatre sessions on the Maidstone Hospital site. This will provide an opportunity for other surgical specialities to refine their planned theatre sessions.

Kent and Medway ICB are fully supportive of the proposal to create the Elective Orthopaedic centre on the Maidstone Hospital site – their letter of support can be found in Appendix 1. Kent County Council and Medway Council have both confirmed that a public consultation is not required. Engagement with both councils' scrutiny committees has been productive and both support the development.

The OBC was approved in December 2022 at the DHSC/NHSE Joint Investment Sub-Committee (JISC) subject to a number of conditions. These conditions are addressed in this FBC (See Appendix 2).

This FBC is now being submitted to the MTW Trust Board for approval.

1.2 The Strategic Case

The strategic case for the investment has not changed substantially since OBC. The justification remains the need to respond to the following case for change:

- The short-term imperative to increase capacity in order to help clear the elective surgical backlog
- The medium to long-term need to right-size capacity to meet forecast future demand for elective orthopaedics

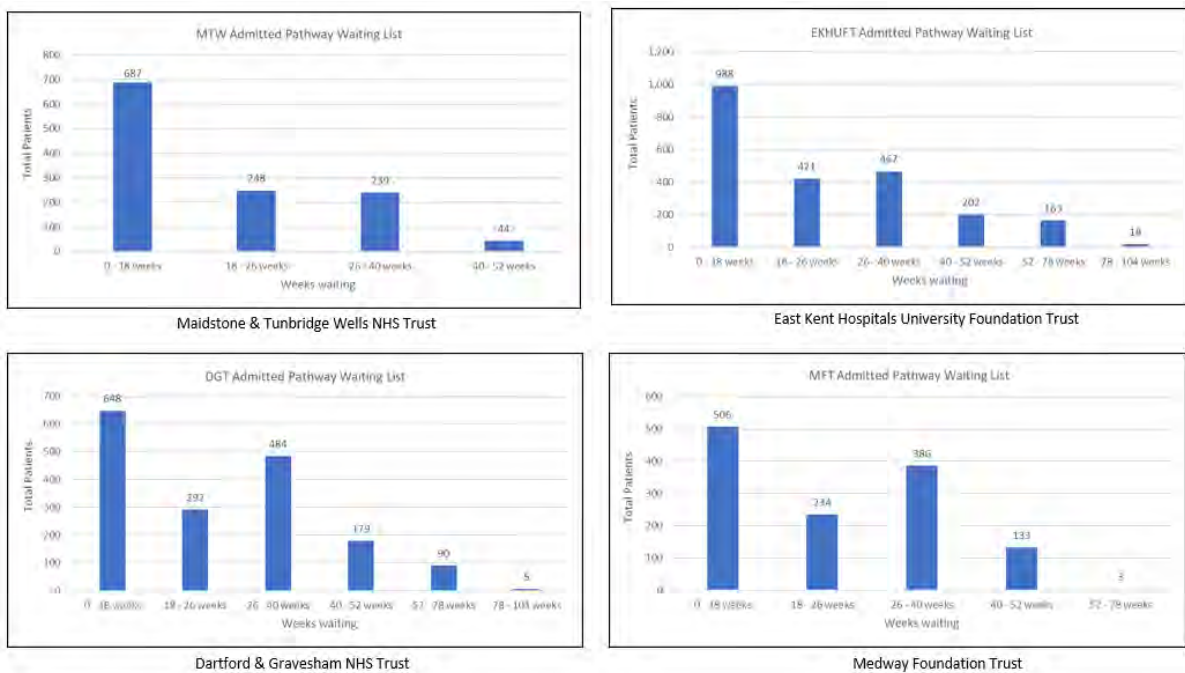
- Our aspiration to improve patient experience and outcomes, and to reduce health inequalities by providing effective and efficient orthopaedic treatment for people living across Kent & Medway.

1.2.1 The elective backlog

Recovering both the referral to treatment (RTT) position to meet the national standard of 92% of patients receiving treatment within 18 weeks and reducing the number of patients waiting more than a year to zero, are key priorities for the system. As at 06/03/23, there were approximately 279 adult orthopaedic patients across Kent and Medway who have waited over a year for surgery.

The waiting list position for the four local providers, for adult orthopaedic patients, is shown below.

Figure 1: Admitted Pathway Waiting List, as at 06/03/23, by Provider



1.2.2 Right sizing elective orthopaedic capacity – the medium to long-term imperative

Elective orthopaedics is an essential service which has a significant positive impact on quality of life. According to Department of Health definitions, musculoskeletal (MSK) conditions include over 200 different problems and affect 1 in 4 of the adult population. They are the biggest cause of the growing burden of disability in the UK, and cost the NHS £5 billion each year¹. Future need and presenting demand for orthopaedics is influenced by:

- Population size and age structure
- The rate at which people access services which is shown up in health inequalities.

The population of Kent and Medway is predicted to both grow and age rapidly over the period to 2036. Ageing is of particular relevance given that orthopaedics is a speciality skewed towards older people meaning the forecast growth in the older population is an important indicator of demand.

¹ <https://www.good-governance.org.uk/wp-content/uploads/2019/04/MSK-BAP-draft-commissioners-AW-AR-GW.pdf>

1.2.3 Levelling up and health inequalities

Tackling health inequalities is a core part of improving access to services, quality of services, and health outcomes for the whole population. King's Fund analysis shows that people in the most deprived areas are nearly twice as likely to wait over one year for treatment compared to the least deprived. There has been huge variation in the rate of growth in waiting lists between different areas. Although Kent & Medway as a whole has better health outcomes than the average in England, health inequalities exist between different areas within Kent & Medway. Inequalities can be linked to deprivation, age, gender and ethnicity. This development will provide additional capacity to help address these inequalities.

1.2.4 Kent and Medway demand and capacity modelling

The current baseline capacity for adult elective orthopaedic surgery available across the Kent & Medway system is as follows.

Table 1: Current System capacity for Adult Elective Orthopaedic surgery

Trust	DGT	MFT	MTW	East Kent	TOTAL K&M
No of 4-hour session per week	18	25	28	56.5	127.5
Number of Cases per 4-hour sessions ²	1.8	1.7	2.1	2.7	2.2
Average cases per annum (42 weeks)	1,361	1,785	2,470	6,407	12,023

Future demand has been modelled to 2031/32 with the result that that total demand will increase to 27,068 elective cases (+46% on 2022/23) in 2031/32, a shortfall against current core NHS capacity of 15,045 cases (27,068 demand less capacity of 12,023).

Table 2: K&M Demand and Capacity shortfall for Adult Elective Orthopaedic surgery -10-year period

Year	K & M Admitted Demand	Current K & M Capacity	Shortfall	National Target	Elective	Recovery
2022/23	18,561	12,023	(6,538)	No >78-week waiters		
2023/24	21,032	12,023	(9,009)	No > 52-week waiters		
2024/25	21,705	12,023	(9,682)	Increase capacity to 130% of 2019/20		
2025/26	22,400	12,023	(10,377)	18-week compliance by March 2026		
2026/27	23,117	12,023	(11,094)			
2027/28	23,858	12,023	(11,835)			
2028/29	24,622	12,023	(12,599)			
2029/30	25,412	12,023	(13,389)			
2030/31	26,227	12,023	(14,204)			
2031/32	27,068	12,023	(15,045)			

² Data source Model Health System Aug 2022

Currently the capacity shortfall is being dealt with through the use of the independent sector and ad-hoc waiting list sessions. Whilst these short-term measures offer flexible capacity, neither are considered a sustainable long-term solution to the forecast capacity shortfall:

- The independent sector can only safely treat a sub-set of demand (lower acuity patients). 25% of patients do not fit the independent sector patient criteria due to existing co-morbidities resulting in the patients who do not fit independent sector criteria waiting longer for surgery
- The willingness of NHS staff to continuously work additional theatre lists, is not limitless and the costs of 'out of hours' lists can be prohibitive.

The system has also implemented demand-side interventions and all Trusts continuously look at ways to improve theatre productivity to increase capacity. However, demand management and efficiency initiatives will not deliver the additional capacity needed to both clear the elective backlog in the short-term and meet medium to long-term demand. It is therefore imperative that more sustainable solutions, such as building additional elective infrastructure, are put in place to ensure the national elective recovery targets are met and waiting lists, and therefore waiting times, do not remain at unacceptable levels.

1.2.5 Best practice

Orthopaedic best practice is set out by the British Orthopaedics Association and the national Getting It Right First Time (GIRFT) programme. Key best practice recommendations are:

- Ring-fenced beds for orthopaedics
- Hot and cold sites to separate 'hot' unplanned emergency work from 'cold' planned elective work.

The Trust and other providers in Kent and Medway fail to comply with best practice in two key respects:

- There is limited ring-fenced orthopaedic theatre and bedded capacity
- Elective and non-elective activity is not separated.

The result is that operational performance is compromised as demonstrated by all Kent and Medway providers falling short against a number of GIRFT and Sentinel targets. Creating an elective orthopaedic centre of excellence with dedicated radiology and physiotherapy resource for post-operative care, and consistent team of nurses and theatre staff, would allow Kent and Medway to develop pathways that reflect best practice.

The recent pandemic experience of cancelling elective activity has reinforced the need to separate elective and non-elective pathways to ensure that 'Green' (Covid negative) pathway activity can continue in the event of future spikes in the infection rate.

1.2.6 Response to the case for change

The response to the case for change is set out in the project's investment objectives which must be achieved within a series of constraints and dependencies. The investment objectives remain largely³ unchanged from the OBC:

- **Investment objective one** – To deliver additional orthopaedic theatre capacity and increase productivity in order to reduce the size of the Kent and Medway system orthopaedic waiting list and the time people are waiting in line with national expectations.
- **Investment objective two** – To release existing Kent & Medway theatre capacity and provide an opportunity for other surgical specialities to refine their planned theatre sessions to enable improvement in waiting list and RTT performance.
- **Investment objective three** – To fully utilise additional theatre capacity by improving theatre efficiency to achieve upper quartile performance across orthopaedic day case and inpatient activity as measured by Model Hospital, GIRFT and HVLC metrics.
- **Investment objective four** – To strive to become an outstanding organisation through the development of an orthopaedic centre of excellence to serve the Kent and Medway system.

The project is constrained by the available capital - limited to £40m maximum from a combination of central and Trust sources.

The project dependencies are:

- Clinical buy in and commitment to change job plans/base location for consultants, including anaesthetists.
- Ability to recruit to theatre and nursing staff.
- Dependent on radiology, therapies and critical care departments to be able to facilitate increased capacity at Maidstone to support this change.

1.2.7 Benefits and risks

The benefits anticipated from and risks associated with the proposed investment are summarised in the strategic case with further detail available in the benefits realisation plan and risk register.

1.3 The Economic Case

1.3.1 Qualitative assessment

The Options Framework Filter process was used to derive a longlist of potential solutions to the case for change and to reduce the longlist to a shortlist. The resulting four options were:

- Option one – Business as usual which is a 'do nothing' option that does not deliver any extra capacity
- Option two - Increased outsourcing to reduce the waiting list and improve and then maintain RTT, over 52 week and activity performance
- Option three – Construct a modular barn theatre building with 3 theatres, 14 inpatient beds and a 10-trolley day care area

³ The wording for investment objective two has been altered to refer to Kent & Medway rather than MTW-only theatre capacity.

- Option four – As per option three but with a traditional build and traditional theatre layout.

The following table summarises the benefits and risks of each option together with the resulting non-financial ranking of options.

Table 3: Summary of risks and benefits by option

Option	Benefits and risks	Option benefit and risk score and/or rank
<p>Option 1 BAU/ Do nothing</p>	<p>Fails to deliver additional capacity needed to reduce the elective backlog</p> <p>Waiting lists and waiting times grow and RTT targets not met</p> <p>Continued ad-hoc planning to meet RTT, >52 week and activity plans</p> <p>Lack of theatre capacity for emergency trauma/CEPOD/ service changes</p> <p>No ability to significantly improve GIRFT metrics whilst operating on hot site with no ring-fenced beds</p> <p>Trust strategy themes of partnerships and sustainability will not be met</p>	<p>Weighted Score: 78</p> <p>Rank: 4th</p>
<p>Option 2 Do Minimum - increase outsourcing</p>	<p>Will increase capacity however Independent Sector not able to meet full capacity gap</p> <p>MTW have no long-term commitment to Independent Sector usage</p> <p>High transaction costs</p> <p>Patients can be returned to NHS providers by Independent Sector with no notice</p> <p>Independent Sector has long waiting lists</p> <p>Patients in the backlog often don't meet the Independent Sector patient criteria</p> <p>Does not meet the Trust strategic theme of sustainability</p>	<p>Weighted score: 223</p> <p>Rank: 3rd</p>

Option	Benefits and risks	Option benefit and risk score and/or rank
<p>Option 3</p> <p>Modular building with 3 ‘barn’ style theatres, 14 inpatient beds and 10 trolley day care area</p>	<p>Increases theatre capacity for the System</p> <p>Will help to reduce elective backlog and waiting times</p> <p>Creates elective ring-fenced capacity</p> <p>Barn approach allows for improvements in GIRFT metrics</p> <p>Evidence from other Barn developments suggest that Barn theatres improve efficiency and productivity</p> <p>Improved recruitment and retention, as one speciality which will appeal to a number of staffing groups</p> <p>Improved supported environment to assist training needs due to Barn theatre layout and one speciality</p> <p>Fully meets the Trust’s Strategic Themes</p> <p>Risk – Timeline to go-live</p>	<p>Weighted score: 466</p> <p>Rank: 1st</p>
<p>Option 4</p> <p>Traditional build with 3 traditional theatres, 14 inpatient beds and 10 trolley day care area</p>	<p>Increases theatre capacity for the System</p> <p>Will help to reduce elective backlog and waiting times</p> <p>Creates elective ring-fenced capacity</p> <p>Improved recruitment and retention, as one speciality which will appeal to a number of staffing groups</p> <p>Improved supported environment to assist training needs as one speciality</p> <p>Fully meets the Trust’s Strategic Themes</p> <p>Risk – Timeline to go-live (Build assumed to take longer than Option 3 - modular construction is up to 50% faster to deliver than onsite construction)</p>	<p>Weighted score: 418</p> <p>Rank: 2nd</p>

1.3.2 Economic appraisal

The economic appraisal was carried out according to HM Treasury’s Green Book using the comprehensive investment appraisal (CIA) model. The results are set out below.

Table 4: Incremental Benefit to Cost Ratio (BCR) and Net Present Societal Value (NPSV) by option

Net present social value - incremental from BAU	Option 1 BAU	Do Min Option 2 Outsource	Option 3 Modular Barn Theatres	Option 4 Traditional Theatres
Capital		£0	-£44,405,325	-£46,934,269
Revenue		-£653,454,822	-£572,629,448	-£561,943,965
Transition costs		£0	-£2,238,993	-£2,410,470
Costed risks		-£52,472,080	-£55,443,524	-£57,227,244
Cash releasing benefits		£0	£1,305,501	£0
Non-cash releasing benefits		£0	£62,759,509	£61,578,044
Societal benefits		£3,231,786,234	£3,275,062,945	£3,178,625,000
Net present societal value	£0	£2,525,859,332	£2,664,410,665	£2,571,687,095
Benefit cost ratio	0.00	4.58	4.95	4.85

In comparison with the BAU all 'do something' options have a positive NPSV and therefore a BCR above 1.0. the option with the highest BCR and NPSV is Option 3 (Modular Barn theatres). Option 4 (Traditional Build theatres) provides a similar level of value for money, but is slightly more expensive from a capital cost perspective, carries slightly more risk and has slightly lower monetised benefits. Option 2 (Outsourcing) is more expensive even though it is a revenue only option and benefits are lower because they are linked to patients (societal benefits) only.

Switching point analysis has been carried out to establish the point at which the BCR preference would switch from Option 3 to the second ranked option (Option 4) under scenarios linked to changes in cost. There were no scenarios in which the switch would occur as a result of factors that would most likely only impact Option 3.

1.3.3 The preferred option

Option 3 (Modular building with 3 'barn' style theatres, 14 inpatient beds and a 10-trolley day care area) was confirmed as the preferred option. The option has the best value for money (based on the BCR), highest NPSV and the optimal combination of non-monetised benefits and risks.

1.4 The Commercial Case

1.4.1 Description of the preferred option

The preferred option is to build a new Elective Orthopaedic Centre at Maidstone Hospital. The new unit will be located at the rear of Maidstone Hospital between the Maidstone Orthopaedic Unit (MOU) and the Breast Screening car park. The site has direct road access and the build can be achieved without impact on the acute hospital areas.

The facility will be a ring-fenced elective orthopaedic 3-barn theatre and ward modular complex, and will be a system facility. Maidstone & Tunbridge Wells NHS Trust will work in collaboration with the ICS to plan and treat adult orthopaedic patients across the region with the objective to harmonise the waiting lists. All three theatres will be available for Kent and Medway patients with referrals being received from other acute organisations within Kent and Medway to MTW or via ERS/WASP (NHS Electronic Referral System) from MSK triage. Theatre staffing will be consistent across all theatres, as will standard operating procedures, kit supplies and other consumables to ensure standardisation.

1.4.2 Impact of the investment on Kent & Medway waiting list and waiting times

The impact of the investment on the Kent & Medway waiting list, has been modelled over a 10-year period, highlighting the expected positive impact on waiting times as a result of additional ringfenced elective capacity within the Kent & Medway Orthopaedic Centre.

1.4.3 Design

RIBA Stage 4 Technical Design has been completed. This has included full design of all architectural, building services, civil and structural engineering elements. 1:50 plans and c-sheets have been completed and signed-off.

1.4.4 Modern methods of construction

The Barn theatre is a volumetric modular building with the major percentage of internal fittings and design manufactured in factory and brought to site. MMC requirements specify that 65% of the building should be constructed off site to reduce construction time, promote sustainable development and reduce costs – the scheme's expected use of MMC has been calculated at 70.4%.

1.4.5 Planning approval

Maidstone Borough Council granted planning permission on the 8th December 2022 for a barn theatre building containing four operating theatres. Due to the current cost climate, costs rose making a four-theatre facility unaffordable within the capital available. Full planning permission is being sought for the reduced three-theatre building through a new planning application, which is currently being determined by Maidstone Council, with a statutory determination date of the 29th May 2023.

Although we are seeking to fully regularise the differences between the four theatre and three theatre schemes through a new planning application, our planning consultants have advised that we could lawfully proceed with the development under the planning permission for the original scheme. The three-theatre building could be constructed under the four-theatre planning permission, as it would effectively comprise the part implementation of the project under the extant planning permission.

The works above ground do not commence until August 2023, by which time we would expect to have planning permission for the three-theatre scheme, noting approval of the new planning application is considered very low risk considering the nature of the changes from the four-theatre permission already received. See section 5.4.1 for further detail.

1.4.6 Procurement and tendering strategy and approach

There have been no changes to the main or enabling works procurement and tendering strategy since OBC.

Since the building is of volumetric modular construction, the NHS Modular Building Framework was selected as the route to market (framework ref SBS/10091). Premier Modular Limited (PML) were selected as preferred bidder following a mini-competition and engaged under a Pre-Construction Services Agreement in February 2022. Following appointment PML has worked alongside the design team through RIBA Stage 2 to 4 and has completed open-book market testing of all sub-contract packages, resulting in a fixed price commercial offer in February 2023. Turner & Townsend, the Trust's Quantity Surveyors, have confirmed that the PML commercial offer is value for money and on-budget.

1.4.7 Contract Selection

There have been no changes to contract selection or proposed contract terms and conditions since OBC.

The main and enabling works contracts use NEC4 Option A (priced contract with activity schedule). The Trust has engaged Birketts LLP as construction lawyer to prepare and negotiate the terms and conditions of the building contract, including all z-clauses. The building contract for the enabling works has been executed. The terms and conditions of the main works building contract are fully agreed with PML.

The table below provides a summary of the risk allocation.

Table 5: Risk Transfer

Risk category	Allocation		
	Trust	Construction partner	Shared
Design risk		✓	
Construction and development risk		✓	
Market fluctuations (inflation)		✓	
Programme Risk			✓
Quality Risk		✓	
Cost Risk		✓	
Implementation risk			✓
Availability and performance of suppliers (sub-contractors) risk		✓	
Operating risk	✓		
Variability of revenue risks	✓		
Residual value risks	✓		
Financing risks	✓		
Construction Legislative risks		✓	
Other project risks			✓

1.4.8 Compliance with government and NHS standards and guidance

The design complies to Health Building Note (HBN) and Health Technical Memoranda (HTM) requirements aside from the derogations listed in appendices 25 and 26. All derogations have been reviewed and signed off by the Trust's Authorised Persons, Authorising Engineers, and relevant safety groups.

A security needs assessment (SNA) has been carried out for the development.

The Design Quality Indicator (DQI) is a process that enables every aspect of the design quality to be assessed at each stage of the project process from inception through construction to post occupancy analysis. A Stage 3 DQI meeting took place on 13th December 2022 and concluded that there is very strong support for the design from across the stakeholder group.

Infection prevention and control (IPC) has been fully consulted as the plans were developed for the new building. The Trust's infection control lead has been a key stakeholder since the projects design inception and has been involved in the sign off at every gateway stage to date and will be throughout the life of the project.

A fire strategy for the building has been prepared by a qualified fire engineer and signed-off by the Trust's fire officer.

1.4.9 Contributing to Net Zero and sustainability

MTW and its partners across Kent & Medway are committed to achieving Net Zero in line with national commitments as set out in the Health and Care Act 2022. NHS guidance on how new buildings can contribute to achieving net zero goals has evolved during the development of the Trust's plans and has been used to inform the design, construction and operation of the new orthopaedic centre.

The NHS Sustainable Development Unit expects all new builds to gain a Building Research Establishment Environmental Assessment Method (BREEAM) 'Excellent' rating⁴, which is the second highest rating possible. BREEAM sets standards for the environmental performance of buildings through the design, specification, construction and operation phases and can be applied to new developments or refurbishment schemes. The current BREEAM pre-assessment for the project shows targeted credits of 75.23% (BREEAM 'Excellent').

1.4.10 Impact on other site users

The construction site is well segregated from the operational hospital. Footpath diversions, relocation of car parking and a mobile breast screening unit were completed in 2022. The site is a reasonable distance from occupied parts of the hospital and the potential for noise, vibration, and dust to cause disruption is low. The main source of disruption will be the delivery of the modular units. A transport management plan and delivery vehicle tracking has been completed. Any works that are likely to cause an impact to the hospital are notified to the Project Manager through the early warning mechanism in the building contracts.

1.5 The financial case

1.5.1 Capital investment and source of funds

The capital investment required is shown below.

⁴ NHS Property Services Sustainable Development Management Plan 2014 – 2018.

Table 6: Project Capital investment

Asset group	Total capital cost £000
Building	£36,567
Equipment	£2,111
ICT	£421
Total Capital Investment	£39,099
Inclusive of:	
VAT	£6,089
Inflation	£360
Contingency	£1,432

The movement between the capital cost associated with the preferred option in the approved OBC to FBC is as set out below. There is no increase to the capital cost at FBC.

Table 7: Capital investment comparison OBC to FBC

	Approved OBC £000	FBC £000	Movement £000
Departmental costs	£14,371	£14,371	£0
On costs	£6,715	£9,320	£2,605
Works cost total	£21,087	£23,691	£2,605
Provisional location adjustment	£2,320	£2,606	£287
Sub total	£23,406	£26,297	£2,891
Fees	£3,497	£3,109	(£389)
Non-works costs	£0	£0	£0
Equipment costs (incl VAT)	£2,479	£2,110	(£369)
Contingencies	£1,324	£1,193	(£131)
TOTAL	£30,707	£32,709	£2,002
Optimism bias	£663	£0	(£663)
Sub total	£31,370	£32,709	£1,339
Inflation adjustments	£1,659	£300	(£1,359)
TOTAL	£33,030	£33,010	-£20
VAT	£6,069	£6,089	£20
Total (Including VAT)	£39,099	£39,099	£0
		% Change	0%

The capital investment will be funded via the following capital funding streams. This remains unchanged since OBC.

Table 8: Capital Funding Streams

Funding Stream	£000
TIF Funding	£31,489
ICS Pump Priming 2021/22	£1,200
Trust funded / System slippage / TIF Contingency	£6,410
Total Capital Requirement	£39,099

The additional £6.4m of capital funding will require re-prioritisation of MTW’s internally funded capital programme, whilst mitigations, such as slippage from System capital and Contingency from Regional TIF Elective Recovery Fund are progressed.

The forecasted capital spend by financial year is as follows.

Table 9: Forecasted Capital Spend by Financial Year

Year	£000
2021/22 (Spent)	£3,653
2022/23 (Forecast)	£6,575
2023/24 (Forecast)	£28,871
Total	£39,099

In order to help achieve the earliest go-live date possible of the new facility, the Trust requested early release of capital funds, following OBC approval, to enable the programme to continue to progress during the FBC development phase and achieve the go-live date of 4th March 2024.

The Trust was successful in the application, and the DHSC / NHSE Joint Investment Sub-Committee (JISC) approved both the OBC and the requested early drawdown of capital funding on the 12th December 2022. A summary of the enabling works and professional fees that were requested and approved is set out below.

Table 10: Early release of capital funding approved by JISC

	2022/23 £000	2023/24 April / May £000	TOTAL £000
Enabling Works, which includes enabling/civil works, early ordering of materials and large plant and provision of statutory utilities to site	£5,180	£8,280	£13,460
Professional fees for the development of the OBC and FBC	£1,395	£119	£1,514
Total Early drawdown of capital approved and MOUs received	£6,575	£8,399	£14,974

This together with the funding released in 2021/22 (£3,653k) has resulted in £18,627k of early release of funding being approved, in advance of FBC approval, with orders placed/in the process of being placed.

1.5.2 Valuation and Impairment

Montagu Evans have provided a valuation for the new development. The Kent & Medway Orthopaedic Centre has been valued using the depreciated replacement cost methodology which assumes the modern equivalent asset (MEA) approach. This approach has valued the asset at £15,323k (buildings and land). Following construction of the new asset, there will therefore be an impairment of the new capital asset of £21,244k, as detailed below.

The impairment will show as a one-off impact on the SOCI (Included in the I&E costs but then adjusted out below the reported surplus/deficit, as a technical adjustment relating to impairment) and will also lead to a reduction in the annual capital charges (depreciation and PDC).

Table 11: Impairment calculation

£000	
£39,099	Total Capital cost - per FB Forms
-£2,532	Less Equipment / IT - Per FB Forms
£36,567	Build Cost (including Professional fees)
£15,323	Valuation of asset - provided by Montagu Evans
-£21,244	Impairment of new capital asset

1.5.3 Activity impact

The three theatres will all be open from day one and will provide capacity to carry out 5,030 elective adult orthopaedic cases per annum. The elective activity will also generate corresponding outpatient appointments (New, Follow-up, Pre-operative assessment, Physiotherapy and Anaesthetic review), as detailed below.

Table 12: Activity by year

	Year 1 2023-24	Year 2 onwards 2024-25
Elective	Go live March 2024	
Day Case	285	3,423
Inpatients	134	1,607
TOTAL ELECTIVE CASES	419	5,030
Outpatients		
New	2,476	6,602
Follow-Up	0	6,036
POA	1,476	5,030
Physio	0	10,060
Anaesthetic Review	440	1,509
TOTAL OUTPATIENT APPTS	4,383	29,237

1.5.4 Revenue impact

The financial model for the FBC has been updated to 2023/24 cost base. The gross additional cost of the new Elective Orthopaedic Unit, will be approximately £24.1m per annum including depreciation and PDC. £14.7m of this relates to the cost of the additional 205.76 WTE staff required, to run the facility 60 hours a week, 48 weeks a year, and deliver 5,030 elective orthopaedic cases per annum, and deliver 29,237 corresponding outpatient appointments per annum.

The impact on the Trusts' statement of comprehensive income, including this investment, is as follows.

Table 13: SOCI – Incremental Impact of Project investment

STATEMENT OF COMPREHENSIVE NET INCOME	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Project Investment	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Gross employee benefits	-£355	-£4,957	-£16,429	-£15,350	-£14,691	-£14,691	-£14,691	-£14,691	-£14,691	-£14,691
Other operating costs	£0	-£23,280	-£8,494	-£8,294	-£8,294	-£8,294	-£8,294	-£8,294	-£8,294	-£8,294
Revenue from patient care activities	£0	£2,682	£26,446	£26,446	£26,446	£26,446	£26,446	£26,446	£26,446	£26,446
Other operating revenue	£243	£644	£0							
Operating surplus/(deficit)	-£112	-£24,911	£1,523	£2,802	£3,461	£3,461	£3,461	£3,461	£3,461	£3,461
Investment revenue										
Finance costs	-£155	-£177	-£623	-£623	-£623	-£623	-£623	-£623	-£623	-£623
Surplus/(deficit) for the financial year	-£268	-£25,088	£900	£2,179	£2,839	£2,839	£2,839	£2,839	£2,839	£2,839
Dividends payable on public dividend capital (PDC)	-£238	-£466	-£571	-£549	-£531	-£516	-£510	-£503	-£497	-£503
Retained surplus/(deficit)	-£506	-£25,555	£329	£1,630	£2,307	£2,323	£2,329	£2,336	£2,341	£2,336
Adjustments (including PPA, IFRIC 12 adjustment, Impairment)		£21,244								
Adjusted financial performance retained surplus/(deficit)	-£506	-£4,311	£329	£1,630	£2,307	£2,323	£2,329	£2,336	£2,341	£2,336

All workforce establishments have been reviewed, challenged and signed off by an MTW Executive Director, as part of the FBC workforce governance process. The required establishment by staff group is as follows.

Table 14: Staff WTE

Staff Group	Total Requirement
Medical	26.04
Nursing	88.32
AHP	33.82
Admin	43.29
Other Support Staff	14.30
TOTAL	205.76

Although our approach is to fully recruit to the workforce establishment, recruiting to this number of posts will be challenging, so the financial model prudently allows for a temporary staffing premium, as detailed in the table below. This has been re-reviewed (and reduced) for FBC, in line with national agency reduction expectations.

Table 15: Temporary staffing assumptions

	Year 1 2023/24 (1 mth)	Year 2 2024/25	Year 3 2025/26	Year 4+
% of staff substantively recruited	75%	75%	87.5%	95%
Temporary staffing	25%	25%	12.5%	5%
Temporary staffing Premium	80%	80%	80%	80%
Temporary staffing Premium £000	£462	£2,249	£1,128	£452

Non-pay costs incurred include drugs, consumables and estates/facilities costs (utilities, business rates etc). Non-recurrent revenue costs of £2.3m are forecast for the period 2022/23 to 2024/25, relating to non-capital equipment and IT set up costs, project team costs and recruitment fees.

The OBC assumed that activity would be funded at ERF rates (75% of tariff) for 2023/24 and 2024/25 and then full tariff from 1st April 2025. This assumption has now been removed, in line with current planning guidance, and income has been assumed at full tariff for 2023/24 onwards.

The Trust has submitted an application for capital charges funding to the National Capital and Cash team via the Regional Team.

Non-recurrent project costs and capital charges lead to a £506k deficit in 2022/23 (Year 0). In year 1, the assumed 4th March 2024 opening date means that income will only be generated for 1 month. This together with non-recurrent set-up costs and recruitment in advance of services commencing also results in a loss in 2023/24 (Year 1). From Year 2 onwards, a surplus is delivered, with the project delivering a recurrent surplus of approximately 9% (£2.3m per annum) from Year 4.

A revenue comparison between the approved OBC and the FBC updated revenue plan is as follows. Revenue costs at FBC remain in line with OBC estimates. However, the cost increases in pay and non-pay (predominantly due to FBC cost base being set to 2023/24 prices) have been offset by a significant reduction in capital charges (due to the asset impairment).

Table 16: OBC to FBC Revenue comparison – Year 5

	Year 5 OBC (22/23 prices)	Year 5 FBC (23/24 prices)	Movement	% Movement (Worsened)
Income	(£25,680)	(£26,447)	£767	3%
Pay	£14,371	£14,691	(£320)	(2%)
Non-Pay	£7,705	£8,294	(£589)	(8%)
Capital Charges	£2,244	£1,138	£1,075	51%
Total Revenue costs	£24,320	£24,124	£150	1%
Surplus / (Deficit)	£1,360	£2,323	£963	71%

1.5.5 Impact on Trust's cash flow position

The most significant cashflow linked to the investment will be the £39.1m capital spend up to March 2024. Cashflows thereafter relate to operating expenses. The Trust is applying for central capital funding for this scheme which would be provided as PDC.

Table 17: Cashflow – Incremental impact of Project investment

	2022/23	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Net cash generated from/(used in) operations	0	-112	-3,650	1,523	2,802	3,461	3,461	3,461	3,461	3,461	3,461
Cash flows from investing activities											
Purchase of property, plant, and equipment	-3,653	-6,575	-28,871	0	0	0	0	0	0	0	0
Net cash generated from/(used in) investing activities	-3,653	-6,575	-28,871	0	0	0	0	0	0	0	0
Cash flows from financing activities											
Public dividend capital received	2,453	6,575	22,461	0	0	0	0	0	0	0	0
PDC dividend (paid)/refunded	0	-238	-466	-571	-549	-531	-516	-510	-503	-497	-503
Net cash generated from/(used in) financing activities	2,453	6,337	21,995	-571	-549	-531	-516	-510	-503	-497	-503
Increase/(decrease) in cash and cash equivalents	-1,200	-351	-10,527	952	2,253	2,930	2,946	2,951	2,959	2,964	2,958
Opening cash	0	-1,200	-1,551	-12,077	-11,125	-8,872	-5,942	-2,996	-44	2,914	5,878
Closing cash	-1,200	-1,551	-12,077	-11,125	-8,872	-5,942	-2,996	-44	2,914	5,878	8,837

1.5.6 Impact on the Trust's statement of financial position

The investment will create new assets on the Trust's balance sheet. The calculation of depreciation in the financial model assumes an impairment in the net book value of the building on opening. This results in a one-off impairment charge to the SOCI followed by lower capital charges.

Table 18: Statement of Financial Position – Incremental impact of Project investment

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Total non-current assets	3,653	10,073	17,522	16,899	16,277	15,654	15,031	14,408	13,785	13,162	12,539
Cash and cash equivalents	-1,200	-1,551	-12,077	-11,125	-8,872	-5,942	-2,996	-44	2,914	5,878	8,837
Total net assets employed	2,453	8,522	5,445	5,774	7,405	9,712	12,035	14,363	16,699	19,040	21,376
Financed by											
Public dividend capital	2,453	9,028	31,489	31,489	31,489	31,489	31,489	31,489	31,489	31,489	31,489
Income and expenditure reserve	0	-506	-26,044	-25,715	-24,084	-21,777	-19,454	-17,126	-14,790	-12,449	-10,113
Total taxpayers' and others' equity	2,453	8,522	5,445	5,774	7,405	9,712	12,035	14,363	16,699	19,040	21,376

1.5.7 Cash Releasing benefits

The following CRBs have been built into the operational and financial model.

- **Improved utilisation from 89.9% to 93% - additional 168 cases per annum and additional income of £774k.** This improvement target assumes improvements in the 6-4-2 scheduling process and the ability of the orthopaedic team to backfill vacant sessions. This will be monitored by the T&O Directorate and the monthly Theatre Utilisation Board which is chaired by the Clinical Director of Theatres and Critical Care and is attended by the speciality Clinical Directors.
- **Increased case per list, due to 10-hour operating days and improvement in start times - an additional 852 cases and additional income of £3,911k per annum.** Currently the all-day sessions run 8.30am to 5.30pm and is classed as a 9-hour day with 30 minutes for lunch. Extending the day to a 10-hour operating day will enable inpatient cases to increase from 4 to 5 in an extended operating list, and day cases to increase from 6 to 7 cases per extended operating list. The work being undertaken regarding the utilisation of the lists will also improve this benefit, with reduction in patient cancellations and improvements in start times. In addition, the productivity of each Consultant Surgeon will be reviewed following data analysis of the Consultants average operating times over a 12-month period and operating times for procedures agreed with the Consultant and Clinical Director for T&O.
- **Theatre porter efficiency from Barn theatre layout - saving of £53k per annum.** Due to the layout of the orthopaedic unit being open plan, the need for a porter per theatre has been reduced to two porters across the 3 theatres. This is due to greater visibility for anticipating when the next patient will be required to be transferred to the anaesthetic room from the day case or inpatient area so that the next patient is in the anaesthetic room as the patient on the table is transferred to the recovery area. This allows for a seamless transition, reduces lost time and improves utilisation of the theatre capacity.

1.5.8 Sensitivities

Sensitivities have been performed on the SOCI to

- test the impact of unforeseen reductions in activity levels in the facility
- show the impact of inflation on the ability of this project to at least break-even

The impact of delayed timelines on income and costs has also been modelled.

1.5.9 Affordability conclusion

Since OBC approval, the capital costs have remained on budget for FBC, and the development delivers a recurrent surplus of £2.3m per annum.

At FBC, the preferred option therefore continues to represent an affordable option to the System in terms of capital and revenue.

MTW will need non-recurrent support (in terms of cash and resource) for the period 2022/23 to 2023/24 due to a combination of non-recurrent set-up costs and staff being employed in advance of services going live.

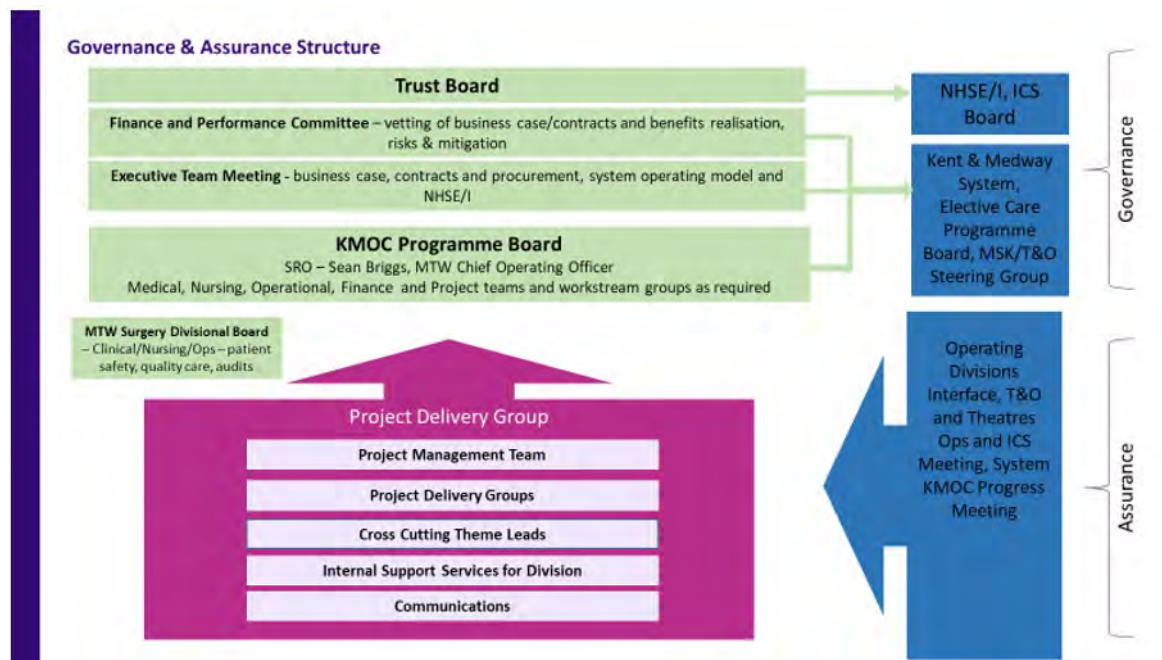
1.6 The Management Case

1.6.1 Project governance

The project is being managed and operated in accordance with the principles of the PRINCE2 and Agile Project Management methodology.

Robust project governance arrangements are in place and reflect the Kent and Medway system involvement in the project as well as delivery being focused on MTW. The overarching governance structure is set out below.

Figure 2: Governance and assurance structure



The KMOc governance structure is headed by the Programme Board, which oversees the project and is directly accountable and provides assurance to the MTW Trust Board (and relevant committees), the Executive Management Team and the Surgery Divisional Board. The KMOc Programme Board is underpinned by Project Delivery Groups and a Project Management Team.

1.6.2 Project timeline

The key milestones in delivering the project are summarised in the table below.

Table 19: Key Programme milestones

Activity	Milestone
OBC and early release of capital funding approved at Joint Investment Sub-Committee of NHSE/DHSC (JISC)	12 th December 2022
Enabling works	January to June 2023
Completion of market testing and final contract price	February 2023
Recruitment of key posts to begin, including commencement of overseas recruitment campaign	February 2023
FBC approval – MTW and K&M ICB Board, followed by submission to NHSE	March 2023 (MTW), April 2023 (ICB)
FBC review and approval - NHSE	March 2023 to June 2023
FBC presented to JISC for Approval	19 th June 2023
Manufacture and Construction period (Assuming approval by JISC)	June 2023 to January 2024
Outpatient activity for the system to commence	November 2023
POA activity for the system to commence	December 2023
Handover to Trust and operational commissioning	February 2024
Opening of new facility to patients	4 th March 2024
Post project evaluation (6 months after go-live)	September 2024

1.6.3 Workforce plan

An extensive multi-disciplinary workforce of 205.76 WTE in total will need to be recruited to support the new service, covering medical, nursing, allied health professionals, facilities and administrative staff. The workforce plan outlines the recruitment strategy for the service development covering goals, demand requirements, supply issues, risks and mitigation. It also details retention plans and education and training.

An international recruitment campaign will be required for c.45WTE of the workforce required. This will need to start well in advance of the planned opening date to allow for sufficient induction and training. A training programme will also be developed for these staff, specifically aimed at delivering Orthopaedic activity.

1.6.4 Benefits realisation

The new KMOC facility is a catalyst for change that will transform the orthopaedic surgical services for the System. These changes are expressed through the investment objectives of the business case and will be realised and evidenced through a set of benefits classified under cash releasing, non-cash releasing and qualitative/societal. The benefits expected from the investment are detailed in the Benefits Realisation Plan.

1.6.5 Risk management

Risks for the Estates component of the Programme are assessed using the Monte Carlo risk method; all other project delivery group risks are assessed using the MTW risk management matrix. The current risk register can be found in Appendices 5 (Construction) and 6 (Other). There are no red risks, post mitigations, at FBC.

Risks and issues are a standing agenda item at the weekly Project Management Team meetings and Project Delivery Group meetings. The KMOC Programme board will review all risks on a monthly basis via the provision of a risk summary report. Monthly assurance meetings chaired by the Head of PMO are in place to externally review the risks and provide advice on mitigation as needed.

1.6.6 Safe transfer

The project involves the potential transfer of long waiting patients on partner Trusts' waiting lists to the MTW waiting list, patient referrals from MSK to ERS/WASP and centralising adult elective orthopaedic services on the Maidstone Hospital site. In the weeks leading up to handover and service transfer the following activities will be undertaken to ensure any risks to patients and staff are minimised:

- Date and time established for the move and the process for keeping services operational for during the transfer.
- Four weeks ahead of service being operational, detailed clinical scenario testing to ensure that all staff are familiar with the layout, where items are located and how items work. There will also be practice runs of emergency situations, for example a cardiac arrest, not only ensuring the staff in the department but also first responders can access the department and identify where the emergency is.
- Training and competency assessments will be carried out for all staff on new or updated equipment once the equipment has been commissioned, early access has been requested to the clinical engineering room to support the commissioning.
- Other departments who provide support services to the areas will undertake familiarisation exercises in the facilities and ensure areas are stocked in preparation for becoming operational.

Four to six weeks ahead of the service being operational patient representatives will be encouraged to provide feedback on the wayfinding and signage for the new facilities

1.6.7 Project Handover

Once the new facility has been commissioned and handed over for operational use, the Programme Director will provide a Project Closure Report in accordance with the Prince 2 methodology to ensure the project is appropriately closed and handed over as 'Business as Usual'.

1.6.8 Impact on health inequalities

As set out in the strategic case, health inequalities across the Trust's catchment area can be linked to relative deprivation and there is a known under-representation for orthopaedic treatment amongst BAME groups. By expanding the capacity of orthopaedic elective activity at Maidstone, the System will be focusing this activity closer to the more deprived part of its catchment. The Trust will also focus on schemes to understand the drivers for under-representation in some communities to put in place ways of improving equity of access.

1.6.9 Quality impact

A quality impact assessment has been completed for the project. The assessment identified 18 potential quality risks covering patient safety, clinical effectiveness, patient experience, staff experience and inequalities. All quality risks were initially identified as moderate risks, but have been lowered post mitigation, the majority of which have been adjusted to low risks.

1.6.10 Equalities impact

An Equality Impact Assessment (EIA) has been undertaken for the project. The project was assessed as having no negative impact on any groups and a positive impact in two areas (Disability and Sex (gender)).

1.6.11 Post-project evaluation

In line with best practice for investments of over of £1m, the Trust will undertake a post-project evaluation process commencing six months after the new facility opens to understand what went well and what could have gone better in delivering the project.

As noted in the introduction, Barn theatres are a novel concept which are expected to deliver a number of benefits over traditional theatres e.g. increased patient throughput and improved supervision of non-consultant level surgeons. To evidence these benefits, the Trust will also undertake a 'lessons learned' exercise focused on the Barn theatre concept after the first full year of operation.

1.7 Conclusion

This business case confirms that the proposal set out at OBC, which was to develop an orthopaedic centre of excellence at Maidstone Hospital, remains the optimal way to deliver additional elective orthopaedic capacity for the system.

The facility will be a Kent and Medway resource available to all Kent and Medway providers to assist with elective recovery and meeting predicted growth levels. In the medium-term the new Elective Orthopaedic Unit will also support delivery of the Trust's mission *to be there for our patients and their families in their time of need and to empower our staff so that they can feel proud and fulfilled in delivering the best care for our community* and the vision of providing *outstanding hospital services delivered by exceptional people*.

This business case delivers substantial benefits to local people and the Kent & Medway system:

- The ICB will benefit from having capacity available to support elective recovery, lower costs of delivery and lower waiting times.
- Benefits to local people who will be treated in an orthopaedic centre of excellence delivering evidence-based best practice which will optimise their chances of a good outcome and minimise the risk of their operation being cancelled. Waiting times will also reduce and the new unit will be close to the most deprived areas within West Kent and readily accessible to the wider Kent and Medway population.
- The centre of excellence approach is expected to improve staff recruitment and retention by allowing staff to work from purpose-built facilities designed with best practice in mind.

This FBC is being presented to the MTW Trust Board who are asked to approve the case and support its submission to NHS England.

2 Introduction

Summary of this section of the FBC

- This business case confirms the case made at outline business case (OBC) stage to investing £39.1m to create an elective orthopaedic centre of excellence for the Kent and Medway system
- The OBC approvals conditions have been addressed in the FBC.
- The business case has been produced in accordance with HM Treasury and NHS England guidance.
- The capital funding would predominantly come from NHSE's Elective Recovery Fund (ERF) together with Trust/System capital contributions.
- Once delivered the System would have an additional three elective theatres at Maidstone Hospital which will provide additional capacity to meet elective recovery targets and the predicted growth in demand.
- The proposal has the full support of stakeholders including local authorities and Kent & Medway ICB.

2.1 Purpose of this business case

This full business case (FBC) confirms that the optimal way of delivering additional elective orthopaedic capacity for the Kent and Medway (K&M) system is an investment of £39.1m to create the Kent & Medway Orthopaedic Centre (KMOC) on the Maidstone Hospital site, to be operated by Maidstone and Tunbridge Wells (MTW) NHS Trust. As described in the outline business case (OBC), the new facility will open on 4th March 2024 and will consist of:

- Three laminar flow theatres, in a 'barn' theatre block, with a modelled capacity of 5,030 elective adult orthopaedic cases per annum
- Supported by a 14-bed inpatient ward and a 10-trolley day care area

The facility will also generate 29,237 outpatient (New, Follow up, Pre-operative assessment, Physio and Anaesthetic Review) appointments per annum.

The facility will be ring-fenced for orthopaedic green pathway (covid negative) elective day case and inpatient activity. The new unit will operate 60 hours a week for 48 weeks a year in line with GIRFT recommendations. By being ring-fenced capacity and by operating to GIRFT guidelines, the centre will make a significant impact on the forecast medium-term Kent & Medway demand and capacity gap, and create capacity to help system-wide elective recovery.

The purpose of the FBC is to:

- Demonstrates that the proposed investment continues to be a good fit with national and local healthcare priorities and that there have been no material changes in the strategic context since OBC (the **Strategic Case**)
- Confirm the market place opportunity which offers optimum value for money (the **Economic Case**)

- Set out the commercial and contractual arrangements for the negotiated deal (the **Commercial Case**)
- Confirm the deal is still affordable (the **Financial Case**)
- Describe the detailed management arrangements for the successful delivery, monitoring and evaluation of the scheme (the **Management Case**)⁵.

2.2 Barn theatres

The 'barn theatre' concept is central to the proposed unit. The term refers to the open-plan design of the main surgical area, where each patient is treated in a dedicated space alongside the next patient, with a specialised air canopy over each station to prevent the spread of infection. Barn theatres have adjoining anaesthetic rooms and traditional recovery areas.

Barn theatres have recently been developed at Chase Farm Hospital (which the orthopaedic and estates team have visited), Leighton Hospital in Crewe and Broadgreen Hospital in Liverpool. The barn theatre built at Broadgreen Hospital (an exemplar build) showed the following key benefits⁶:

- Patient throughput increased by 40%
- Opportunities for enhanced team working
- Peer awareness of contemporary surgical practice and standards
- Improved supervision of non-consultant surgeons
- Reduced level of staffing requirement
- Opportunities to develop non-Doctor Anaesthetists in a safe environment
- Reduced infection rates through improved theatre discipline
- Reduced cost per operation
- Higher quality environment
- Efficient space utilisation.

2.3 The Kent and Medway Integrated Care System

The Kent and Medway integrated care system (ICS) and integrated care board (ICB), (which replaced the clinical commissioning group) brings together seven NHS providers, Medway Community Healthcare, Kent County Council, Medway Council, Kent Healthwatch and Medway Healthwatch, Kent and Medway Voluntary and Community and Social Enterprise Steering Group with the core purpose of:

- Improving outcomes (population health and care)
- Tackling inequalities in outcomes and access
- Enhancing productivity and value for money
- Supporting broader social economic development.

⁵ Guide to Developing the Project Business Case, HM Treasury, 2018.

⁶ <https://www.operatingroomissues.org/the-rise-of-the-barn-operating-theatre/>

Figure 3: The Kent and Medway system



The ICS had agreed seven system strategic priorities:

1. Leading our operational recovery.
2. Improvement of East Kent and Medway Hospital Trusts.
3. Implementation of Kent and Medway general practice plan and development of primary care strategy.
4. Work with our partners to build and grow our social care sector.
5. Establish a high-performing ICB and transitioning well from CCG.
6. Setting our ICS strategy and ICB delivery plan, including our shared ambition and deliverables.
7. Leading development of the ICS: developing places, provider collaboratives and other partnerships to be a high-performing ICS.

The investment proposed in this business case will make a significant contribution to delivering against ‘leading our operational recovery’ (strategic priority one); provide an excellent example of a new organisational alliance and clinical network (strategic priority six); and help improve performance across organisational boundaries (system strategic priority seven).

Kent and Medway ICB are supportive of the proposal to create an elective orthopaedic centre on the Maidstone Hospital site. A letter of support was provided at OBC. Kent & Medway ICB have confirmed they still fully support the development of the Kent & Medway Orthopaedic Centre and that the scheme remains a priority within the System. An updated letter of support will be provided following the ICB Governing Board approval on the 4th April 2023. The OBC letter of support can be found in Appendix 1 (and will be replaced by the FBC letter of support when received).

2.4 Maidstone and Tunbridge Wells NHS Trust

The new centre will be operated by Maidstone and Tunbridge Wells NHS Trust (MTW).

MTW is a large acute hospital Trust in the south east of England which provides a wide range of general hospital services and some areas of specialist complex care to around 760,000 people living in the

south of West Kent and the north of East Sussex. The Trust also provides some aspects of specialist care to a wider population, including Ophthalmology, Stroke and Sexual health services.

The Trust provides specialist cancer services to around 1.9 million people in Kent, Medway and East Sussex, via the Kent Oncology Centre at Maidstone Hospital, and at Kent and Canterbury Hospital in Canterbury. The Trust also provides outpatient clinics across a wide range of locations in Kent and East Sussex.

The Trust employs a team of over 7,000 full and part-time staff, has a turnover in excess of £360m and operates from two main clinical sites: Maidstone Hospital and Tunbridge Wells Hospital at Pembury.

The Trust's **vision** is *exceptional people, outstanding care*.

The Trust's **mission** is *to be there for our patients and their families in their time of need and to empower our staff so that they can feel proud and fulfilled in delivering the best care for our community*.

This business case is entirely consistent with the Trust's suite of supporting strategies, including the clinical strategy and estate strategy, as illustrated below.

Figure 4: Trust strategies



2.5 Other Kent and Medway acute providers

The other Kent and Medway based providers which will benefit from this business case are:

- East Kent Hospitals University NHS Foundation Trust (EKHUFT)
- Dartford and Gravesham NHS Trust (DGT)
- Medway NHS Foundation Trust (MFT).

2.6 Scope of the business case

The service scope of this business case is NHS commissioned day case and inpatient adult elective orthopaedic surgery, together with corresponding outpatient appointments provided for people living in Kent & Medway.

Out of scope of this business case are non-elective orthopaedics (trauma) and paediatric orthopaedics.

2.7 Structure of the FBC

The FBC is consistent with the latest guidance from NHSE and HM Treasury on the development of business cases and follows the five-case model.

Much of the work involved in producing the FBC focuses upon revisiting and updating the conclusions of the OBC and documenting the outcomes of the procurement. The FBC is 'Stage Three' of the business case process as per Treasury guidance.

Figure 5: Stage 3: The Full Business Case

Determining the strategic context and undertaking the Strategic Assessment

Step 1: determining the strategic context

Gateway 0: strategic assessment

Stage 1 – Scoping the scheme and preparing the Strategic Outline Case (SOC)

Step 2: making the case for change

Step 3: exploring the preferred way forward

Gateway 1: business justification

Stage 2 – Planning the scheme and preparing the Outline Business Case (OBC)

Step 4: determining potential Value for Money (VfM)

Step 5: preparing for the potential Deal

Step 6: ascertaining affordability and funding requirement

Step 7: planning for successful delivery

Gateway 2: delivery strategy

Stage 3 – Procuring the solution and preparing the Full Business Case (FBC)

Step 8: procuring the VfM solution

Step 9: contracting for the Deal

Step 10: ensuring successful delivery

Gateway 3: investment decision

2.8 Support and engagement

2.8.1 Patient representatives

Healthwatch members have been involved, along with MTW patient representative, attending and contributing to Design Quality Indicator panels (see Section 5.9.4). Patient representatives will continue to attend Design Quality Indicator panels and will be involved in the wayfinding exercise. The programme communication and engagement plan is included in Appendix 52.

2.8.2 Commissioners

Kent and Medway ICB are fully supportive of the proposal to create the Elective Orthopaedic centre on the Maidstone Hospital site – their letter of support can be found in Appendix 1.

2.8.3 Local authorities and public consultation

Kent County Council have confirmed that a public consultation is not required.

Engagement with the Health Overview and Scrutiny Committee (HOSC) at the OBC Stage was productive and the Committee were supportive of this case, with the agreement that this represents a significant opportunity to enhance patient access and the patient experience.

The following statement was made by the Chair of the HOSC, *“Pre-conversations between the Trust and the Chair of HOSC have been positive. There is a recognition that this scheme could provide significant enhancements to patient care. Albeit we cannot prejudice the formal view of HOSC. Based on our discussions the initial view is this change would be of similar impact to the Digestive Diseases Unit scheme which HOSC formally reviewed and did not feel reached the threshold for a significant variation”* – a ‘significant variation’ would require a public consultation.

The Trust’s senior management team, architects and planners met and presented the scheme to councillors at a briefing meeting on Monday 25th April 2022 and the proposal was discussed at the Kent and Medway HOSC on 11th May 2022 at which members agreed that a public consultation would not be needed, as the proposed increase in elective orthopaedic capacity was not deemed to be a substantial variation of service.

In addition, the Medway Health and Adult Social Care Overview and Scrutiny Committee (HASC) considered the proposal on 12th January 2023 and also supported this was a positive development, and was not considered as a substantial variation and therefore not requiring public consultation.

The Trust will continue to update HOSC and HASC as the scheme progresses. Regular updates will be also provided to Healthwatch members.

Further details of communications and engagement can be found in Section 7.11.

2.9 OBC approval conditions

The OBC was approved on the 12th December 2022 at the Joint Investment Sub-Committee (JISC) subject to a number of conditions. These conditions, together with how they are met within this FBC, are outlined in Appendix 2.

3 The Strategic Case

Summary of this section of the FBC

- The case for investment is made with reference to three factors:
 - The immediate imperative to increase capacity to help clear the elective surgical backlog
 - The medium to long-term need to right-size capacity to meet future demand
 - The aim to improve patient experience and outcomes, and to reduce health inequalities by providing effective and efficient orthopaedic treatment for people living in across Kent & Medway.
- System-level demand and capacity modelling is presented to support the case for additional orthopaedic capacity.
- OBC objectives, constraints and dependencies are confirmed and the investment objectives explained in detail
- The anticipated benefits are summarised and the link made to benefits realisation planning.
- The investment will bring benefits to patients and their families, the Kent and Medway system, MTW as a provider and the orthopaedic service. Benefits flow from the additional capacity provided, the complete separation of elective from non-elective flows and the creation of an orthopaedic centre of excellence.

3.1 Introduction to the strategic case

At FBC the strategic case demonstrates that the proposed investment continues to be a good fit with national and local healthcare priorities and that there have been no material changes in the strategic context since OBC.

3.2 The case for change

The justification for investing a new elective orthopaedic unit for Kent & Medway is based on responding to the case for change which consists of:

- The short-term imperative to increase capacity in order to help clear the elective surgical backlog
- The medium to long-term need to right-size capacity to meet forecast future demand for elective orthopaedics
- Our aspiration to improve patient experience and outcomes, and to reduce health inequalities by providing effective and efficient orthopaedic treatment for people living across Kent & Medway.

The following sections set out the national and local Kent & Medway context linked to this case for change.

3.3 Achieving elective recovery – the immediate imperative

3.3.1 The elective backlog

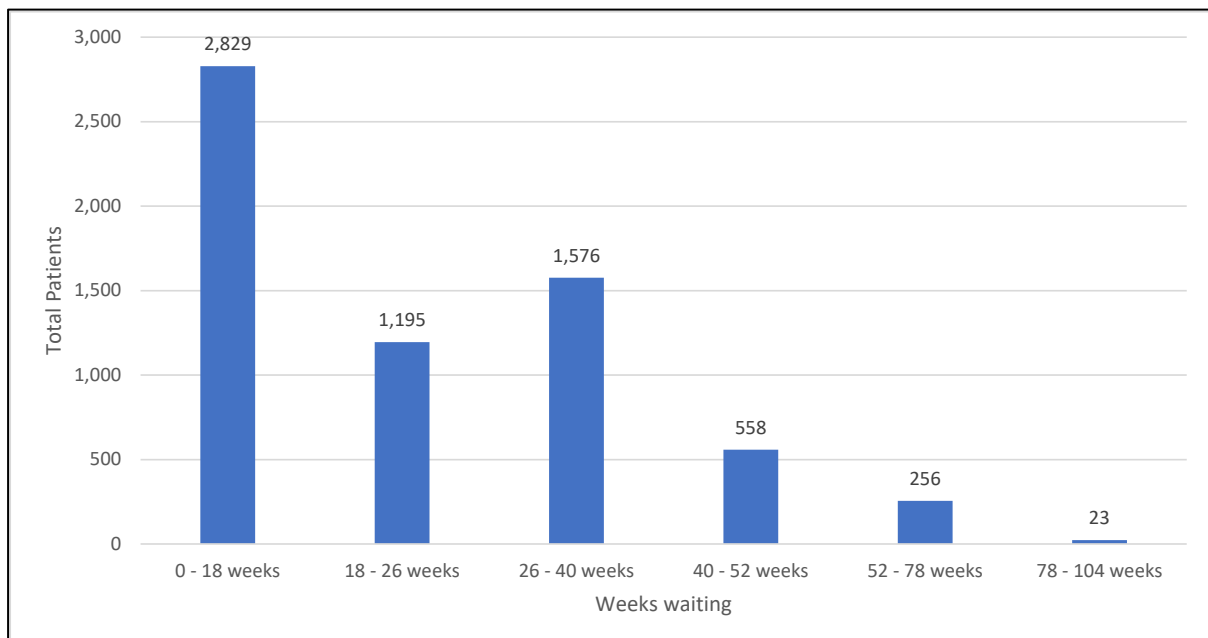
The Covid pandemic placed considerable strain on planned service delivery including elective orthopaedics (services that were already under pressure before the pandemic) and by December 2022 over seven million people were on the waiting list across England compared to 4.4 million at the start of the pandemic and 2.5 million in 2009⁷. In the period since the publication of the *Delivery Plan for Tackling the Covid-19 Backlog of Elective Care* in February 2022 progress on reducing the elective backlog has been slower than desired (in part due to a lack of ring-fenced elective capacity) and as at the end of December 2022:

- 57.6% of patients waiting to start treatment (incomplete pathways) were waiting up to 18 weeks, thus not meeting the 92% standard
- Of referral to treatment (RTT) patients waiting to start treatment, 406,035 patients were waiting more than 52 weeks, 54,882 patients were waiting more than 78 weeks, and 1,234 patients were waiting more than 104 weeks.

The size of the adult elective orthopaedic waiting list, as at March 2023, by weeks waiting and by provider, is illustrated below for Kent & Medway.

Recovering both the Kent and Medway referral to treatment (RTT) position to meet the national standard of 92% of patients receiving treatment within 18 weeks of referral and reducing the number of patients waiting more than a year to zero, are key priorities for the system. As at 06/03/23, there were approximately 279 adult orthopaedic patients across Kent and Medway who have waited over a year for surgery, as illustrated below.

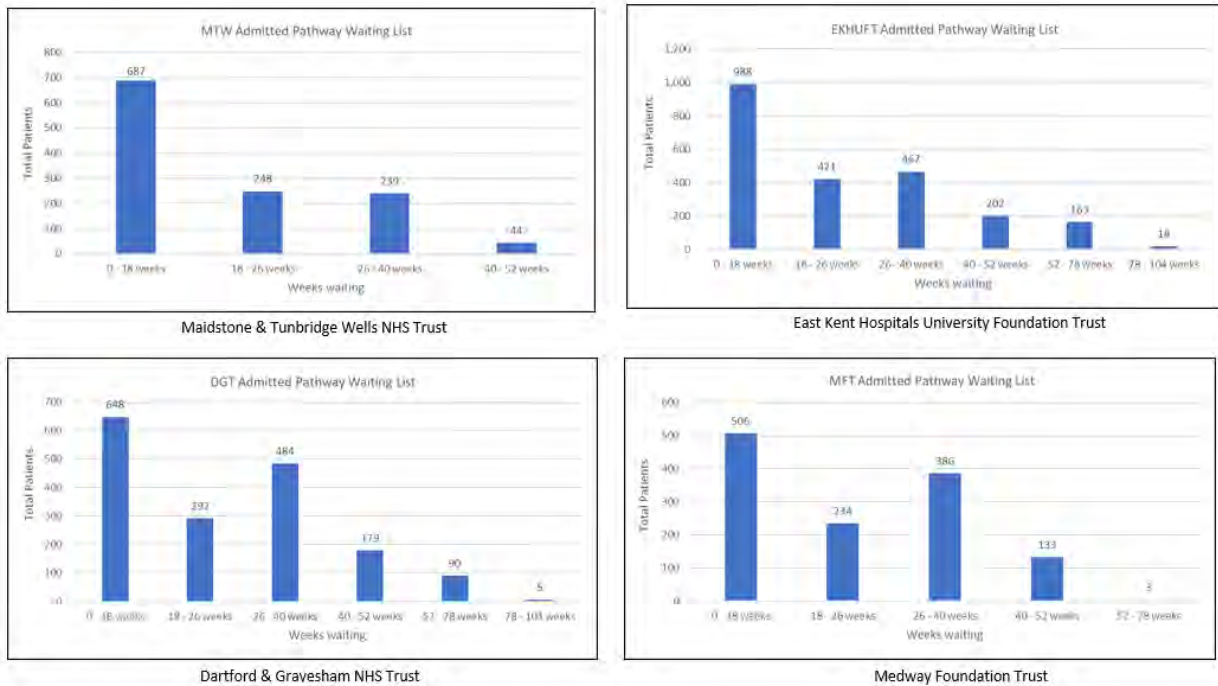
Figure 6: K&M Adult Orthopaedic Admitted Pathway Waiting List, as at 06/03/23



⁷ <https://www.england.nhs.uk/statistics/wp-content/uploads/sites/2/2023/02/Dec22-RTT-SPN-publication-version-58481.pdf>

The waiting list position for each of the four local providers, for adult orthopaedic patients on the admitted pathway, is shown below.

Figure 7: Adult Orthopaedic Admitted Pathway Waiting Lists, as at 06/03/23, by Provider



Further information on each of the Providers current elective orthopaedic service is described in turn, below.

3.3.2 Dartford and Gravesham NHS Trust (DGT)

DGT operates:

- Five theatres at Queen Marys Hospital (QMH), which provide an average of 20 sessions a week for all surgical specialities
- Nine theatres at Darent Valley Hospital, of which six are dedicated to elective serving all surgical specialities.

The average number of orthopaedic lists each week is 18; split eight at QMH and ten at Darent Valley. The service employs:

- Ten adult orthopaedic surgeons
- Three clinical fellow trainees (one post CCT and two pre-CCT)
- Three Trust doctors including one associate specialist.

Recovering RTT performance has been and continues to be constrained by a lack of theatre capacity at both sites.

3.3.3 East Kent Hospitals University Foundation Trust (EKHUFT)

The Trust runs an average of 56.5 orthopaedic theatre sessions each week. Forty of these sessions are provided from the elective orthopaedic hub, consisting of four new operating theatres and 24 beds, at the Kent and Canterbury Hospital site. This is a new elective care facility which opened in spring 2021. In addition, the Trust runs orthopaedic day surgery:

- Elsewhere at KCH three sessions a week
- At the William Harvey Hospital nine sessions a week
- At the Queen Elizabeth The Queen Mother Hospital an average for four and a half sessions a week.

3.3.4 Medway Foundation Trust (MFT)

The MFT elective orthopaedic service operates from:

- Two dedicated main theatres
- One day case theatre in the MFT day surgery unit (DSU)
- One all day trauma theatre.

The average number of orthopaedic lists per week is:

- Main theatre – elective = 20 sessions
- MFT DSU – elective = 5 sessions
- Trauma – 14 sessions.

The service employs 12 adult full-time orthopaedic surgeons; three spine, three upper limb, five lower limb and one foot and ankle. Together with one full-time clinical fellow (upper limb).

Access to treatment at MFT is through a primary care-based triage and assessment service managed by Medway Community Health. The amount of activity that can be performed in the local independent sector is limited due to complexity of case mix and independent sector capacity.

Medway Maritime Hospital does not have the estate to build a new complex so are reliant on increasing the utilisation of existing theatres to reduce patients waiting a long time for treatment.

3.3.5 Maidstone and Tunbridge Wells (MTW)

The MTW elective adult orthopaedic service currently operates from:

- Maidstone Orthopaedic Unit (MOU). 10 sessions/week. MOU is a standalone theatre, with a ring-fenced 12 bedded ward and specialist theatre team, dedicated to elective orthopaedic surgery.
- Maidstone Short Stay Surgical Unit (MSSSU). 8.5 sessions/week.
- Tunbridge Wells Hospital (TWH) for elective (11 sessions/week) and non-elective surgery (Trauma surgery is only carried out at TWH through 18 sessions each week).

The service employs:

- 13 substantive adult orthopaedic surgeons and 2 locum orthopaedic surgeons, together with 3.5 paediatric orthopaedic surgeons
- 4 clinical fellowship trainees (2 post Certificate of Completion of Training and 2 pre-CCT).
- 3 trainee surgical care practitioners.

Although over 52-week waits have been eliminated for the Trust, activity is growing (at 4.4% per annum) which means that without new capacity average waiting times will rise.

The position regarding the Trusts 18 week 92% RTT target has not improved to the same extent as the over 52-week waits. Recovering RTT performance is constrained by a lack of theatre capacity as evidenced by the 18-week performance and also new consultants struggling to find theatre capacity at either site. Therefore, in order to mitigate the capacity shortfall and meet the RTT targets, elective backlog orthopaedic cases have been outsourced to the independent sector.

3.3.6 Independent Sector

Across the Kent and Medway system, elective orthopaedic cases have been outsourced to the independent sector in order to mitigate the theatre capacity shortfall, as follows.

Table 20: Kent & Medway Independent Sector activity

	2019/20 (Actual)	2021/22 (Actual)	2022/23 (Forecast)
Elective Orthopaedic cases outsourced to the Independent Sector across Kent & Medway providers	4,798	10,326	12,545
Cost of Outsourcing £000	£4,760	£8,641	£12,013

To note the table above includes patient choice activity flowing to the independent sector, as well as outsourcing elective work to the independent sector to maintain waiting list performance.

Backlog outsourcing are not covered by pre-existing contracts, so are charged on a case-by-case basis by the independent sector. This activity is currently funded by non-recurrent elective recovery fund (ERF) funding.

3.3.7 Surgical hubs

It has long been recognised that achieving elective treatment targets can be put at risk by emergency activity and the principle of separating the two pathways is generally accepted. This led to the establishment of facilities such as the NHS Treatment Centre at Darent Valley Hospital and East Kent Orthopaedic Centre in Canterbury, as well as independent sector treatment centres (ISTCs) and the introduction of patient choice.

The impact of the pandemic and the resulting significant reduction in elective activity has reinforced the benefit of having this type of ring-fenced elective capacity e.g. surgical hubs, with a particular recognition that surgical hubs on NHS acute hospital sites have the ability to treat more complex patients than ISTCs and the independent sector which lack intensive care and high dependency support.

The target investment fund (TIF) and linked elective recovery fund (ERF) are being used to pump-prime the development of NHS elective surgical hubs which aim to both assist with eliminating the Covid backlog and, ensure that NHS elective services are more resilient in the face of winter pressures and that elective activity would not be as badly impacted in the event of future pandemics. Elective surgical hubs should have the following features.

Table 21: Features of surgical hubs (NHSE)

<p>Culture</p> <ul style="list-style-type: none">• Centred around a mission to be best in class on clinical outcomes, research, education and to deliver high levels of productivity and patient satisfaction• Focused on continuous improvement, with a clear approach to the measurement of processes and outcomes and how learnings are embedded through a QI methodology <p>Resilience and System-Working</p> <ul style="list-style-type: none">• Be fully ring-fenced from non-elective activity, particularly where the hub is not located in a stand-alone facility, and have executive support that activity is maintained during periods of non-elective operational pressures• Have dedicated clinical and operational teams who benefit from specialisation and excellent training opportunities, and who are supported by a strategy that promotes staff health and well-being• Operate as system assets and take referrals from other Trusts to ensure sufficient patient numbers for high volume lists and to reduce inequities of access <p>Utilisation and Productivity - Value for Money</p> <ul style="list-style-type: none">• Be operational 50 weeks of the year, 6 days a week with extended hours (10+hours/2.5 sessions) with systems in place to maximise maximum use of 'fallow' sessions (such as cover for annual leave)• Achieve touch time utilisation of 85% plus the standard number of cases per list for HVLC procedures• Implement efficient, digitally enabled pre, and post-op, processes unifying them across referring Trusts• Be designed in line with best practice regarding optimum theatre layouts & flow (guidance due March – new/extended hubs only) <p>Quality and Clinical Outcomes</p> <ul style="list-style-type: none">• Implement standardised clinical pathways and protocols (e.g. GIRFT best practice pathways) that safely allows the wider clinical team to extend their roles and skills and ensures minimal clinical variation.• Support the shift to day-case surgery as default and support an approach to prehab and enhanced care to maximise patient eligibility• Achieve top decile clinical outcomes (2019 baseline) and regularly evaluate and achieve high levels of patient satisfaction.

The operational policy of the Kent & Medway Orthopaedic Centre is consistent with these expectations. Also consistent with the surgical hub concept is the K&M Elective Care Network vision that *“Elective services will benefit from being delivered on a networked basis via an interconnected system of service providers. This allows collaborative working (assisted by contractual agreements where required), flexible movement for clinical staff and robust patient transfer arrangements according to clinical need. Collaboration across the network can include remote triage and remote multidisciplinary team support out of hospital as well as specialist support within hospitals.”*

3.4 Right sizing elective orthopaedic capacity – the medium to long-term imperative

Elective orthopaedics is an essential service which has a significant positive impact on quality of life. According to Department of Health definitions, musculoskeletal (MSK) conditions include over 200 different problems and affect 1 in 4 of the adult population. They are the biggest cause of the growing burden of disability in the UK, and cost the NHS £5 billion each year⁸. These conditions comprise around 14% of all primary care consultations and 10% of all GP referrals to hospitals, resulting in approximately 1.36 million admissions to secondary care and 2.27 million bed days in England in 2016-17⁹. MSK conditions can be progressive, meaning the impact can be profound though the importance is often underestimated since most are not immediately life threatening. Early and effective treatment of MSK conditions, including operating in a timely way, are therefore important for both the individual patient, the NHS and 'UK PLC'.

Need and presenting demand for orthopaedics is influenced by:

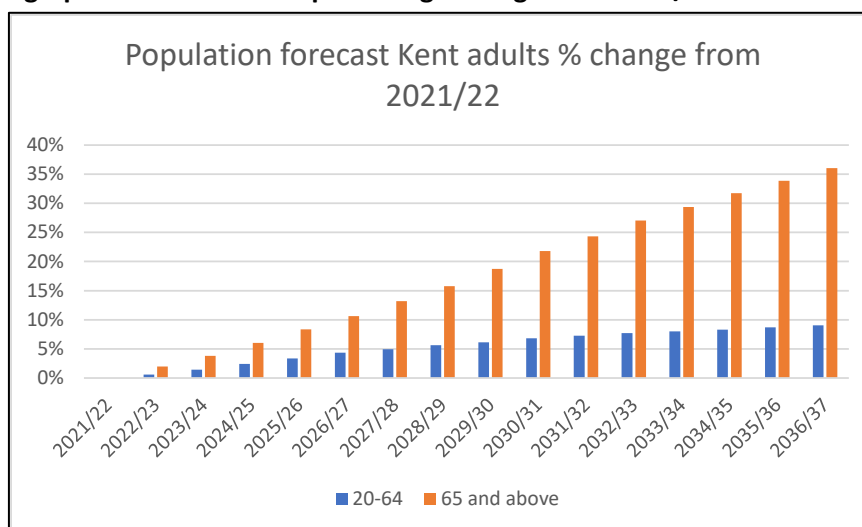
- Population size and age structure
- The rate at which people access services which is shown up in health inequalities.

To right-size Kent & Medway capacity for the medium to long-term, these demand-side factors have been considered in our underlying demand and capacity modelling.

3.4.1 Demographic change

The population of Kent and Medway is predicted to both grow and age rapidly over the period to 2036. Ageing is of particular relevance given that orthopaedics is a speciality skewed towards older people meaning the forecast growth in the older population is an important indicator of demand. The chart below shows the predicted percentage increase across the Kent County Council area from the 2021/22 base for adults under 65 and separately people aged 65 and over.

Figure 8: Demographic forecast Kent – percentage change from 2021/22 base¹⁰



⁸ <https://www.good-governance.org.uk/wp-content/uploads/2019/04/MSK-BAP-draft-commissioners-AW-AR-GW.pdf>

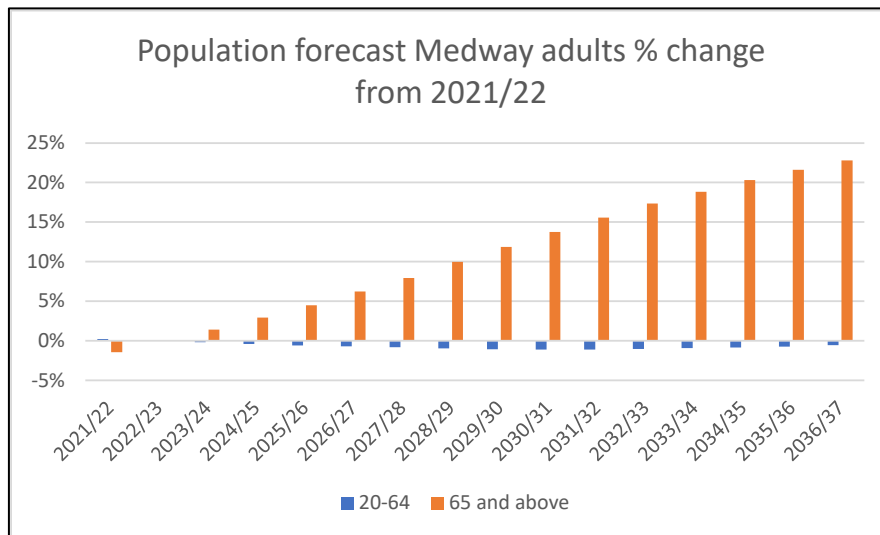
⁹ As above.

¹⁰ Kent County Council

Over the 15-year period forecast by Kent County Council, the number of people aged 65 and over living in Kent is forecast to increase by 36% from 294k to almost 400k. The working age adult population will also increase, but by a much lower 9%.

The equivalent chart for Medway is below.

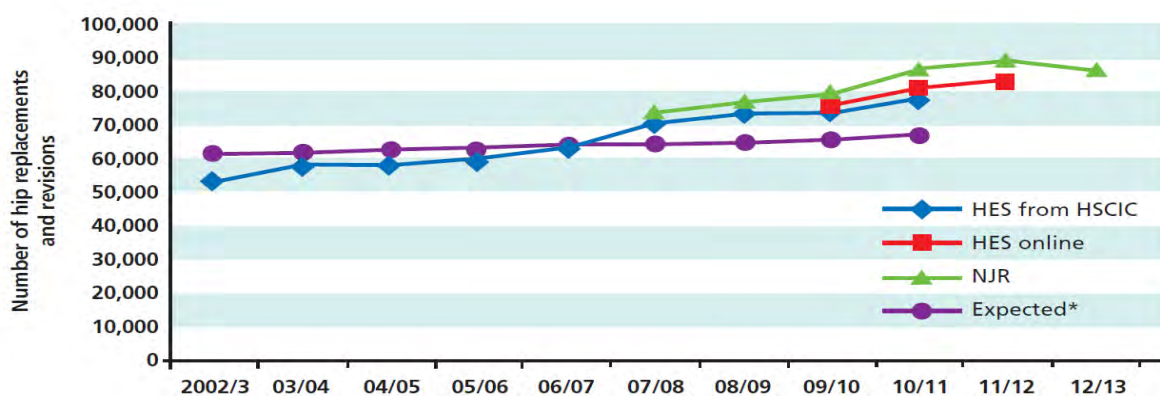
Figure 9: Demographic forecast Medway – percentage change from 2021/22 base¹¹



Over the 15-year period to 2036/37, the number of people aged 65 and over living in Medway is forecast to increase by 23% from 46k to almost 57k. The working age adult population will remain at more or less current levels.

As people live longer and as advances in orthopaedics continue, demand for elective work will also rise because more individuals will require a revision - the figure below is taken from GIRFT’s 2015 report and shows how the number of hip replacement revisions increased in the ten years to 2012/13.

Figure 10: Hip replacement revisions¹²



**Expected number of procedures standardised to the 2006/07 value. Changes in values between years result only from population changes relative to the age and sex standardised ONS resident population in 2006/07. The difference between the 'Expected' and the 'HES from HSCIC' values illustrate year-on-year changes that are unrelated to population change.*

¹¹ Office of National Statistics

¹² A national review of adult elective orthopaedic services in England, GIRFT, March 2015.

3.4.2 Levelling up and health inequalities

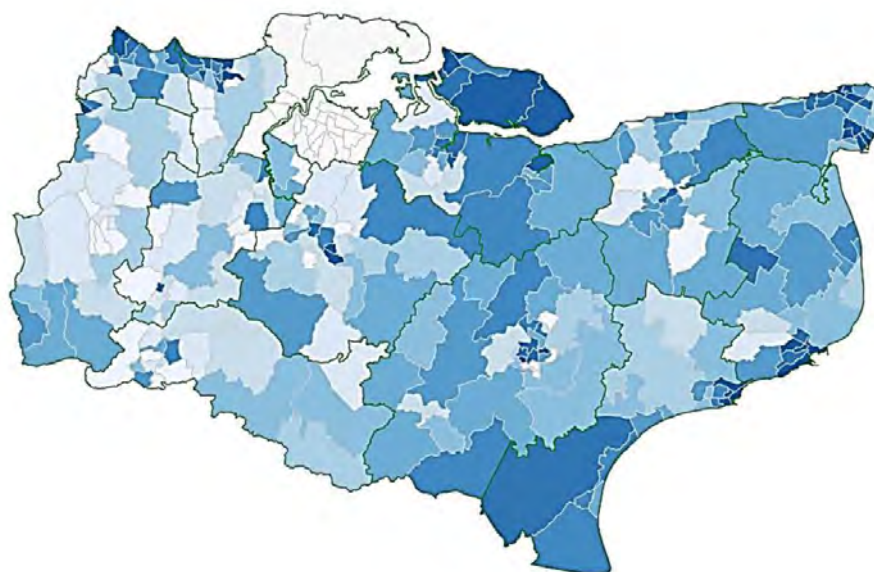
Tackling health inequalities is a core part of improving access to services, quality of services, and health outcomes for the whole population.

King's Fund analysis shows that people in the most deprived areas are nearly twice as likely to wait over one year for treatment compared to the least deprived. There has been huge variation in the rate of growth in waiting lists between different areas. From a poll conducted by Healthwatch England there is also evidence that nearly one in five of those whose planned treatment had been delayed had gone private or were considering it – where that could be afforded.

Although Kent & Medway as a whole has better health outcomes than the average in England, health inequalities exist between different areas within Kent & Medway. Inequalities can be linked to deprivation, age, gender and ethnicity.

Deprivation is a known driver of health inequality with people living in more deprived areas having higher health needs (estimated at between 30% and 40% more than average for orthopaedics), but often accessing healthcare at lower than expected rates. For example, work by the Strategy Unit¹³ looked at health inequalities in relation to the hip pathway and found lower secondary care surgical rates amongst more deprived populations and concluded that *“for every 10 additional elective spells, we estimate that one emergency spell will be avoided. The effect accumulates over two years. Increasing access to elective care for those in the most deprived areas is likely to lead to reductions in emergency care overall and to inequalities in levels of emergency care”*. It is therefore important that services are provided from accessible locations close to areas of most need. Kent is ranked 100th out of all 152 local authority areas in England, meaning it is in the least deprived 50 per cent of the country. By contrast deprivation is worse in Medway which ranks 81st. The map below shows deprivation level across Kent (darker shades = more deprived).

Figure 11: Deprivation map of Kent¹⁴

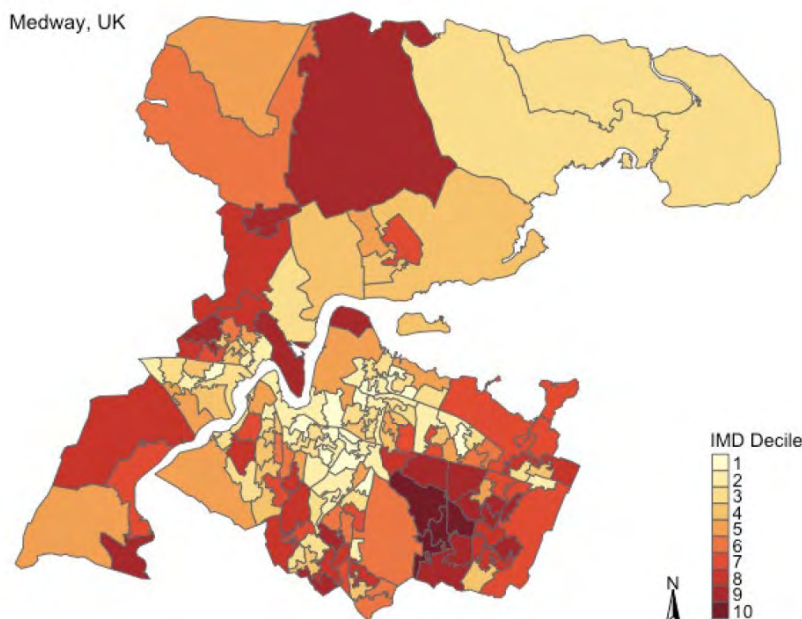


¹³ Socio-economic inequalities in access to planned hospital care: causes and consequences, The Strategy Unit, 2021

¹⁴ Kent Annual Public Health Report 2015, Kent County Council

The equivalent map for Medway is below.

Figure 12: Deprivation map of Medway¹⁵



Restoring services and addressing backlogs means significantly increasing the number of people that can be diagnosed, treated and cared for in a timely way. This will depend on doing things differently, accelerating partnership working through ICSs to make the most effective use of available resources across health and social care, and ensuring that reducing inequalities in access is embedded in the approach.

The effective use of data is central to tackling health inequalities including delineation of waiting list and performance data by deprivation and ethnicity.

The significant use of the independent sector in Kent & Medway means that less complex cases and fitter patients wait less for treatment than older frailer patients with comorbidities who need to be treated on NHS acute sites with the relevant available clinical support.

3.4.3 Kent and Medway demand and capacity modelling

The current baseline capacity for adult elective orthopaedic surgery available across the Kent & Medway system is as follows.

Table 22: Current System capacity for Adult Elective Orthopaedic surgery

Trust	DGT	MFT	MTW	East Kent	TOTAL K&M
No of 4-hour session per week	18	25	28	56.5	127.5
Number of Cases per 4-hour sessions ¹⁶	1.8	1.7	2.1	2.7	2.2
Average cases per annum (42 weeks)	1,361	1,785	2,470	6,407	12,023

¹⁵ Medway Annual Public Health Report 2019, Medway Council

¹⁶ Data source Model Health System Aug 2022

The weekly 127.5 four-hour sessions are used to deliver an average of 286 orthopaedic surgeries per week or 12,023 cases per annum. To note, all providers also run ad hoc theatre lists.

Historic and forecast activity by provider is shown below.

Table 23: Historic and forecast demand and admitted patient numbers 2021/22 to 2023/24

	2021/22		2022/23		2023/24	
	Referral Demand	Admitted demand	Referral Demand	Admitted demand	Referral Demand	Admitted demand
DGT	11,016	4,405	11,788	4,715	13,294	5,318
EKHUFT	14,815	5,815	15,512	6,204	17,706	7,082
MFT	5,779	2,468	6,106	2,442	6,903	2,761
MTW	12,446	4,934	13,002	5,200	14,676	5,870
TOTAL K&M	44,056	17,622	46,408	18,561	52,579	21,032

The difference between 2021/22 and 2022/23 admitted patient numbers and baseline capacity is made up by a combination of additional ad hoc NHS lists and use of the independent sector.

Demand has been modelled to 2031/32 using population forecasts (see above) and Department of Health (DH) data for expected growth in demand for healthcare (the DH data takes account of factors in addition to demographic change). This modelling forecasts that total demand will increase to 27,068 elective cases (+46% on 2022/23) in 2031/32, a shortfall against current core NHS capacity of 15,045 cases (27,068 demand less capacity of 12,023), as illustrated below.

Table 24: K&M Demand and Capacity shortfall for Adult Elective Orthopaedic surgery -10-year period

Year	K & M Admitted Demand	Current K & M Capacity	Shortfall	National Elective Recovery Target
2022/23	18,561	12,023	(6,538)	No >78-week waiters
2023/24	21,032	12,023	(9,009)	No > 52-week waiters
2024/25	21,705	12,023	(9,682)	Increase capacity to 130% of 2019/20
2025/26	22,400	12,023	(10,377)	18-week compliance by March 2026
2026/27	23,117	12,023	(11,094)	
2027/28	23,858	12,023	(11,835)	
2028/29	24,622	12,023	(12,599)	
2029/30	25,412	12,023	(13,389)	
2030/31	26,227	12,023	(14,204)	
2031/32	27,068	12,023	(15,045)	

As noted above, the current capacity shortfall is being dealt with through the use of the independent sector and ad-hoc waiting list sessions. Whilst these short-term measures offer flexible capacity, neither are considered a sustainable long-term solution to the forecast capacity shortfall:

- The independent sector can only safely treat a sub-set of demand (lower acuity patients). 25% of patients do not fit the independent sector patient criteria due to existing co-morbidities resulting in the patients who do not fit independent sector criteria waiting longer for surgery
- The willingness of NHS staff to continuously work additional theatre lists, is not limitless and the costs of 'out of hours' lists can be prohibitive.

The system has also considered demand-side interventions and has redesigned MSK pathways and is implementing the EROS (Electronic Referral Optimisation System) to optimise referral pathways. All Trusts are also continuously looking at ways that theatre productivity and utilisation can be improved to increase capacity. However, these demand management and efficiency initiatives will not deliver the additional capacity needed to both clear the elective backlog in the short-term and meet medium to long-term demand. It is therefore imperative that more sustainable solutions, such as building additional elective infrastructure, are put in place to ensure the national elective recovery targets are met and waiting lists, and therefore waiting times, do not remain at unacceptable levels.

3.5 More efficient and effective treatment

3.5.1 Best practice

Kent & Medway providers seek to provide *outstanding care* which means our clinical services must operate in accordance with best practice. Best practice in orthopaedic service delivery is set out in:

- Recommendations from The British Orthopaedics Association
- The Getting It Right First Time (GIRFT) programme.

The **British Orthopaedic Association's** elective standard recommends:

A sufficient and stable bed base is essential for effective year-round orthopaedic care. This optimises resource use by securing admission, preventing cancellation due to lack of capacity, co-locating key

staff, optimising discharge and minimising adverse events, particularly implant infection, which can have catastrophic consequences. **Central to this concept is the physical separation of resources or 'ring-fencing', specifically of the bed-base, for the exclusive use of orthopaedic patients, undergoing clean procedures, to ensure safe and consistent practice even in the context of high activity in other hospital areas. Ring-fencing is of proven financial benefit in orthopaedic surgery and is also associated with improved outcomes, particularly related to reduction of implant infection rates.**

The GIRFT programme published its report “Getting It Right in Orthopaedics, reflecting on success and reinforcing improvement” in February 2020, in which the main themes are:

- **Minimum volumes** - evidence in the journals has continued to show that operations delivered by surgeons who perform a very low volume of that surgery type are associated with increased lengths of stay, complications and cost, and this evidence has now been incorporated into the guidance published by the professional bodies and specialty or sub-specialty associations. **Many Trusts are working as part of networks or implementing occasional dual operating, which enable surgeons to deliver sufficient volumes of operations** (as well as providing mechanisms for training and professional development). The National Joint Registry (NJR) data shows a significant reduction in low-volume operations in most operation types, but also showed significant opportunity for further improvement, particularly in understanding the number of surgeons performing very small numbers of operations.
- **Service design: ring-fenced beds** - an increasing number of Trusts report rigorously enforcing the ring-fencing of beds and, anecdotally, orthopaedic service managers have reported using the GIRFT recommendation to underline the importance of maintaining the ring-fence in their Trust. This is despite the increasing pressures on Trusts to make more beds available to deal with winter pressures. Surgical site infection rates are influenced by a number of factors, but it is likely that the maintenance of ring-fencing has contributed to the decreasing infection rates in the orthopaedics specialty.
- **Service design: hot and cold sites** - the implementation of a 'hot and cold' site split has proved transformative for several Trusts. By separating their 'hot' unplanned emergency work from their 'cold' planned elective work, these Trusts have seen reductions in average length of stay, reductions in cancellations of surgery and increased elective activity despite winter pressures. The GIRFT programme supported these hot and cold site splits and is continuing to work with a number of other Trusts who are seeking to implement similar changes.
- **Training** - The GIRFT report highlighted concerns about the numbers of senior and experienced consultants approaching age of retirement and combined with the growing demand and pressure on surgeons, there was a risk of a capacity gap increasing if the numbers and experience of trainees could not be increased sufficiently.

A selection of case studies demonstrating the benefits of adopting the recommendations made by GIRFT that are most relevant to this business case, are included at Appendix 3.

An earlier GIRFT report¹⁷ recommend that **a genuine elective orthopaedic ring-fence is one that is rigidly enforced, and this is essential if best outcomes are to be achieved. If there is a breach of the ring-fence of any kind – including supposedly 'clean' surgical patients – then surgeons are advised to**

¹⁷ A national review of adult elective orthopaedic services in England, GIRFT, March 2025.

cancel their lists and require that the ward is closed and deep cleaned before joint replacement can begin again. It is worth remembering that when infections do occur, as is more likely in a non-ringed circumstance, it is necessary to go through the same deep clean procedures.

This is supported by the release of the Elective Recovery High Volume Low Complexity (HVLC) guide for systems in May 2021 with one of the programme principles being – drive for ‘top decile’ GIRFT performance of clinical outcomes, productivity and equity of access.

3.5.2 Current performance

In this section we discuss how MTW specifically performs compared to best practice as described by GIRFT and The British Orthopaedics Association. The first table below summarises MTW’s historic key performance indicators (KPIs) together with future targets and plans about how performance can be improved.

Table 25: Snapshot of MTW theatre performance indicators

Key Performance Indicator	MOU	MSSU	TWH	Baseline position (both sites)	Future outcome	How will these improvements be achieved?
Session utilisation without TAT	85.1%	80.3%	83.8%	83.7%	85%	See below actions for increasing cases per list, reducing cancellations and improving start times
Start times	8:50 44% within 15 mins	09:00 58% within 15 mins	08:59 28% within 15 mins	08:56 44% within 15 mins	08:35 1<10% late starts over 15 mins	Dedicated, consistent orthopaedic theatre and ward team. All day theatre lists with the same consultant and anaesthetist
Same day hospital cancellation rate	3%	5.7%	10.1%	4.6%	3%	Ring fenced ward to avoid cancellations due to bed capacity Improving pre-op pathway to reduce key cancellation reasons
Number of adult's electives per month	100	86	62	248 / month	340 / month	Increasing number of cases per list Increasing capacity of theatres with laminar flow Increasing capacity to GIRFT recommendations (60-hour weeks, 48 weeks/year)
Average no. of cases per whole day list	4.7	4.0	3.0	4.2	5.2	Theatre efficiencies (start times, turnaround times etc.) Consistent staffing throughout lists
Number of patients waiting over 40 weeks for treatment	N/A	N/A	N/A	52 (January 2023)	0	Booking in order Avoid cancelling long waiters Improved pre-op pathway

Key Performance Indicator	MOU	MSSU	TWH	Baseline position (both sites)	Future outcome	How will these improvements be achieved?
RTT (% treated within 18 weeks)	N/A	N/A	N/A	67.9% (January 2023)	80% 6 months after opening 86% 9 months after opening 92% 1 year after opening	Maintaining activity over the winter period / despite site pressures 6 day / week operating
Length of stay in top quartile of the country	2.07	1.14	2.95	2.5 days	2.1 days	Improved pre-admission planning Physiotherapy 7 days per week, with extended working days Increased medical presence

The Trust fails to comply with best practice in two key respects:

- MTW only has one ring-fenced orthopaedic theatre and inpatient unit (in the MOU)
- Elective and non-elective orthopaedic activity is not separated at TWH.

The result is that operational performance is often compromised due to planned electives being cancelled due to emergency activity and much of the planned work being done away from the MOU centre of orthopaedic excellence – see performance metrics below.

Comparing elective orthopaedic efficiency between the MOU and TWH demonstrates how ring-fencing a theatre and ward on a cold elective site avoids same day cancellations and increases theatre utilisation.

- As the MOU specialises in orthopaedic surgery and is for planned surgery only, the team can carry out 20% more activity per day than other theatres - for example, surgeons can complete five primary joint replacement cases in a list in MOU. This higher productivity is due to consistency of the MOU team and their specialist orthopaedic knowledge and experience.
- TWH theatres have twice the rate of on the day cancellations than the MOU. This is mainly caused by a lack of beds at TWH arising because there are no ring-fenced beds for elective patients resulting in emergency trauma patients, or other surgical or medical patients occupying beds required for elective orthopaedic patients. This lack of beds is most pronounced over the winter when elective activity often averages just half of the annual average.

The GIRFT assessment of MTW's orthopaedic service has highlighted the areas shown below where the Trust is not meeting recommendations.

Table 26: Snapshot of MTW GIRFT and other metrics

	Metric/Recommendation	Top Decile/Best practice performance	Service Performance	Current service provision	Has the service met top decile performance or recommendation? (Yes/No)
Sentinel metrics	Productivity equivalent to 4 total hip or knee joint replacements in all-day list (8 hours)	4	Trust to respond	5.2 MOU 4.2 TWH	Yes
Sentinel metrics	Average length of stay for elective knee replacements	3.0	3.1	Good	No
Sentinel metrics	Orthopaedic surgery - day case rates (all procedures excluding total joint replacements)	93.0%	65.0%		No
Sentinel metrics	Orthopaedic surgery - Conversion from day case to inpatient stay	1.50%	11.0%		No
Sentinel metrics	On the day cancellation rate for elective orthopaedics for clinical reasons		10.1% at TW and 5.7% at MS		No
GIRFT clinical metrics	Average length of stay for elective hip revisions	4.4	7.1		No
GIRFT clinical metrics	Average length of stay for elective knee revisions	4.1	4.5		No
GIRFT clinical metrics	Average length of stay for a shoulder replacement	1.9	2.1		No
GIRFT clinical metrics	Day case rate for ankle or wrist fusion procedures	36.9%	75.00%	20% ankle; 75% wrist	No
BADS ¹⁸	Day case rate for unicompartmental knee replacement (benchmark)	40.0%	0%		No

¹⁸ The British Association of Day Surgery

	Metric/Recommendation	Top Decile/Best practice performance	Service Performance	Current service provision	Has the service met top decile performance or recommendation? (Yes/No)
BADS	Day case rate for arthroscopy of knee procedures (benchmark)	99.0%	77%		No
BADS	Day case rate for therapeutic arthroscopy of shoulder procedures (benchmark)	90.0%	75%		No
Ortho service/ clinical networks	A centralised elective inpatient orthopaedic centre in place for low dependency high volume work with laminar flow theatres, ring-fenced elective beds and full comprehensive staffing. Network in place to follow national guidance from the British Orthopaedic Association and Specialist societies regarding centralise low volume, complex procedures e.g. total elbow / ankle replacements, major revision arthroplasty surgery including periprosthetic joint infections				No

In summary, the pandemic experience has reinforced the need to separate elective and non-elective pathways to ensure that 'Green' (Covid negative) pathway activity can continue in the event of future spikes in the infection rate.

3.6 Confirmation of the OBC summary case for change

The Trust's review of changes to the wider national and strategic context since OBC reaffirms the case for change and the rationale for the project.

3.7 Response to the case for change

The response to the case for change is set out in the project's investment objectives which must be achieved within a series of constraints and dependencies.

3.7.1 Investment objectives

The investment objectives remain largely¹⁹ unchanged from the OBC:

- **Investment objective one** – To deliver additional orthopaedic theatre capacity and increase productivity in order to reduce the size of the Kent and Medway system orthopaedic waiting list and the time people are waiting in line with national expectations. Additional capacity to be delivered in time to hit national targets on reducing waiting times.
- **Investment objective two** – To release existing Kent & Medway theatre capacity and provide an opportunity for other surgical specialities to refine their planned theatre sessions to enable improvement in waiting list and RTT performance. Additional capacity to be released in time to hit national targets on reducing waiting times.
- **Investment objective three** – To fully utilise additional theatre capacity by improving theatre efficiency to achieve upper quartile performance across orthopaedic day case and inpatient activity as measured by Model Hospital, GIRFT and HVLC metrics. Efficiencies to be delivered in time to hit national targets on reducing waiting times.
- **Investment objective four** – To strive to become an outstanding organisation through the development of an orthopaedic centre of excellence to serve the Kent and Medway system.

3.7.2 Constraints

The project is constrained by the available capital - limited to £40m maximum from a combination of central and Trust sources.

3.7.3 Dependencies

The project dependencies remain as per the OBC, with the exception of planning permission, which was received on the 9th December 2022.

- Clinical buy in and commitment to change job plans/base location for consultants, including anaesthetists.
- Ability to recruit to theatre and nursing staff.
- Dependent on radiology, therapies and critical care departments to be able to facilitate increased capacity at Maidstone to support this change.

¹⁹ The wording for investment objective two has been altered to refer to K&M rather than MTW-only theatre capacity.

3.7.4 Benefits

The benefits anticipated from the proposed investment and how they link back to the investment objectives, are summarised below. Further detail can be found in Appendix 4, the benefits realisation plan.

Table 27: Investment objectives and corresponding benefits

Benefits	Metrics	Baseline	Target
<p>Objective one - To deliver additional orthopaedic theatre capacity and increase productivity in order to reduce the size of the Kent and Medway system orthopaedic waiting list and the time people waiting in line with national expectations. Additional capacity to be delivered in time to hit national targets on reducing waiting times</p>			
<p>To expand elective orthopaedic capacity within the Kent & Medway system to assist with elective recovery.</p>	<p>RTT times and numbers</p>	<p>2,946 patients across K&M (January 2023)</p>	<p>Zero patients waiting over 52 weeks for treatment except where patients choose to wait longer or in specific specialties from March 2025</p>
<p>To deliver year on year recurrent savings to the Kent & Medway system</p>	<p>Number of outsourced orthopaedic patients</p>	<p>69 T&O patients per week</p>	<p>To send only choice patients to the IS (on average 82 patients per week with 35 being T&O patients) by September 2025</p>
<p>Objective two - To release existing Kent & Medway theatre capacity and provide an opportunity for other surgical specialities to refine their planned theatre sessions to enable improvement in waiting list and RTT performance. Additional capacity to be released in time to hit national targets on reducing waiting times</p>			
<p>To provide additional capacity considering health inequalities of patients</p>	<p>Improved facility for patients with health inequalities as measured through Friends & Family Test results</p>	<p>87.5% response rate</p>	<p>95% from September 2025</p>
<p>Objective three - To fully utilise additional theatre capacity by improving theatre efficiency to achieve upper quartile performance across orthopaedic day case and inpatient activity as measured by Model Hospital, GIRFT and HVLC metrics. Efficiencies to be delivered in time to hit national targets on reducing waiting times.</p>			
<p>To reduce the same day hospital cancellation rate</p>	<p>Cancellation rate % on the day cancellations</p>	<p>4.6%</p>	<p>3% from March 2025</p>

Benefits	Metrics	Baseline	Target
Improved theatre efficiency and productivity	Average cases per list Theatre start times Session utilisation	4.2 cases per all day list 44% within 15 minutes 83.7% without TAT	5.2 cases per all day lists by September 2025 1<10% late starts over 15 mins by September 2025 85% by September 2025
Improve day case rates as recommended by GIRFT and BADS	Day case rate	65%	To achieve top quartile performance of 93% from March 2025
Shorter average lengths of stay	Average length of stay	2.5 days	To achieve top quartile performance of 2.1 days by March 2025
Reduced infection rates	Hospital acquired infections	CDT - 0 Post MRSA - 9 E Coli - 5 Klebsiella – 1 Pseudomonas – 0	TBD
Objective four - To strive to become an outstanding organisation through the development of an orthopaedic centre of excellence to serve the Kent and Medway system			
Improved staff satisfaction, leading to improved recruitment & retention	Turnover rates Vacancy rates	T&O - 11.66%, Theatres - 12.11% T&O - 7.45%, Theatres 7.40%	10% from March 2025 10% from March 2025
Improved patient experience and satisfaction	Friends & Family test response rates and results Patient complaints	87.5% response rate 9	95% from September 2025 8 from March 2025

3.7.5 Risks

At FBC, there are no red risks following mitigations. The approach to managing risk is set out in the management case and the detailed risk register is included at Appendices 5 (Construction risks) and 6 (Other risks).

3.8 Strategic case conclusion

The review of the strategic context and resulting case for change demonstrates that there have been no fundamental changes to the external or internal organisational context and that the scheme remains consistent with local and national strategy and needs, including elective recovery, the separation of elective and non-elective pathways and the adoption of best practice. Therefore, the preferred option selected at OBC (To create an elective orthopaedic centre at Maidstone Hospital) continues to be a good fit with national and local healthcare priorities.

4 The Economic Case

Summary of this section of the FBC

- The chapter sets out how the shortlist of options was constructed using the options framework filter approach and how this process concluded that a shortlist based on MTW or independent sector delivery of extra orthopaedic capacity, were the options most likely to achieve project investment objectives.
- The resulting shortlist of three 'do something' options was appraised for non-monetisable benefits and risks with the result that the option 2 (Barn theatres) was selected as the non-financial preference.
- A refresh of the OBC economic evaluation was carried out to compare the shortlisted options to the baseline ('business as usual') position. The refresh reflects latest costs and further work on risks and benefits. This appraisal also concluded that the creation of three new theatres plus day case and inpatient facilities at Maidstone Hospital represents best value for money.
- Switching and sensitivity testing demonstrates that the preference does not change under any credible downside scenario.
- Option 3 (To construct a modular building with 3 'barn' style theatres, 14 inpatient beds and a 10-trolley day care area at Maidstone Hospital) is therefore reconfirmed as the preferred option.

4.1 Introduction to the economic case

At FBC, the economic case builds upon the OBC economic case selection of the preferred option to demonstrate that the OBC preference remains the option which delivers the best value to the Trust and the taxpayer.

4.2 Longlist to shortlist

In deriving the longlist, MTW took into consideration the Elective Care Network Vision of Kent & Medway Clinical Commissioning Group which was described by the Royal College of Surgeons in Managing Elective Surgery During the Surges and Continuing Pressure of Covid-19, December 2020: *"Elective services will benefit from being delivered on a networked basis via an interconnected system of service providers. This allows collaborative working (assisted by contractual agreements where required), flexible movement for clinical staff and robust patient transfer arrangements according to clinical need. Collaboration across the network can include remote triage and remote multidisciplinary team support out of hospital as well as specialist support within hospitals."*

The Trust used the options framework filter approach to review which dimensions of choice were applicable to this project and to derive a shortlist of options capable of meeting the investment objectives. The options framework choices were considered:

- Service scope – the choice of which surgical specialties should be in-scope for the project
- Service solution A (clinical model) – the choice of a Barn or traditional theatre configuration

- Service solution B (number of theatres) – the choice of how much additional capacity (as measured by the number of theatres) are required to contribute towards meeting system demand. The options considered were two, three or four/ four plus theatres
- Service solution C (location) – the choice of where to locate the new facility
- Service delivery A – the choice about which organisation should operate the facility
- Implementation A – the choice of build techniques i.e. modular versus a traditional build
- Implementation B – the choice of how to implement the solution
- Capital funding source – choices about how to fund the facility.

The options framework review was undertaken by the following staff:

- Chief of Service Surgery
- Director of Operations Surgery
- Clinical Director T&O
- Clinical Director Theatres
- General Managers

Detail of the options framework evaluation is included in Appendix 7. The outcome of the assessment is summarised in the Table below.

Table 28: Outcome of longlisting

	BAU	Do Min	Intermediate	Do Max
1. Service scope	1.0 Orthopaedics only	1.1 Orthopaedics plus other surgical specialties		
2. Service solution A (Clinical model)	2.0 Traditional theatres	2.1 Barn theatres		
3. Service solution B (number of theatres)	3.0 One	3.1 Two	3.2 Three	3.3 Four/ Four +
4. Service solution C (location)	4.0 Maidstone Hospital	4.1 Tunbridge Wells Hospital EKHUFT DGT	4.2 Another K&M Trust site	4.3 Independent sector
5. Service delivery	5.0 By MTW in partnership with other K&M Trusts	5.1 Other K&M provider	5.2 Outsourced to independent sector	
6. Implementation A (building approach)	6.0 Traditional	6.1 Modular		

	BAU	Do Min	Intermediate	Do Max
7. Implementation B (timing)	7.0 Big bang	7.1 Phased		
8. Capital funding source	8.0 Trust capital	8.1 Central funds	8.2 Operating lease	

An explanation of the evaluation is as follows.

- Service scope – the scope of this development was agreed as being orthopaedics only** after having ruled out the option of also including other surgical specialties. Although other specialties have elective backlogs to clear, an immediate focus on orthopaedics only would have the added benefit of freeing-up existing orthopaedic theatre slots to assist other specialities to also tackle their elective backlog (It is also worth noting that MTW have been treating East Kent ENT patients since March 2022 in order to assist them in treating their long waiting patients). Orthopaedics is also a speciality most at risk of elective work being disrupted by emergency flows, so is a service that would most benefit from a ring-fenced elective facility. The key evidence behind the decision was a review of the February 2021 Kent and Medway waiting list data which highlighted orthopaedics as being the speciality under most pressure (See Table below).

Table 29: Kent and Medway Waiting list position February 2021

Specialty	DGT Total WL	DGT Total 52+ ww	DGT 78+ ww	EKHUFT Total WL	EKHUFT 52+ ww	EKHUFT 78+ ww	MTW Total WL	MTW 52+ ww	MTW 78+ ww	MFT Total WL	MFT 52+ ww	MFT 78+ ww	K&M Total WL	K&M Total 52+ ww	K&M 78+ ww
Trauma & Orthopaedics	3136	267	1	6853	1218	57	3420	214	2	1750	72	1	15159	1771	61
ENT	0	0	0	5884	893	67	3503	116	3	2962	246	8	12349	1255	78
General Surgery	4174	137	3	7543	678	42	3822	14	0	451	13	0	15990	842	45
Gynaecology	2185	57	0	4538	597	19	2978	40	2	2281	14	1	11982	708	22
Urology	1896	163	4	2583	102	0	2467	124	2	1594	0	0	8540	389	6
Ophthalmology	0	0	0	4046	158	0	5758	119	2	0	0	0	9804	277	2
Other	1462	25	0	3717	86	4	4262	13	0	6134	36	0	15575	160	4
Dermatology	0	0	0	3751	97	0	0	0	0	0	0	0	3751	97	0
Oral Surgery	0	0	0	2117	66	0	0	0	0	0	0	0	2117	66	0
Gastroenterology	1977	22	0	3948	21	0	1465	0	0	1935	3	0	9325	46	0
Cardiology	716	2	0	918	0	0	1260	0	0	1403	7	0	4297	9	0
Thoracic Medicine	494	6	0	1339	0	0	713	0	0	88	1	0	2634	7	0
General Medicine	199	2	0	4	0	0	4	0	0	364	1	0	571	3	0
Neurology	359	0	0	1364	0	0	753	0	0	623	1	0	3099	1	0
Rheumatology	0	0	0	1026	0	0	523	0	0	1362	0	0	2911	0	0
Geriatric Medicine	173	0	0	415	0	0	85	0	0	159	0	0	832	0	0
Cardiothoracic Surgery	0	0	0	8	0	0	14	0	0	0	0	0	22	0	0
Plastic Surgery	0	0	0	0	0	0	1	0	0	0	0	0	1	0	0
Neurosurgery	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	16771	681	8	50054	3916	189	31028	640	11	21106	394	10	118959	5631	218

- Service solution A** – this choice is about the clinical model with the choices being a ‘traditional’ theatre model (separate theatres) or a Barn theatre model. Barn theatre was the preference based on the evidence base related to improved efficiency and the benefit of an improved supported working environment to assist training, recruitment and retention needs. However, given awareness of other TIF schemes that are proceeding based on a traditional theatre model, this option was also shortlisted because it would also provide the ring-fenced capacity needed to support elective recovery.

- **Service solution B** – this choice was about the capacity to be provided (the number of theatres). The choices longlisted were two, three or four/ four plus theatres (the assessment of four theatres was used as a proxy for ‘four or more’ theatres because pros and cons would be the same for the larger theatre numbers). The two theatres option was rejected as not providing sufficient additional capacity to make a material difference to waiting lists. Four/four plus theatres have many advantages but it fails the capital affordability test – costings suggest this option would require approximately £50m in capital investment and this exceeds the combined amount likely to be available from the Elective Recovery Fund and Trust/ICS funds. Investment of over £50m would also need HM Treasury approval which would delay implementation of the option. Four theatres or more would also be incrementally harder to recruit to and planning permission risk would increase as the size of the new facility expands. **Three theatres were shortlisted.**
- **Service solution C** – this dimension of choice relates to location. **The options shortlisted were Maidstone Hospital and the local independent sector.** EKHUFT was ruled out as there is already a dedicated elective orthopaedic hub on the Kent and Canterbury Hospital site which opened in Spring 2021. Medway Maritime was ruled out as there is not enough estate to build on. TWH was ruled out because there is no developable space on the site and the Maidstone Orthopaedic Unit already provides the nucleus of a centre of excellence at Maidstone and there is developable space at Maidstone. Maidstone is also geographically central and easily accessible by motorways to the areas of Kent and Medway without recently opened orthopaedic capacity i.e. west and north Kent. The local independent sector was included as an additional option recognising that the Trust is currently utilising local independent sector providers, although there are limitations on the degree of complexity that the independent sector can operate on given their lack of critical care facilities.
- **Service delivery – the options shortlisted were provision by MTW with partners and provision by the independent sector.** Outsourcing activity to other NHS providers is not a deliverable solution because other local providers also have elective backlogs to clear and the independent sector organisations are only able to treat low risk patients.
- **Implementation A** – this choice focused on the construction methodology with the options being ‘traditional build’ or ‘modular build’. **Both were shortlisted as meeting the investment objectives and CSFs although the preference is for modular build** given anticipated speed of delivery and likely lower cost.
- **Implementation B – a single phase (big bang) approach to the project was the only option shortlisted.** A phased option would be less likely to deliver the required capacity quickly enough to meet national target timescales for elective recovery.
- **Capital funding source** – capital departmental expenditure limit (CDEL) constraints, which from April 2022 will impact lease options as well as NHS capital options, mean **the project needs to be funded predominantly from central NHS monies.**

4.3 Shortlist of options

Based on the options framework approach discussed above, the shortlist of options appraised at OBC, was as follows.

Table 30: Summary of the shortlist of options

	BAU	Option 1 – Do Minimum	Option 2	Option 3
1. Service scope	1.0 Orthopaedics only	1.0 Orthopaedics only	1.0 Orthopaedics only	1.0 Orthopaedics only
2. Service solution A (Clinical model)	N/A as no extra capacity	N/A as outsourcing	2.1 Barn theatres	2.0 Traditional theatres
3. Service solution B (number of theatres)	N/A as no extra capacity	N/A as outsourcing	3.2 Three	3.2 Three
4. Service solution C (location)	N/A as no extra capacity	4.3 Independent sector	4.0 Maidstone Hospital	4.0 Maidstone Hospital
5. Service delivery	N/A as no extra capacity	5.2 Outsourced to independent sector	5.0 By MTW in partnership with other K&M Trusts	5.0 By MTW in partnership with other K&M Trusts
6. Implementation A (building approach)	N/A as no extra capacity	N/A as outsourcing	6.1 Modular	6.0 Traditional
7. Implementation B (timing)	N/A as no extra capacity	7.0 Big Bang	7.0 Big Bang	7.0 Big Bang
8. Capital funding source	N/A as no extra capacity	N/A as revenue solution	8.1 Central funds	8.1 Central funds

The detail of each option is:

- **Option one – Business as Usual** which is effectively a ‘do nothing’ option under which no additional capacity will be commissioned. No capital investment is required for this option.
- **Option two – Do Minimum:** Increased outsourcing of elective orthopaedics to reduce waiting list and improve and then maintain RTT, over 52 week and activity performance. 5,030 additional operations per annum would be commissioned under this option. No capital investment is required for this option.
- **Option three – Construct a modular building with 3 ‘barn’ style theatres, 14 inpatient beds and a 10-trolley day case area at Maidstone Hospital.** The new capacity created would be sufficient to provide 5,030 additional operations per annum based on GIRFT recommended operating hours and GIRFT throughput metrics. Initial capital investment of £39.1m is required.
- **Option four – As per option three but with a traditional build and traditional theatre layout.** The new capacity created would be sufficient to provide 5,030 additional operations per

annum based on GIRFT recommended operating hours and GIRFT throughput metrics. Initial capital investment of £43.2m is required.

4.4 Non-financial appraisal of the shortlisted options

The Trust has monetised benefits and risks as far as is possible. Where benefits and risks are judged to be qualitative or quantitative but non-monetisable, they are discussed in the following sub-sections. The section then concludes with a non-financial assessment and preference ranking of the shortlist. This assessment is then combined with the result of the monetisable (economic) assessment to make an informed 'in the round' assessment of preference as per the Green Book.

4.4.1 Option 1 – Business as Usual/ Do Nothing

Key activity and financial assumptions

No additional patients would be treated. Trusts would continue to run existing lists and existing outsourcing arrangements would continue, but the costs of both are outside of this appraisal.

There would be no additional capital investment needed.

Non-financial risk associated with the option

Table 31: Option one risks

Risk	Baseline risk score	Summary mitigation/ contingency	Mitigated risk score	Lead
Not enough capacity to meet current demand for orthopaedic surgery	5	Use of weekend and evening Waiting List Initiative (WLI) sessions (however bed capacity and long-term staff resilience a significant barrier)	4	GM
Continuing risk of on the day cancellations at the TWH site	4	Cancellation reduction action plan. Daily management of emergency flow and discharges	3	GM
No space for expansion of surgeon's job plans due to lack of available capacity	5	Review of theatre schedule Exploring all potential space options	4	DDO Surgery / COO
All sites log jammed and no capacity for service developments	5	Continue to outsource activity Limit service developments	4	DDO Surgery
Reliant on independent sector theatre capacity and funding	4	Continued discussions with IS and commissioners to fund IS	3	DDO Surgery
Independent sector failure to flex capacity to cope with backlog	4	Independent sector currently cannot provide enough capacity to fill gap between demand and capacity	4	GM PCCT

Risk	Baseline risk score	Summary mitigation/ contingency	Mitigated risk score	Lead
Long-term availability of independent sector due to their desire to revert to treating private patients	4	None – decision is with the independent sector providers	4	GM PCCT

Non-financial benefits associated with the option

Table 32: Option one non-financial benefits

Benefit	Baseline value	Target Value	Measure	Timing	Responsibility
No disruption	x	x	x	Short term	DDO Surgery

4.4.2 Option 2 – Do Minimum: Increase outsourcing to meet current and future demand

Option 2 is the ‘Do Minimum’ under which Kent & Medway would increase outsourcing to contribute towards meeting current and future demand for elective orthopaedic surgery from MTW and the wider system.

Key activity and financial assumptions

The level of activity forecasted to be outsourced would be 5,030 cases per annum. The number of cases assumed to be outsourced is consistent with the extra capacity to be built within the remaining two options.

There would be no additional capital investment needed because all extra activity would be performed by the independent sector.

Non-financial risk associated with the option

Table 33: Option two Do Minimum risks

Risk	Baseline risk score	Summary mitigation/ contingency	Mitigated risk score	Lead
Lack of future proofing for surgical theatre capacity	5	Estates team review of site to look at other options for additional capacity	4	Director of Estates
Lack of sufficient capacity in the independent sector to meet the shortfall in demand	4	Review of other independent sector options	4	GM for PCCT
Independent sector failure to flex capacity to cope with backlog	4	Independent sector currently cannot provide enough capacity to fill gap	4	GM PCCT

Risk	Baseline risk score	Summary mitigation/ contingency	Mitigated risk score	Lead
		between demand and capacity		
Long-term availability of independent sector due to their desire to revert to treating private patients	4	None – decision is with the independent sector providers	4	GM PCCT

Non-financial benefits associated with the option

Table 34: Option two Do Minimum non-financial benefits

Benefit	Baseline value	Target Value	Measure	Timing	Responsibility
No disruption	x	x	x	Short term	DDO Surgery

4.4.3 Option 3 – Construct a modular building with 3 ‘barn’ style theatres, 14 inpatient beds and a 10-trolley day case area

The Trust would build a ring-fenced three -barn theatre orthopaedic unit which would be available to clear the Kent and Medway system elective orthopaedic backlog and help meet the forecasted growth in demand.

Key activity and financial assumptions

The unit will have 14 inpatient beds and 10 trolleys for day cases which together with the theatres deliver an assumed capacity of 5,030 elective orthopaedic cases per annum. The facility would operate 48 weeks a year, allowing for downtime due to bank holidays, audit, theatre downtime and planned maintenance - this is in line with practice at other surgical hubs.

The theatres would be available to clear the Kent and Medway system elective backlog in the most cost-effective way possible.

Non-financial risk associated with the option

Table 35: Option three risks

Risk	Baseline risk score	Summary mitigation/ contingency	Mitigated risk score	Lead
Clinical buy in to change in service	5	Ensure all consultants are bought in by discussing options and concerns at directorate	3	GM and CD
Significant equipment and instrumentation considerations	4	Review of equipment, dedicated PM support	2	GM and PM

Risk	Baseline risk score	Summary mitigation/ contingency	Mitigated risk score	Lead
Infected patients cannot be treated in a barn theatre	5	An audit has been undertaken and there's sufficient capacity at TWH (less than 1 patient per week)	2	CD and GM
When maintenance needs to be carried out this means the entire barn theatre must be closed down	3	Outside of the unforeseen occurring, maintenance would have to be planned for recognised shutdown periods such as Christmas and Summer holiday recesses (two or three weeks in August)	3	Director of Estates
Lack of future proofing for the development of the orthopaedic department going forwards	4	None	4	CD

Non-financial benefits associated with the option

Table 36: Option three non-financial benefits

Benefit	Baseline value	Target Value	Measure	Timing	Responsibility
Cold ringfenced site for elective orthopaedics	10.1%	<2%	On the day cancellations reduced	Immediate	GM and CD
Ultra-clean air canopy over each station to prevent the spread of infection.			Post-operative infection rate (elective surgery)		
Opportunity to raise awareness of contemporary best practice and standards, to improve supervision and teaching opportunities for non-consultant surgeons, and to increase efficiency			Improvements in efficiency KPIs	Within 3 months	GM and CD
Becoming an orthopaedic centre of excellence as it will be easier to observe interesting cases / do parallel operating lists.			Improvements in efficiency KPIs	Within 3 months	GM and CD

4.4.4 Option 4 – Construct a building with 3 traditional theatres, 14 inpatient beds and a 10-trolley day case area (non-modular)

The Trust would build a three-theatre complex with individual theatres to create a ring-fenced orthopaedic unit, which would be available to clear the Kent and Medway system elective orthopaedic backlog and help meet the forecasted growth in demand.

Key activity and financial assumptions

The medium-term plan for the three new theatres would be as per Option 3.

The facility would also incorporate 14 inpatient beds and 10 trolley for day cases, and have an assumed capacity of 5,030 elective orthopaedic cases per annum. The facility would operate 48 weeks a year allowing for downtime due to bank holidays, audit, theatre downtime and planned maintenance - this is in line with practice across at other surgical hubs.

Non-financial risk associated with the option

Table 37: Option four risks

Risk	Baseline risk score	Summary mitigation/ contingency	Mitigated risk score	Lead
Clinical buy in to change in service	5	Ensure all consultants are bought in by discussing options and concerns at directorate	3	GM and CD
Significant equipment and instrumentation considerations	4	Review of equipment, dedicated PM support	2	GM and PM
Lack of theatre efficiency savings	4	Alternate efficiency schemes	3	Theatres GM
Would require increased consultant workforce as no parallel lists available	4	Recruitment for T&O consultants has a high success rate / there is high demand	3	CD and GM
Lack of future proofing for the development of the orthopaedic department going forwards	4	None	4	CD

Non-financial benefits associated with the option

Table 38: Option four non-financial benefits

Benefit	Baseline value	Target Value	Measure	Timing	Responsibility
Cold ringfenced site for elective orthopaedics	10.1%	<2%	On the day cancellations reduced	Immediate	GM and CD
Ultra-clean air canopy over each station to prevent the spread of infection.			Post-operative infection rate (elective surgery)		

4.4.5 Summary of non-monetary benefits and risks of each option

The following table summarises the benefits and risks of each option together with the resulting non-financial ranking of options.

Table 39: Summary of risks and benefits by option

Option	Benefits and risks	Option benefit and risk score and/or rank
<p>Option 1 BAU/ Do nothing</p>	<p>Fails to deliver additional capacity needed to reduce the elective backlog</p> <p>Waiting lists and waiting times grow and RTT targets not met</p> <p>Continued ad-hoc planning to meet RTT, >52 week and activity plans</p> <p>Lack of theatre capacity for emergency trauma/CEPOD/ service changes</p> <p>No ability to significantly improve GIRFT metrics whilst operating on hot site with no ring-fenced beds</p> <p>Trust strategy themes of partnerships and sustainability will not be met</p>	<p>Weighted Score: 78</p> <p>Rank: 4th</p>
<p>Option 2 Do Minimum - increase outsourcing</p>	<p>Will increase capacity however Independent Sector not able to meet full capacity gap</p> <p>MTW have no long-term commitment to Independent Sector usage</p> <p>High transaction costs</p> <p>Patients can be returned to NHS providers by Independent Sector with no notice</p> <p>Independent Sector has long waiting lists</p> <p>Patients in the backlog often don't meet the Independent Sector patient criteria</p> <p>Does not meet the Trust strategic theme of sustainability</p>	<p>Weighted score: 223</p> <p>Rank: 3rd</p>

Option	Benefits and risks	Option benefit and risk score and/or rank
<p>Option 3</p> <p>Modular building with 3 ‘barn’ style theatres, 14 inpatient beds and 10 trolley day care area</p>	<p>Increases theatre capacity for the System</p> <p>Will help to reduce elective backlog and waiting times</p> <p>Creates elective ring-fenced capacity</p> <p>Barn approach allows for improvements in GIRFT metrics</p> <p>Evidence from other Barn developments suggest that Barn theatres improve efficiency and productivity</p> <p>Improved recruitment and retention, as one speciality which will appeal to a number of staffing groups</p> <p>Improved supported environment to assist training needs as due to Barn theatre layout and one speciality</p> <p>Fully meets the Trust’s Strategic Themes</p> <p>Risk – Timeline to go-live</p>	<p>Weighted score: 466</p> <p>Rank: 1st</p>
<p>Option 4</p> <p>Traditional build with 3 traditional theatres, 14 inpatient beds and 10 trolley day care area</p>	<p>Increases theatre capacity for the System</p> <p>Will help to reduce elective backlog and waiting times</p> <p>Creates elective ring-fenced capacity</p> <p>Improved recruitment and retention, as one speciality which will appeal to a number of staffing groups</p> <p>Improved supported environment to assist training needs as one speciality</p> <p>Fully meets the Trust’s Strategic Themes</p> <p>Risk – Timeline to go-live (Build assumed to take longer than Option 3 - modular construction is up to 50% faster to deliver than onsite construction)</p>	<p>Weighted score: 418</p> <p>Rank: 2nd</p>

Detail behind the non-financial ranking of short-listed options is included in Appendix 8.

4.5 Changes since OBC

No new options have been identified since OBC. The non-financial appraisal set out above therefore remains valid at FBC.

In line with FBC guidance, the costs of the OBC preferred option (Option 3) have been refined e.g. with the guaranteed maximum price agreed and costs reset to 2023/24 prices. The value for money appraisal has therefore been reviewed based on the following changes:

- Refining and updating to 2023/24 prices for the preferred option
- Equivalent changes made to the other options to ensure a valid comparison back to discounted OBC options.

4.6 Economic appraisal of costs

4.6.1 Introduction to the value for money appraisal

The purpose of the economic appraisal is to appraise and rank the shortlisted options in terms of their relative value to society. This was done by carrying out a cost benefit analysis using a balanced judgement of two measures, net present social value (NPSV) and the benefits to cost ratio (BCR) to identify the option that is most likely to offer best social value for the delivery of the project. The evaluation has been carried out in accordance with HM Treasury’s “Central Guidance on Appraisal and Evaluation” (“The Green Book”) and HM Treasury’s “Guide to Developing Project Business Cases” (“Better Business Cases: For Better Outcomes”) with the results produced using the comprehensive investment appraisal (CIA) model (see Appendix 9).

Refreshed FBC guidance does not require a re-evaluation of rejected OBC options (*it is not expected that the Trust re-evaluates the other options for consideration between OBC and FBC*). However, as noted above because the guidance also states that “*the options appraisal should continue to demonstrate the relative value for money of the options taken into the Short List at SOC and OBC*”, all OBC options have been re-priced to 2023/24 levels to ensure a fair comparison of options is shown in this FBC.

The evaluation period is 62 years based on a two-year project period and a standard 60-year life for new buildings. Costs, risks and benefits are shown in real terms, at constant (uninflated) price. Year 0 is 2022/23. Future costs have been discounted at 3.5% for Years 1 to 30 and 3% thereafter as per HM Treasury guidance.

4.6.2 Scope of the economic modelling

The economic modelling has been carried out on all costs, monetised benefits and costed risks that are relevant to the project, as detailed in the table below.

Table 40: Scope of the economic modelling

Category of cost	Inclusion within the modelling	Notes
Opportunity costs	None apply	No potential land sales apply
Land acquisition	None apply	No land acquisition required
Initial capital cost	Included	As per GMP plus enabling works and QS estimates
Lifecycle capital cost	Included	As per QS estimates
Residual values	None apply	
Optimism bias	Included at OBC	N/A at FBC as optimism bias has been eliminated

Category of cost	Inclusion within the modelling	Notes
Revenue costs	Included	Based on direct costs of the scheme
Transitional costs	Included within revenue costs	Project start-up costs, commissioning of building etc
Externality (displacement) costs	None apply	
Net contributions	None apply	
Costed risks	Included	Project and operational risks included
Cash releasing benefits	Included	
Non-cash releasing benefits	Included	
Monetisable societal benefits	Included	

4.6.3 Initial capital costs

Capital costs have been worked up by the Trust's cost advisors using PUBSEC indices and appropriate location allowances in line with guidance (location adjustment of 11% (South East) has been included). It should be noted that the two financial appraisals (economic case and financial case) use different capital figures:

- The economic appraisal does not include sunk costs (taken to be pre-2022/23 costs), VAT, contingency or inflation (beyond 2022/23).
- The capital figures used in the financial case include all capital costs incurred since 2020/21, inflation (to the mid-point of construction), VAT and contingency.

The initial capital costs relevant to the economic appraisal are shown in the table below together with the reconciliation between total costs (as per FB forms) and the CIA discounted and undiscounted values.

Table 41: Initial capital costs by option

Capital costs	Option 1 Do Nothing	Option 2 Outsource	Option 3 Barn	Option 4 Traditional
Total initial capital cost	£0	£0	£39,098,946	£43,247,000
Exclude sunk costs	£0	£0	-£3,225,038	-£3,225,000
Exclude contingency	£0	£0	-£1,193,070	-£1,193,333
Exclude inflation	£0	£0	-£300,395	-£1,089,167
Exclude VAT	£0	£0	-£6,089,380	-£6,781,000
Total for CIA	£0	£0	£28,291,062	£30,958,500
<i>Discounted</i>	<i>£0</i>	<i>£0</i>	<i>£27,523,386</i>	<i>£29,666,202</i>

Only options 3 and 4 incur initial capital (or lifecycle costs).

4.6.4 Lifecycle capital costs

Lifecycle costs are included in the economic appraisal to reflect the need to replace some of the new assets created under options 3 and 4 during the course of the 60-year total building life assessed.

The lifecycle cost assumptions are that:

- A sum equivalent to 60% of the initial building capital will need to be spent every 25 years to refurbish the building – this assumption has not been tested in detail, but is based on other approved business cases
- Medical equipment assets are replaced every seven or ten years depending on asset
- ICT equipment is replaced every three or five years also depending on asset type.

The whole life undiscounted and discounted lifecycle costs for each option are shown below; once again options 1 and 2 do not require capital investment because they do not involve the expansion of NHS theatres.

Table 42: Lifecycle capital costs

Lifecycle costs	Do Min Option 2		Option 3	Option 4
	Option 1 BAU	Outsource	Modular Barn Theatres	Traditional Theatres
Building	£0	£0	£33,949,275	£37,150,200
Equipment - 10 year life assets	£0	£0	£1,840,863	£1,840,863
Equipment - 7 year life assets	£0	£0	£9,480,307	£9,480,307
ICT equipment - 5 year assets	£0	£0	£5,972,578	£5,972,578
ICT equipment - 3 year assets	£0	£0	£268,359	£268,359
Total	£0	£0	£51,511,381	£54,712,307
<i>Discounted</i>	<i>£0</i>	<i>£0</i>	<i>£16,881,940</i>	<i>£17,268,067</i>

4.6.5 Revenue costs

The revenue costs included in the CIA are the direct pay and non-pay costs of the additional orthopaedic capacity created and support services such as pathology, catering and portering (see Financial Case and supporting working papers for more details).

Options 3 and 4 have been costed on the basis of three theatres; Option 2 assumes the same quantum of activity as options 3 and 4, but provided by the independent sector. The BAU (Option 1) assumes no additional activity is commissioned, so has zero revenue cost. The table below shows the revenue costs included in the CIA (i.e. costs excluding depreciation and PDC interest) based on an indicative steady state year (2026/27).

Table 43: Annual revenue costs (indicative steady state year)

Annual revenue costs (2026/27)	Do Min Option 2		Option 3	Option 4
	Option 1 BAU	Outsource	Modular Barn Theatres	Traditional Theatres
In-house theatres	£0	£0	£23,038,078	£23,031,958
Outsourcing	£0	£26,446,492	£0	£0
Total	£0	£26,446,492	£23,038,078	£23,031,958
<i>Discounted</i>	<i>£0</i>	<i>£23,101,244</i>	<i>£20,076,354</i>	<i>£20,071,021</i>

The table below shows the reconciliation of the financial case SOCI to the CIA revenue costs using Option 3 as an example.

Table 44: Reconciliation of SOCI to CIA (Revenue costs) for Option 3

Reconciliation of CIA to SOCI £'000s	Year 0 2022-23	Year 1 2023-24	Year 2 2024-25	Year 3 2025-26	Year 4 2026-27	Year 5 2027-28	Year 6 2028-29	Year 7 2029-30	Year 8 2030-31	Year 9 2031-32
SOCI	-506	-4,311	329	1,630	2,307	2,323	2,329	2,336	2,341	2,336
Remove income	-243	-3,326	-26,446	-26,446	-26,446	-26,446	-26,446	-26,446	-26,446	-26,446
Subtotal SOCI costs	-749	-7,637	-26,117	-24,816	-24,139	-24,123	-24,117	-24,110	-24,105	-24,110
Less depreciation	155	177	623	623	623	623	623	623	623	623
Less PDC interest	238	466	571	549	531	516	510	503	497	503
CIA revenue costs	-356	-6,994	-24,923	-23,644	-22,985	-22,984	-22,984	-22,984	-22,985	-22,984

4.6.6 Costed risks

Risks have been assessed over the whole life of the project and the asset. This has been done through the following two elements, with both being incorporated into the CIA:

- Project delivery-related risks present during the construction and fit out
- Operating risks present from opening.

A project delivery-related risk costing exercise was carried out by the Trust's cost advisors to test construction allowances for options 3 and 4. These risks form part of the costed risk register which can be found in Appendix 5.

Operating risks have also been added for options 3 and 4 based upon the risk register (see Appendix 6). These risks are a combination of start-up risks such as failure to recruit sufficient staff, and long-term risks such as failure to deliver the planned operational hours. Option 2 includes a costed risk to account for premium prices being demanded by the independent sector to treat the estimated one third of orthopaedic patients with co-morbidities not currently accepted by independent sector providers. Under Option 2, no additional NHS capacity would be available for this work, so the Trust has assumed a premium of 25% above tariff would need to be paid to find independent sector providers willing to carry out this more complex activity – the 25% assumption is based on the precedent of attracting ISTC operators into the market.

The table below shows total discounted costed risks for the whole life of the project and the new unit.

Table 45: Costed risks (discounted)

Costed risks	Do Min Option 2		Option 3	Option 4
	Option 1 BAU	Outsource	Modular Barn Theatres	Traditional Theatres
Design	£0	£0	£189,500	£2,386,666
Construction	£0	£0	£997,365	£0
Additional	£0	£126,832,033	£125,581,166	£126,285,166
Total costed risks	£0	£126,832,033	£126,768,031	£128,671,832
<i>Discounted</i>	<i>£0</i>	<i>£52,472,080</i>	<i>£55,443,524</i>	<i>£57,227,244</i>

4.6.7 Monetised benefits

Following feedback on the OBC further work has been carried out on monetised benefits leading to an overall increase in the quantum identified. One benefit, the gross value add of construction, has not been included (see below).

Three categories of monetised benefit are included in the economic evaluation:

- **Cash releasing benefits (CRB) to the NHS.** These benefits are included in net revenue costs discussed above.

- **Non-cash releasing benefits (Non-CRB) for the NHS.** These benefits are those where an option may improve overall productivity, but this will not result in direct savings, but will be realised through enhanced quality of care, or ability to support activity growth more cost effectively.
- **Societal benefits (SB).** These are benefits that do not affect NHS finances or efficiency in any way, but still have a positive impact on society. Where possible the appraisal has identified a financial figure to represent the social “value” of these benefits.

There is one CRB under Option 3 only which relates to a saving in portering time.

The following non-cash releasing benefits to the system have been assessed:

- The benefit of adhering to evidence-based design standards. This benefit is based on meta research which values the benefit at approximately £29,000 per bedroom with factors included covering, patient falls, staff sickness and turnover, and patient length of stay/ recovery. The benefit would only apply to the options involving a new build at Maidstone (options 3 and 4) and the benefit has been calculated based on 14 inpatient beds (x £30,000 per annum) and 10-day case trolleys (valued at 50% of the inpatient benefit i.e. £15,000 per annum).
- A collection of five benefits relating to staff training, recruitment and team working accruing due to the creation of an orthopaedic centre of excellence under options 3 and 4. The maximum benefit in this category is £1.98m to Option 3, with a smaller amount, £1.716m applying to Option 4.
- A reduction in healthcare acquired infections (HCAI) linked to the improved environment. This benefit also only applies to options 3 and 4 i.e. those providing new facilities.

In summary the non-cash releasing benefits apply to the different options as per the table below.

Table 46: Non-cash releasing benefits

Benefit	Option 1 BAU	Option 2 outsourcing	Option 3 Barn theatres	Option 4 Traditional theatres
Evidence-based design of bedrooms	x	x	✓	✓
Staff recruitment & training	x	x	✓	✓
Reduction in healthcare acquired infection (HCAI)	x	x	✓	✓

The societal benefits expected are summarised in the table below.

Table 47: Wider societal benefits

Benefit to	Benefit
“UK PLC” – the economy	“Gross Value Add” (GVA) – the economic impact of the construction and wider project Tax revenues Employment
Local people	Employment Improved environment Additional capacity close to areas of most deprivation e.g. shift in capacity from TWH to Maidstone
Patients	Positive health impacts Reduced waiting times

In line with 2020 NHSEI guidance, the GVA construction benefit has not been monetised because the capital sum available from central funds and local would be invested elsewhere in the NHS if this scheme were not approved (the ‘deadweight’ adjustment). Monetary values have been estimated for other benefits, as summarised below:

- Evidence based design - benefits to patients from adherence to evidence base for healthcare buildings. This benefit is based on the same research as Trust Non-CRB from University of Texas (see above) and applies to options 3 and 4.
- Patient outcomes health benefits from orthopaedic procedures. The benefit is based on research for hip and knee replacement surgeries, and treatment for carpal tunnel syndrome (used as a proxy for all other procedures).
- A reduction in out of pocket spend by patients on pain management medicines and private physiotherapy.
- The benefit to the UK economy of people with MSK conditions no longer being absent from work.
- A collection of other more minor societal benefits linked to the centre of excellence, travel and sustainability.
- A reduction in time off work following a HCAI for a small number of patients.
- An increase in local employment – this benefit has been reduced substantially due to the application of a displacement effect.

In summary the societal benefits apply to the different options as per the table below.

Table 48: Societal releasing benefits

Benefit	Option 1 BAU	Option 2 Outsourcing	Option 3 Barn theatres	Option 4 Traditional theatres
Evidence-based design of bedrooms	x	x	✓	✓
Patient outcomes – hips, knees and other procedures	x	✓	✓	✓

Benefit	Option 1 BAU	Option 2 Outsourcing	Option 3 Barn theatres	Option 4 Traditional theatres
Reduction in out of pocket spend by patients	×	✓	✓	✓
Reduction in MSK-related sickness absence	×	✓	✓	✓
Centre of Excellence	×	×	✓	✓
Reduction in healthcare acquired infection (HCAI)	×	×	✓	✓
Increase in employment	×	✓	✓	✓

Further details of the calculations behind the values included in the CIA can be found in Appendix 9. The monetised benefits are in Appendix 10.

The total discounted monetised benefits are shown below for each option.

Table 49: Monetised benefits (discounted)

Monetised benefits	Option 1 BAU	Do Min Option 2 Outsource	Option 3 Modular Barn Theatres	Option 4 Traditional Theatres
Cash releasing benefits:				
Portering saving	£0	£0	£3,184,417	£0
Non-cash releasing benefits:				
Evidence based design	£0	£0	£33,073,842	£32,798,227
Other workforce related NCRB	£0	£0	£118,800,000	£117,810,000
Reduction in HCAI	£0	£0	£1,500,000	£1,500,000
Societal benefits:				
Evidence based design	£0	£0	£14,088,569	£13,971,165
Hip operation QALY	£0	£3,254,399,009	£3,254,399,009	£3,198,288,682
Knee operations	£0	£1,417,578,034	£1,417,578,034	£1,392,036,088
Other orthopaedic procedures	£0	£249,335,771	£249,335,771	£244,843,235
Other societal benefits	£0	£0	£87,420,000	£86,691,500
MSK-related absence from work	£0	£696,081,404	£696,081,404	£684,080,000
Out of pocket expenses	£0	£524,830,200	£524,830,200	£516,083,030
Reduction in HCAI	£0	£0	£2,656,528	£2,656,528
Increased employment	£0	£59,063,376	£59,063,376	£59,063,376
Total monetised benefits	£0	£6,201,287,795	£6,462,011,151	£6,349,821,830
Discounted	£0	£3,231,786,234	£3,339,127,956	£3,240,203,044

The monetised benefits are higher for option 3 compared to option 4 due to:

- The CRB being made under Option 3 only
- Option 4 takes longer to deliver so there is a slight delay in realising benefits
- Barn theatres deliver more in terms of team working (see MTW 6 and MTW 7 in CIA)

4.6.8 Selection of the preferred option

Bringing capital and revenue costs, costed risks, non-cash releasing benefits and monetised societal benefits together, gives the following incremental net present societal values (NPSV) and benefit to cost ratios (BCR) for the whole life of the project.

Table 50: Incremental NPSV and cost benefit ratio

Net present social value - incremental from BAU	Option 1 BAU	Do Min Option 2 Outsource	Option 3 Modular Barn Theatres	Option 4 Traditional Theatres
Capital		£0	-£44,405,325	-£46,934,269
Revenue		-£653,454,822	-£572,629,448	-£561,943,965
Transition costs		£0	-£2,238,993	-£2,410,470
Costed risks		-£52,472,080	-£55,443,524	-£57,227,244
Cash releasing benefits		£0	£1,305,501	£0
Non-cash releasing benefits		£0	£62,759,509	£61,578,044
Societal benefits		£3,231,786,234	£3,275,062,945	£3,178,625,000
Net present societal value	£0	£2,525,859,332	£2,664,410,665	£2,571,687,095
Benefit cost ratio	0.00	4.58	4.95	4.85

In comparison with the BAU all 'do something' options have a positive NPSV and therefore a BCR above 1.0. the option with the highest BCR and NPSV is Option 3 the Barn theatre. Option 4 (Traditional) provides a similar level of value for money, but is slightly more expensive from a capital cost perspective, carries slightly more risk and has slightly lower monetised benefits. Option 2 (Outsourcing) is more expensive even though it is a revenue only option and benefits are lower because they are linked to patients (societal benefits) only.

Option 3 (Modular Barn theatres) was also ranked first for non-monetisable benefits and risks (see above), so **Option 3 is confirmed as the preferred option 'in the round'**.

4.6.9 Switching points and sensitivity analysis

Switching point analysis has been carried out to establish the point at which the BCR preference would switch from Option 3 to the second ranked option (Option 4) under scenarios linked to changes in cost.

The first switching test related to total revenue costs (recurrent and non-recurrent) over the life of the project and asset. The result is shown below.

Table 51: Annual revenue cost switching point

Whole life revenue cost increase £34,757,989

Cost sensitivity	Option 1 BAU	Do Min Option 2 Outsource	Option 3 Modular Barn Theatres	Option 4 Traditional Theatres
Capital	£0	£0	-£44,405,325	-£46,934,269
Revenue	£0	-£653,454,822	-£587,001,159	-£561,943,965
Transition costs	£0	£0	-£2,238,993	-£2,410,470
Costed risks	£0	-£52,472,080	-£55,443,524	-£57,227,244
Cash releasing benefits	£0	£0	£1,305,501	£0
Non-cash releasing benefits	£0	£0	£62,759,509	£61,578,044
Societal benefits	£0	£3,231,786,234	£3,275,062,945	£3,178,625,000
Net societal value	£0	£2,525,859,332	£2,650,038,954	£2,571,687,095
Benefit cost ratio	0.0000	4.5781	4.8457	4.8469

The revenue switching point is an increase in option 3's costs of £34.8m or 2.5%. Although a small percentage increase, it is doubtful that causes of an increase in Option 3's revenue costs would not equally apply to Option 4 given that most of the costs are the staff required to carry out an identical number of procedures. It should be noted that at this BCR switching point, the NPSV for Option 3 remains significantly higher than Option 4.

The capital switching point was also assessed by applying a percentage increase to both initial and lifecycle capital costs.

Table 52: Capital cost switching point

Capital cost increase £26,246,248

Cost sensitivity	Do Min Option 2			
	Option 1 BAU	Outsource	Option 3 Modular Barn Theatres	Option 4 Traditional Theatres
Capital	£0	£0	£-59,024,023	£-46,934,269
Revenue	£0	£-653,454,822	£-572,629,448	£-561,943,965
Transition costs	£0	£0	£-2,238,993	£-2,410,470
Costed risks	£0	£-52,472,080	£-55,443,524	£-57,227,244
Cash releasing benefits	£0	£0	£1,305,501	£0
Non-cash releasing benefits	£0	£0	£62,759,509	£61,578,044
Societal benefits	£0	£3,231,786,234	£3,275,062,945	£3,178,625,000
Net societal value	£0	£2,525,859,332	£2,649,791,966	£2,571,687,095
Benefit cost ratio	0.0000	4.5781	4.8440	4.8469

The increase required is £26.2m or 33% which is not considered credible given that most reasons for an increase in the capital costs of Option 3 would most likely also apply to Option 4 (e.g. material cost inflation). It is also worth noting that at this BCR switching point, the NPSV for Option 3 remains significantly higher than Option 4.

Cost sensitivities were also run to understand the impact on BCR and NPSV for the preferred option under reasonable downside scenarios. The first scenario run was a 5% increase in total revenue costs.

Table 53: Revenue cost sensitivity

Whole life revenue cost increase £69,515,978

Cost sensitivity	Do Min Option 2			
	Option 1 BAU	Outsource	Option 3 Modular Barn Theatres	Option 4 Traditional Theatres
Capital	£0	£0	£-44,405,325	£-46,934,269
Revenue	£0	£-653,454,822	£-601,372,870	£-561,943,965
Transition costs	£0	£0	£-2,238,993	£-2,410,470
Costed risks	£0	£-52,472,080	£-55,443,524	£-57,227,244
Cash releasing benefits	£0	£0	£1,305,501	£0
Non-cash releasing benefits	£0	£0	£62,759,509	£61,578,044
Societal benefits	£0	£3,231,786,234	£3,275,062,945	£3,178,625,000
Net societal value	£0	£2,525,859,332	£2,635,667,243	£2,571,687,095
Benefit cost ratio	0.0000	4.5781	4.7467	4.8469

The whole life revenue cost increase would be £69.5m or approximately £1.2m per annum.

The impact of a 10% increase in whole life capital costs is shown below.

Table 54: Capital cost sensitivity

Capital cost increase

£7,953,408

Cost sensitivity	Do Min Option 2		Option 3	Option 4
	Option 1 BAU	Outsource	Modular Barn Theatres	Traditional Theatres
Capital	£0	£0	-£48,835,234	-£46,934,269
Revenue	£0	-£653,454,822	-£572,629,448	-£561,943,965
Transition costs	£0	£0	-£2,238,993	-£2,410,470
Costed risks	£0	-£52,472,080	-£55,443,524	-£57,227,244
Cash releasing benefits	£0	£0	£1,305,501	£0
Non-cash releasing benefits	£0	£0	£62,759,509	£61,578,044
Societal benefits	£0	£3,231,786,234	£3,275,062,945	£3,178,625,000
Net societal value	£0	£2,525,859,332	£2,659,980,756	£2,571,687,095
Benefit cost ratio	0.0000	4.5781	4.9166	4.8469

4.7 Conclusion to the economic case

Option 3 - Construct a modular building with 3 'barn' style theatres, 14 inpatient beds and a 10-trolley day care area - is confirmed as the preferred option. There have been no material changes to the service needs and the resulting case for change. The option:

- Continues to meet the investment objectives
- Has the best value for money (based on the BCR)
- Has the highest NPSV
- Has the optimal combination of non-monetised benefits and risks

Furthermore, there is no credible capital cost increase that would switch the preference to Option 4 and that although only a small percentage increase in revenue costs would switch the preference, the factors causing an increase in option 3's revenue costs would most likely, apply to Option 4 costs as well.

The rest of this FBC focuses on the preferred option.

5 The Commercial Case

Summary of this section of the FBC

- The operating model has been refined and it is now confirmed that patients will be under the care of MTW with their outpatient attendances carried out in Maidstone. The new Kent & Medway Orthopaedic Centre will serve the whole of Kent and Medway.
- RIBA Stage 4 Technical Design has been completed.
- The facility is a volumetric modular building meaning it complies with MMC guidance.
- Planning permission was granted by Maidstone Borough Council on the 8th December 2022 for a four-theatre barn theatre building. Full planning permission is being sought for the reduced three-theatre scheme through a new planning application, however the planning consultants have advised that we could lawfully proceed with the development under the planning permission for the original scheme.
- There have been no changes to the enabling or main works procurement and tendering strategy since OBC.
- The preferred bidder, Premier Modular Limited has worked alongside the Design Team through RIBA Stage 2 to 4 and has completed open-book market testing of all sub-contract packages, resulting in a fixed price commercial offer in February 2023. This offer is within the total cost allowed at OBC. The Main Works and Enabling Works contracts use a standard form NEC4 Option A (priced contract with activity schedule).
- The design complies to Health Building Note and Health Technical Memoranda requirements, aside from the derogations listed in appendices 31 and 32. The scheme has benefited from a Stage 3 DQI assessment. Infection control and fire safety aspects have been signed off.
- The new facility will be modular and is being designed to minimise environmental impact; a BREEAM excellent rating is forecast.
- The new Kent & Medway Orthopaedic Centre will be on MTW's balance sheet.

5.1 Introduction to the commercial case

At FBC, the commercial case sets out the planning, commercial and contractual arrangements for the Kent & Medway Orthopaedic Centre (KMOC).

5.2 Description of the preferred option

5.2.1 Overview

The preferred option is to build a new Elective Orthopaedic Centre at Maidstone Hospital. The facility will be a ring-fenced elective orthopaedic 3-barn theatre and ward modular complex, and will be a system facility. Maidstone & Tunbridge Wells NHS Trust will work in collaboration with the ICS (integrated Care System) to plan and treat adult orthopaedic patients across the region with the objective to harmonise the waiting lists.

All three theatres will be available for Kent and Medway patients with referrals being received from other acute organisations within Kent and Medway to MTW or via ERS/WASP (NHS Electronic Referral

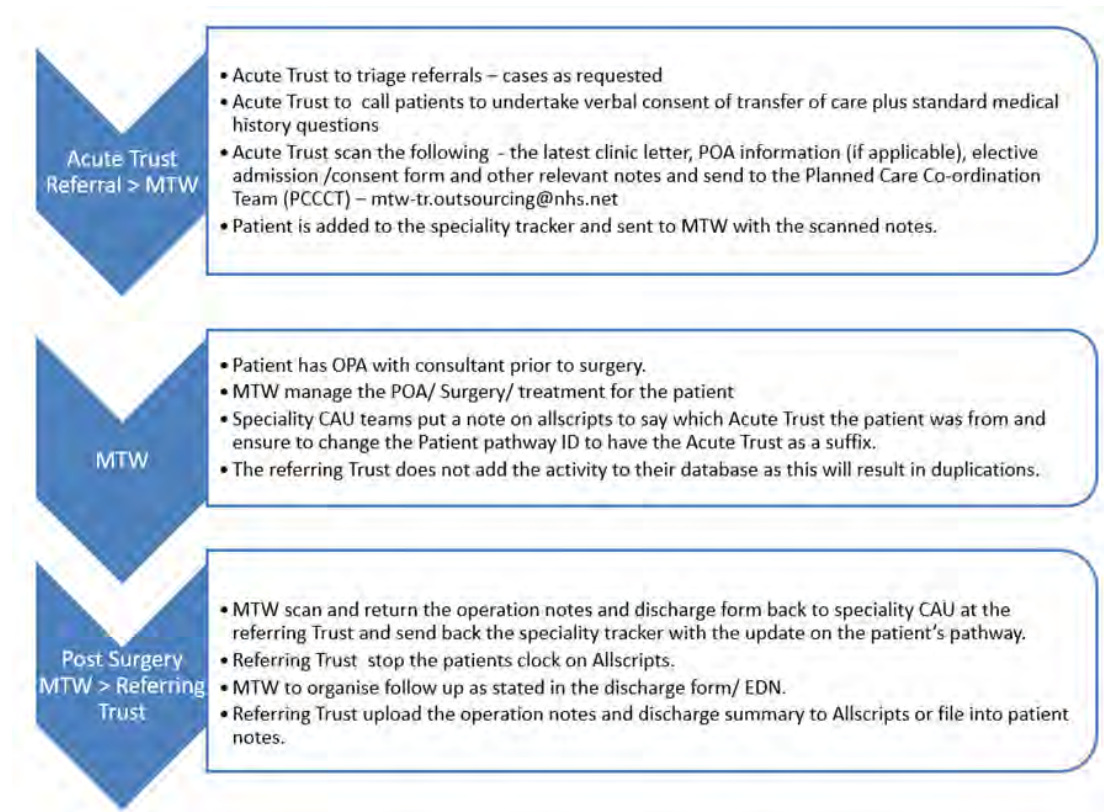
System) from MSK triage. Theatre staffing will be consistent across all theatres, as will standard operating procedures, kit supplies and other consumables to ensure standardisation.

Acute organisation referral within the Kent & Medway System

These patients will be referred to MTW from an acute Trust within Kent & Medway and will have their surgery at MTW. These patients will be operated on by MTW Surgeons. The patient will have an outpatient appointment (OPA), pre-operative assessment (POA), treatment and follow up appointment at MTW. Full healthcare records will not be required. The referring acute Trust will need to scan the latest clinic letter, pre-operative assessment information (if applicable), the elective admission/consent form and other relevant notes to the planned care co-ordination team at MTW.

For patients who suffer a post-operative complication, they will stay under the care of MTW and be treated unless a Consultant-to-Consultant discussion results in the patient being transferred back to the referring Trust as it is in the best interests of the patient.

Figure 13: Referral pathway from an acute organisation within Kent and Medway System



MSK referral via ERS/WASP

These patients have been referred by the GP to the MSK services where the referral is triaged at the single point of access. If appropriate the patient is referred to MTW for treatment straight away. Some patients referred to MSK will have been referred to the extended scope physiotherapy clinic and treated prior to referral to MTW. These patients will be treated in line with their clock starts.

Figure 14: Referral pathway from MSK service

MSK Single Point of Access 18 Week RTT Pathways	Description of Pathway	Clock Start	Clock Stop	Reporting Organisation
<p>GP referral → SPoA clinical triage → Refer to secondary care → Treatment in secondary care</p> <p>Clock start (at GP referral) Clock stop (at Treatment in secondary care)</p>	Referral to secondary care post-triage	GP referral to SPoA	Treatment in secondary care	Secondary care provider
<p>GP referral → SPoA clinical triage → Refer to ESP clinic → No treatment given in ESP clinic → Refer to secondary care → Treatment in secondary care</p> <p>Clock start (at GP referral) Clock stop (at Treatment in secondary care)</p>	Referral to secondary care post-ESP clinic (no treatment given)	GP referral to SPoA	Treatment in secondary care	Secondary care provider
<p>GP referral → SPoA clinical triage → Refer to ESP clinic → Treatment given in ESP clinic → Refer to secondary care → Treatment in secondary care</p> <p>Clock start (1) (at GP referral) Clock stop (1) (at Treatment given in ESP clinic)</p> <p>Clock start (2) (at Refer to secondary care) Clock stop (2) (at Treatment in secondary care)</p>	Referral to secondary care post-ESP clinic (treatment given) NB: Two patient RTT pathways	GP referral to SPoA SPoA referral to secondary care	Treatment in ESP clinic Treatment in secondary care	KCHFT Secondary care provider

A patient’s RTT pathway clock starts from:

- For referrals received through NHS e-Referral (eRS), the date the patient converts their UBRN is when their clock starts but for patients referred via MSK, with the exception of spinal and paediatrics, all patients pull through to PAS on the ‘book appointment’ date. This is incorrect as their pathway has already started prior to the referral into the Trust. Therefore, the clock start date is ‘Request Triage’, PAS will need a manual clock adjustment for these patients.
- If the patient has had treatment in MSK, the clock start date is from the date of referral from MSK. If the patient hasn’t had treatment, the clock start date is from the GP referral to MSK date.

The operational and adult orthopaedic patient referral policies for the new Kent & Medway Orthopaedic Centre (KMOC) can be found at Appendix 11.

MTW have an embedded weekly theatre 6-4-2 scheduling meeting (this supports delivering the 48 weeks per year plan) and also fortnightly operational theatre performance meetings (identifying and challenging, utilisation, cut times, cancellations, cases per session etc.). This is supported by a monthly Theatre Utilisation Board (TUB) chaired by the Clinical Director for Critical Care and is attended by the speciality clinical directors. The Barn theatres, within the Kent & Medway Orthopaedic Centre, once commissioned will form part of this process.

The usage of each theatre and activity will be monitored down to surgeon and patient level, so that data on how many patients from each Trust have been operated on, as well as how many sessions each surgeon has used each theatre, will be routinely available. The main measure of success will be the activity levels through the theatres and the reduction in long waiting patients. In time long waiting patient activity will be replaced with growth linked to the growing and ageing population.

As part of the elective recovery plan, MTW have been developing an internal pre-operative assessment (POA) expansion plan. The Elective Orthopaedic Unit increase in activity will form part of the expansion which will include consultant delivered POA sessions for higher risk patients.

The KMOC operational policy is included in Appendix 12.

The flow and design of the facility is based on best practice and existing barn theatre complexes such as those at Chase Farm and Poole hospitals. Lessons learnt from these and other Barn developments that the Project team have met with are outlined in Appendix 13.

The new facility will contain:

- Three laminar flow theatres, in a ‘barn’ theatre block
- Three anaesthetic rooms
- Admissions/ waiting area for day cases
- Recovery suite
- IT hardware (computers, printers, telephones) and software (unlikely to exceed current licencing arrangements)
- Ward area with 14 beds (6 in single rooms and 8 in four-bed bays) and 10-trolley day case area configured to provide suitable accommodation for day case, short stay and complex patients with a mix of bays and side rooms
- Physiotherapy room
- X-ray room
- Substantial storage facilities
- Large plant room to contain air handling unit for barn theatre area, in accordance with HTM guidance.

The equipment required is listed in Appendix 14; the IT equipment required is listed in Appendix 15.

5.2.2 Impact of the investment on Kent & Medway waiting list and waiting times

The current composition of the Kent & Medway waiting list is as follows.

Table 55: Waiting list composition across Kent & Medway, as at February 2023

K&M ICB	Weeks							Total
	0-18	18-26	26-40	40-52	52-65	65-78	78 +	
As at February 2023	8,282	2,147	2,467	744	326	67	23	14,056

High level modelling has been performed on the waiting times to assess the impact under the BAU option and the preferred option (3 theatre facility – Kent & Medway Orthopaedic Centre (KMOC)) over a 10-year period. This has been performed by a Senior Operational Manager within Kent & Medway ICB with extensive experience in Orthopaedics, in conjunction with the ICB Orthopaedic Clinical lead. HEE was also approached regarding ongoing recruitment. The assumptions were sense-checked with Trusts across other Systems.

The impact on demand and capacity has been outlined in section 3.4.3.

For the purposes of this modelling the following assumptions have been applied.

Table 56: Waiting list modelling assumptions

Assumption	BAU	Do Something - KMOC
Growth at 3.1% per annum	✓	✓
0.5% capacity increase through theatre utilisation efficiencies	✓	✓
0.5% capacity increase for IS provision	✓	✓
10% and then 20% capacity increase at 2 years and 8 years for recruitment, assuming if no additional facility, Trusts would need to move to 6 and 7 day operating	✓	
50% increase in capacity in waiting list 52 weeks plus to account for WLI and extra IS provision for long waiting patients	✓	✓

The results of the modelling are illustrated supporting graphs and table below. The amber lines illustrate the BAU option, and the Green lines illustrate the impact with the new Kent & Medway Orthopaedic Centre (KMOC).

Figure 15: Waiting list modelling over a 10-year period

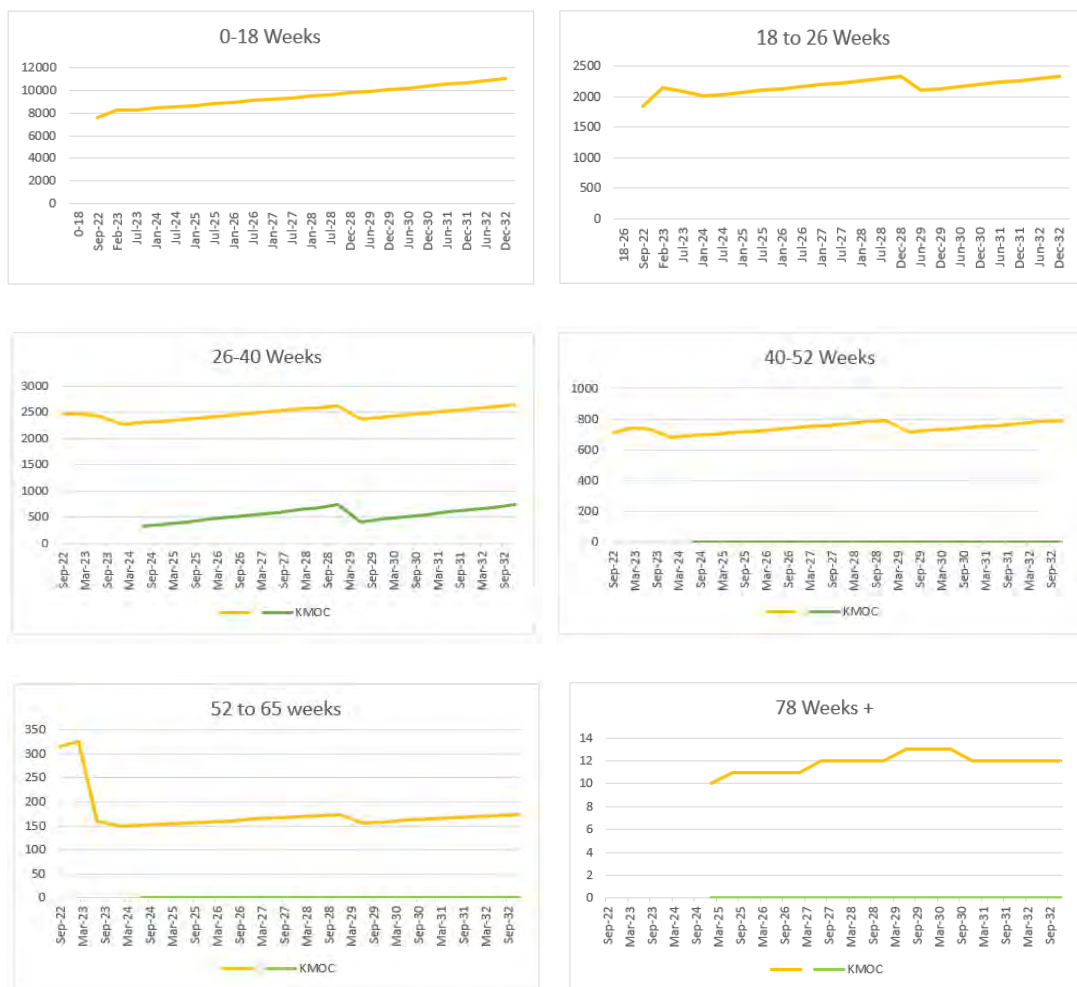


Table 57: Waiting list composition after 10-year modelling

K&M ICB	Weeks							Total
	0-18	18-26	26-40	40-52	52-65	65-78	78 +	
10-year prediction if no KMOC - BAU								
As at December 2032	11,041	2,336	2,632	794	174	121	12	17,110
10-year prediction if KMOC capacity – Preferred option								
As at December 2032	11,041	2,336	740	0	0	0	0	14,117

The modelling demonstrates the impact of the additional ringfenced elective capacity within the Kent & Medway Orthopaedic Centre across waiting times. With the additional capacity, the demand and capacity gap is not eradicated fully, however the investment has a positive impact on waiting times, resulting in the System having no over 40-week waiters. In order to recover the waiting list position further to deliver 18 weeks RTT, Kent & Medway ICB would need to develop other strategies such as pathway reviews, HVLC, further theatre utilisation and extended use of the Independent Sector.

5.2.3 Alignment with Estates Strategy

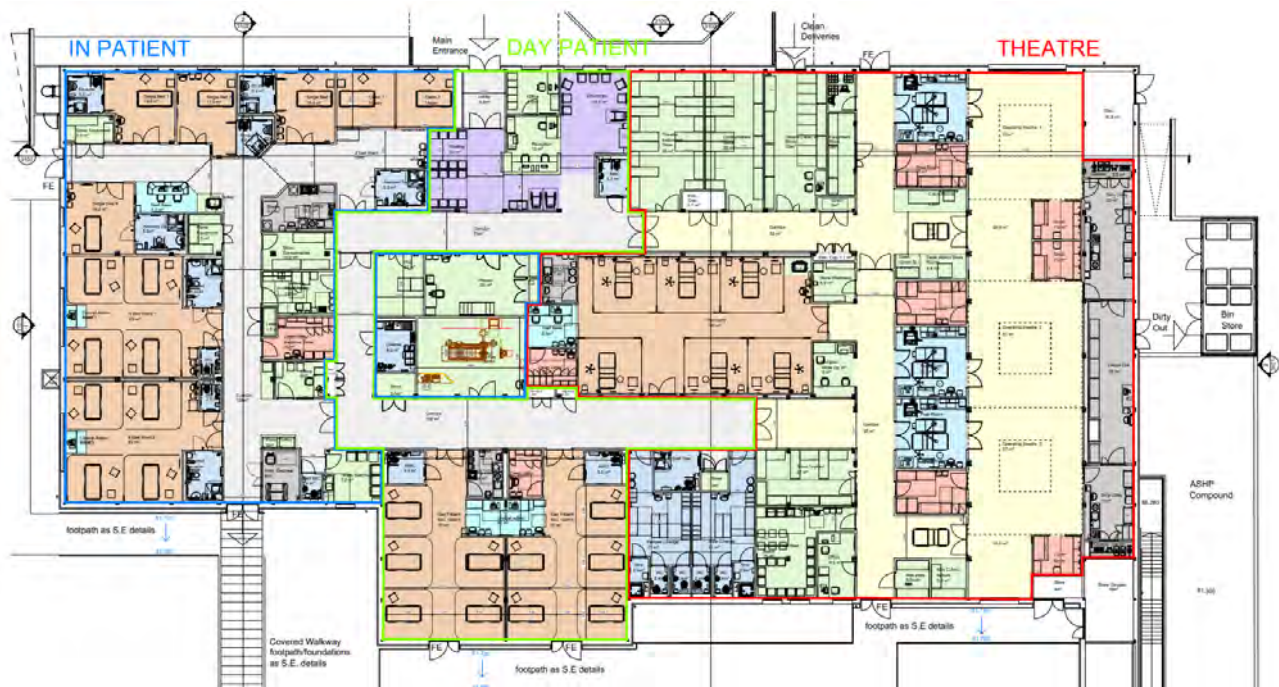
The KMOC development is part of MTW’s Estates Strategy (See Appendix 16).

NHS Kent and Medway is developing its ICS Estates and Infrastructure Strategy which will be underpinned by the ICS interim Clinical Strategy and the Health and Care Partnership estates and their drivers and emerging priorities. This strategy will provide a roadmap to support and strengthen integrated working between system partners and improve patient care through its infrastructure and estates. It will also support the delivery of efficiencies and investment to support system sustainability and effectiveness. This business case is an example of using our system wide estate to improve how we deliver patient care and reduce waiting times for our patients and improve population health outcomes across Kent and Medway. The ICB has been engaged in the development of the business case, including at Board level, where the ICB Corporate Director with responsibility for Estates is a member.

5.2.4 Design overview

RIBA Stage 4 Technical Design has been completed. This has included full design of all architectural, building services, civil and structural engineering elements. 1:50 plans and c-sheets have been completed and signed-off. Figure 15 provides a plan of the clinical accommodation.

Figure 16: Plan of the facility



The new facility is 3,481 sqm. The ground floor (2,176 sqm), as illustrated above, is 100% clinical accommodation, so will improve the Trust’s performance against the Carter and Long-Term Plan admin to clinical space metric. The second floor (1,305 sqm) consists of the plant area, which is located at roof level within an open plan area with a lower U-value requirement/cost for the external walls and roof construction. The plant area ensures full compliance with HTM 03-01, providing all air handling units indoors.

The Trust’s backlog maintenance position will not be impacted by the development. During the life of the asset, the facilities management requirements of the building will be provided by the existing in-house estates & facilities management department at Maidstone Hospital.

5.2.5 Schedule of accommodation

The design has been developed with extensive clinical involvement. The schedule of accommodation can be found in Appendix 17.

5.2.6 1:100 and 1:50 drawings

The 1:100 and 1:50 drawings are set out in Appendix 18. The drawings have been validated and signed off by the relevant signatories.

5.2.7 Modern Methods of Construction (MMC)

The facility is a volumetric modular building with the major percentage of internal fittings and design manufactured in a factory and brought to site. MMC requirements specify that 65% of the building should be constructed off site to reduce construction time, promote sustainable development and reduce costs. The offsite construction of the modular building allows for the construction techniques to be undertaken in the factory under mass production and assembly techniques - this process has been described as a way “to produce more better-quality buildings in less time”.

The schemes expected use of MMC has been calculated at 70.4%. See Appendix 19 for the NHSE MMC Tracker Tool.

To maximise the use of MMC, the Trust procured the modular contractor and engaged them under a pre-construction services agreement from commencement of RIBA Stage 2 (Concept Design). This has enabled the specific requirements of the volumetric system to be fully considered and integrated into the design, for example module sizes, construction build-ups, floor to ceiling heights etc.

The building layout is fairly bespoke, but standard repeatable layouts are used where feasible, including to bed bays and standard layouts for barn operating theatres.

Standardised components are being used in the fit-out and include door-sets, IPS panels, suspended ceiling grid systems (where possible), off-site manufactured mechanical and electrical components such as fire smoke dampers, switchgear and distribution boards, luminaires and lighting control panels, fire alarm panels and items of packaged plant such as air handling units, air source heat pumps and the standby generator.

5.2.8 Design meeting staff, patient and carer needs

Stakeholder involvement has been key to ensuring that staff, patient and carer requirements have all been considered in the design, together with patient involvement and feedback on the design via the Design Quality Impact process.

The design includes a drop off and pick up zone to support patients accessing the centre, as well as dedicated car parking for visitors adjacent to the centre. iPads will be provided to patients to contact relatives to support virtual visiting. A spacious admission and waiting area with a tea/coffee station has been included in the design. The centre is in close proximity to the main hospital for other food and refreshment options. The design includes single rooms, dedicated pods and walls between beds in the day care unit, rather than curtains, to support privacy and dignity of patients. There is onsite Imaging and Therapy space within the centre to support patient experience and flow.

There are two staff rooms within the centre, with facilities for staff including TV, microwave, eating space and chairs for relaxing. The design includes 2 large changing areas with showers, storage, lockers and racking. Separate individual spaces are also available.

5.3 Acquisitions and disposals

There are no land-related acquisitions or disposals resulting from the scheme.

The new unit will be located at the rear of Maidstone Hospital between the Maidstone Orthopaedic Unit (MOU) and the Breast Screening car park, as illustrated below. The site has direct road access and the build can be achieved without impact on the acute hospital areas. The land is owned by the Trust; MTW therefore has the right to use this land subject to planning consent.

Figure 17: Location on the Maidstone Hospital site



All surveys have been completed, including geotechnical, contamination, topographical, buried services, ecology and arboriculture. No adverse ground conditions, uncharted services or ecology and arboriculture constraints have been identified. Additionally, site clearance and construction of the raft foundation slab has already been completed following release of enabling works funding under the Outline Business Case approval. These measures have substantially de-risked the site.

5.4 Statutory Approvals

5.4.1 Town Planning

Planning permission was granted by Maidstone Borough Council on the 8th December 2022 for the barn theatre building which contains four operating theatres (under reference 22/502691/FULL). The planning decision notice is in Appendix 20.

Due to the current cost climate, costs rose making a four-theatre facility unaffordable within the capital available. The Trust now intends to build a smaller scheme, being a barn theatre building containing three operating theatres. Full planning permission is being sought for the three-theatre building through a new planning application, which is currently being determined by Maidstone Council under the reference 22/502691/FULL. That planning application has a statutory determination date of the 29th May 2023.

The four and three theatre buildings are located on exactly the same site. The change from the four to three theatre scheme comprises overall a smaller building being constructed, with the north, east and southern extents of the building remaining the same, but with a section of the west side of the building not being built. The intention is for the western part of the three-theatre building to have the ability to be extended in the future to provide for a fourth operating theatre and associated clinical space. The change from the four to three theatre scheme requires the covered link between the barn theatre and the main hospital building to be longer, and for hardstanding and landscaping to be installed in the area where any future extension to provide a fourth operating theatre would occur.

The decision to submit a fresh planning application for the three-theatre building was done in the interests of ensuring that the planning situation on the site would be fully regularised. However, the alternative approach which was considered was that the three-theatre building could be constructed under the four-theatre planning permission, as it would effectively comprise the part implementation of the project under the extant planning permission.

In this case if the three-theatre building were to be constructed under the four-theatre planning permission then that building would remain in accordance with the approved plans. It would result in a building which did not extend beyond the building envelope approved under the four-theatre planning permission at any point and which does not result to any change to the parking or access arrangements. Given the nature of the change between the four and three theatre buildings there would be no change between the consented plans and the appearance of the constructed three theatre building from a number of viewpoints. The three-theatre scheme, by virtue of being smaller than the four-theatre scheme, would not generate any additional impacts, such as vehicle movements, compared to the position assessed through the four-theatre planning application. The elements of the three-theatre scheme that have expanded, such as the extended covered link, are small scale and sit entirely within the consented envelope of the four-theatre building. The fact that the site of the barn theatre scheme sits in the centre of the wider Maidstone Hospital site means that those small-scale elements have no perceptible impact on the appearance of the building or the surrounding area.

The construction of the three-theatre building under the four-theatre planning permission, given the context of the scheme and the site in question, is extremely unlikely to trigger a situation where Maidstone Council will require the scheme to be completed as per the consented plans. It would result in a situation where the four-theatre planning permission has been lawfully part implemented, with the four-barn theatre planning permission remaining extant, with temporary elements present on site (such as the extended covered link) present but which would be removed should the scheme ever be built out fully to the approved plans. Importantly any works undertaken to construct the three-theatre building would not be rendered unlawful by virtue of the scheme not being fully constructed to the extent of the consented building. In planning terms any risks of proceeding to construct the three-theatre building under the four-theatre planning permission are very low.

In summary, the Trust has a planning permission that it can lawfully implement but is seeking to fully regularise the differences between the four theatre and three theatre schemes through a new planning application.

Please refer to Appendix 21 for a letter from the Trust's planning consultant.

5.4.2 Building Regulations

The Trust has appointed a Building Control Approved Inspector who has reviewed the design for compliance with the Building Regulations. The design complies with the requirements of the Building Regulations. The Building Control Approved Inspector will review any further design development for compliance and inspect the works as they progress. At completion a Final Certificate will be issued to confirm compliance with the Building Regulations.

5.4.3 Travel assessment

The new Elective Orthopaedic Centre will generate more activity at the Maidstone Hospital site. The Trust commissioned a travel assessment in connection of the planning application to understand the likely impact (See Appendix 22).

The conclusion of the assessment was that the new unit would generate 362 vehicle movements each working day. The report also states that the proposed unit is not in conflict with any other local or national policies on accessibility, sustainability or highways safety.

5.5 Procurement, Tendering and Contract Strategy

5.5.1 Main Works

The procurement and tendering strategy, approved through the OBC, is two-stage design and build, implemented through the NHS SBS Modular Building Framework. There have been no changes to the Main Works procurement and tendering strategy since OBC.

A design and build procurement route was selected to enable design risk transfer to the contractor, integrated supply chains, early contractor involvement and an overall shorter programme due to the ability to overlap design, procurement, and construction.

A two-stage tendering strategy was selected to enable early contractor and supply chain input into the design, which was particularly important given the decision to use volumetric modular construction. The two-stage tendering strategy also enabled a shorter overall programme,

In determining the procurement and tendering strategy, the overall programme duration was a key factor due to the challenging timelines associated with elective recovery.

Since the building is of volumetric modular construction, the NHS Modular Building Framework was selected as the route to market (framework ref SBS/10091). NHS Shared Business Services has advised the framework has been used to deliver over 150 NHS projects. It is therefore a tried and tested route to market.

Further details of the procurement and tendering strategy, including a comparison of the NHS Modular Building Framework to the Procure23 Framework, is laid out in Appendix 23.

Premier Modular Limited (PML) were selected as preferred bidder following a mini competition, having provided the most economically advantageous tender considering both qualitative and commercial criteria. The mini competition was undertaken in accordance with the framework call-off procedures and Public Contract Regulations 2015.

PML were engaged under a Pre-Construction Services Agreement (PCSA) in February 2022. PML has worked alongside the Design Team through RIBA Stage 2 to 4 and has completed open-book market testing of all sub-contract packages, resulting in a fixed price commercial offer in February 2023.

The market testing provided three quotes for each sub-contract package on an open-book basis to demonstrate value for money. The list of sub-contractors was agreed in advance with the Project Manager and Quantity Surveyor to ensure the sub-contract tender lists had suitable experience, capability and capacity to deliver the works. Premier Modular then applied their framework overheads and profit %, design fees and preliminaries. The offer was interrogated by Turner & Townsend (Quantity Surveyor) and compared to the cost plan. Turner & Townsend has confirmed that the PML offer is value for money and on-budget. Please refer to Appendix 24 for the Quantity Surveyor's Tender VFM report.

The procurement of the main works has followed the framework call-off procedures and has therefore not required advice from a procurement lawyer. The Trust's in-house procurement department has confirmed that the framework call-off has been undertaken in accordance with the Public Contract Regulations 2015.

Funding of £7,810k for pre-ordering of materials and large items of plant was approved at JISC, with the Outline Business Case, in December 2022. Following agreement of the PML fixed price offer, these orders are underway for critical path items. The purpose of these orders is to advance the programme by 4 months (and achieve a go-live date of 4th March 2024) whilst the Full Business Case is reviewed and approved. This is required due to the challenging timelines associated with elective recovery.

5.5.2 Enabling Works

There have been no changes to the Enabling Works procurement and tendering strategy since OBC.

Enabling Works have been used to achieve a shorter programme duration due to the challenging timelines associated with elective recovery. TIF funding of £1.1m was provided in 2021/22 for Enabling Works, with further £5.3m released with the Outline Business Case approval, to May 2023.

The Enabling Works comprise site clearance, sub-structural, drainage, external works, sub-station, and electrical infrastructure. These works are 50% completed as of March 2023. These works were procured by way of single-stage competitive tender on a traditional basis in accordance with the Trust's Standing Financial Instructions. The building contract for the Enabling Works has been signed. The appointed contractor is WWM Civils Limited.

The Enabling Works was a conventional single-stage competitive tender undertaken in accordance with the Trust's Standing Financial Instructions. As such, it did not require advice from a procurement lawyer. The Trust's in-house procurement department has confirmed that the tender was undertaken in accordance with the Public Contract Regulations 2015.

5.5.3 Contract Selection

There have been no changes to contract selection or proposed contract terms & conditions since Outline Business Case.

The Main Works and Enabling Works contracts use a standard form NEC4 Option A (priced contract with activity schedule). This form of contract was selected to enforce best practice contract management, in particular the use of early warnings, time bar provisions, prospective assessment of extensions of time etc. Option A provides a fixed price lump sum contract. Z-Clauses have been prepared by the Trust's construction lawyer to effect improved risk transfer, particularly around design responsibility.

The Trust has engaged Birketts LLP as construction lawyer to prepare and negotiate the terms and conditions of the building contract, including all z-clauses. The building contract for the Enabling Works has been executed. The terms & conditions of the Main Works building contract are fully agreed with Premier Modular Limited.

5.5.4 Professional services

The Trust has engaged a full design team through the NHS Shared Business Services Construction Consultancy Services Framework. The Design Team has completed RIBA Stage 4 Technical Design and is now novated to PML.

Full detail of the consultants, their role/remit, length of contract, procurement route and costs by year is laid out in Appendix 25.

The core disciplines (including Project Manager, Quantity Surveyor, Architect, Structural and Civil Engineer and Services Engineer) are engaged under NEC4 Professional Services Contracts (PSC) prepared by the Trust's construction lawyer, Birketts LLP. These have all been signed. The core disciplines were predominantly procured through the NHS SBS Framework. The Premier Modular pre-construction services are engaged under an NEC4 Professional Services Contract (PSC). Premier Modular were procured through the NHS SBS Framework. The secondary disciplines, surveys and reports are generally engaged through Purchase Orders, and therefore use the NHS standard terms & conditions. These were generally procured by direct quotations due to their low value.

5.6 Contract management

A contract management plan has been included in Appendix 26. This details how the construction contracts will be managed during the life of the project, including the retention period. The contract management plan addresses the following aspects of project controls:

- Communications
- Programme
- Risk Management
- Cost Control
- Change Management
- Design Management
- Quality Management
- Health and Safety
- Handover Management
- Post Project Review

5.7 Contract Terms, Price, and Risk Transfer

5.7.1 Price

The contractor has provided a fixed price lump sum offer of £19,619,090 excluding V.A.T.

This follows completion of RIBA Stage 4 Technical Design and market testing of all sub-contract packages. The market testing provided three quotes for each sub-contract package on an open-book basis to demonstrate value for money. The list of sub-contractors was agreed in advance with the Project Manager and Quantity Surveyor to ensure the sub-contract tender lists had suitable experience, capability and capacity to deliver the works.

Premier Modular then applied their framework overheads and profit %, design fees and preliminaries. The offer was interrogated by Turner & Townsend (Quantity Surveyor) and compared to the cost plan.

Turner & Townsend has confirmed that the PML offer is value for money and on-budget. Please refer to Appendix 24 for the Quantity Surveyor’s Tender VFM report.

The offer is valid until 20/06/2023. There is scope for the offer to be extended, however this may attract inflation costs and/or necessitate re-tendering of sub-contract packages should preferred sub-contractors become unavailable.

5.7.2 Contract Terms and Conditions:

The terms of the Main Works building contract are provided in Appendix 27. The table below provides a summary of the agreed terms. The terms and conditions are robust, reflective of market norms and have been prepared and negotiated by the Trust’s construction lawyer, Birketts LLP. Additionally, they have been agreed with the contractor and therefore the building contract is ready to sign immediately on FBC approval. A legal report from the Trust’s construction lawyer, Birketts LLP, is provided in Appendix 28.

The programme allows for activities to prepare the building contract and execute this following FBC approval (see Lines 47 and 48 of the Programme Plan in Appendix 29).

Table 58: Summary of Terms & Conditions

Provision	Summary of agreed terms & conditions
Price	Fixed price of £19,619,090 (excluding VAT).
Payment	Per NEC4 Core Clause 5. The final date for payment is amended to 30 days from the assessment date (Z9.1).
Design Risk	Design risk is transferred to PML. See Clause Z4. Trust requested changes will be managed through the compensation event mechanism (Core Clause 6)
Construction Risk, Extensions of Time, and Compensation Events (Variations/Works Changes)	<p>Construction risk is transferred to the Contractor, aside from those matters identified as Compensation Events in Core Clause 6 and the z-clauses. The Compensation Events are:</p> <ul style="list-style-type: none"> ▪ Client change or acts of prevention by the Client or those acting for the Client generally – 60.1(1), 60.1(2), 60.1(3), 60.1(4), 60.1(5), 60.1(6), 60.1(8), 60.1(9), 60.1(10), 60.1(11). 60.1(15), 60.1(16), 60.1(18), 60.1(19) ▪ Discovery of items of archaeological interest – 60.1(7) ▪ physical conditions that an experienced contractor would not have judged at the Contract Date to have such a small change of occurring that it would have been unreasonable to have allowed for them – 60.1(12). This is a low risk since the sub-structure construction has been completed under Enabling Works. The contractor is required to have taken into account the Site Information, information obtainable from visual inspections of the site and other information which an experienced contractor could reasonably be expected to have or to obtain. The Enabling Works design has been checked by PML and is included in the Site Information. ▪ Adverse weather – 60.1(13), amended so that adverse weather is a neutral event (time and no money). ▪ COVID-19 event which results in site closure or materially restricts site access, in each case only to the extent attributable to COVID-19 and subject

Provision	Summary of agreed terms & conditions
	always to the effects of the COVID-19 event not being attributable to acts or omissions of the contractor or if the effects of COVID-19 are known, or ought reasonable to have been known, as at the date of the contract, including but not limited to compliance with the Site Operating Procedures published by the Construction Leadership Council. A COVID-19 event is a neutral event entitling the contractor to time and no money. See Z 11.5(5B)
Completion	Completion is certified by the NEC Project Manager once the works have been completed in accordance with the Scope and are defect-free. The NEC Supervisor is responsible for inspecting the works. The contract completion date is 01/02/2024.
Liquidated Damages	Delay damages of £15,712 per calendar week or part thereof are included in the contract. This figure has been calculated by the Trust based on their anticipated costs should the project be delayed.
Change in Law	Secondary Option Clause X2 is selected (Changes in the law) meaning that changes in law after the contract date are a compensation event. This is considered a low risk given the short programme duration. There are no forthcoming changes of law known by the project team that would impact these works.
Retention	Secondary Option Clause X16 is selected (Retention). 3% cash retention is applied with ½ retention being released on certification of completion.
Ground Conditions.	Physical conditions that an experienced contractor would not have judged at the Contract Date to have such a small change of occurring that it would have been unreasonable to have allowed for them – 60.1(12). This is a low risk since the sub-structure construction has been completed under Enabling Works. The contractor is required to have taken into account the Site Information, information obtainable from visual inspections of the site and other information which an experienced contractor could reasonably be expected to have or to obtain. The Enabling Works design has been checked by PML and is included in the Site Information.
Copyright	The Trust has an irrevocable, non-exclusive and royalty free license to copy and make full use of all materials prepared by or on behalf of the contractor (Z13)
Security Documents	The contractor is required to provide collateral warranties for all Subcontractors in favour of the Client within 21 days of the date of the sub-contract (Z15).
Cap on Liability	Clause X18 (limitation of liability) is selected and caps the contractor's total liability at £10,000,000 for each claim or series of claims arising out of any one event. The Trust's professional advisors have confirmed this is market standard and the proposed cap is commensurate with the nature of this contract. It should also be noted that the limitation of liability is per claim/event without limit to the number of claims/events.
Assignment	The contractor may not assign his interest in or any rights arising under contract without the consent of the Client (Z14). The Client may assign his interest in the contract or any rights arising without the consent of the Contractor. The Client notifies the Contractor of any such assignment.

Provision	Summary of agreed terms & conditions
Novation	The Architect, Lead Designer, Principal Designer, Services Engineer and Fire Engineer are novated to the Contractor.
Sub-Contracting	Core Clause 26 applies. The Contractor obtains the acceptance of the Project Manager for any proposed sub-contractor and the proposed sub-contract documents.
Insurance	The Contractor is responsible for maintaining Employer's Liability, Public Liability, Works Insurance and Public Liability Insurance, each in the sum of £10,000,000 on an each claim basis.
Termination	Termination provisions are included as Core Clause 9 and secondary Option Clause X11.

5.7.3 Risk Transfer

The table below provides a summary of the risk allocation.

Table 59: Risk Transfer

Risk category	Allocation		
	Trust	Construction partner	Shared
Design risk		✓	
Construction and development risk		✓	
Market fluctuations (inflation)		✓	
Programme Risk			✓
Quality Risk		✓	
Cost Risk		✓	
Implementation risk			✓
Availability and performance of suppliers (sub-contractors) risk		✓	
Operating risk	✓		
Variability of revenue risks	✓		
Residual value risks	✓		
Financing risks	✓		
Construction Legislative risks		✓	
Other project risks			✓

The key risks retained by the Trust include:

- **Client change and acts of prevention** – This is considered a low risk since the RIBA Stage 4 Technical Design is signed off and the Enabling Works are on track with adequate time risk allowance.
- **Physical conditions that an experienced contractor would not have judged at the Contract Date to have such a small change of occurring that it would have been unreasonable to have allowed for them** – this is a low risk since the sub-structure construction has been completed under Enabling Works meaning that site discovery risks are being addressed early before they have potential to impact the programme. The contractor is required to have taken into account the Site Information, information obtainable from visual inspections of the site and other information which an experienced contractor could reasonably be expected to have or to obtain. The Enabling Works design has been checked by PML and is included in the Site Information.
- **Adverse weather** – adverse weather is a neutral event (time and no money). This is considered a low risk since module installation is scheduled for Summer 2023.
- **COVID-19 event** which results in site closure or materially restricts site access, in each case only to the extent attributable to COVID-19 and subject always to the effects of the COVID-19 event not being attributable to acts or omissions of the contractor or if the effects of COVID-19 are known, or ought reasonable to have been known, as at the date of the contract, including but not limited to compliance with the Site Operating Procedures published by the Construction Leadership Council. A COVID-19 event is a neutral event entitling the contractor to time and no money. This is considered a low risk currently.
- **Change in Law** – this is considered a low risk given the short programme duration. There are no forthcoming changes of law known by the project team that would impact these works.
- **Insolvency of the main contractor** – credit checks have been completed on Premier Modular and these present no issues. The building contract requires collateral warranties with sub-contractors and includes provision for termination of the building contract in the event of insolvency.

The risk allocation matrix will not change since the terms and conditions of the contract have been agreed. They will be binding on the parties once the building contract is executed.

As described in the Contract Management Plan in Appendix 26, new risks will be notified through the early warning process and action plans agreed. The risk register will be reviewed by the project team each month (as a minimum) and any early warnings that cannot be easily resolved will be added to the risk register. This process ensures that all risks are addressed as promptly as possible and their resolutions tracked.

5.7.4 Change Control

The Contract Management Plan in Appendix 26 includes the change control process. In summary, change that is originated by the Trust will be impact assessed and then a decision made through the project governance structure. The Project Manager will notify a compensation event to the contractor should the Trust wish to implement the change. The Contractor is required to give notification of changes to the Project Manager. These will be assessed by the Project Manager and other professional

advisors who will give recommendations to the Trust as to whether the change should be accepted or rejected.

5.7.5 Dispute Resolution

The NEC4 building contract requires the parties to act in a spirit of mutual trust and cooperation. The ethos of the contract is to resolve risks before they become issues, through the early warning process, and to deal with any disputes through negotiation. If a formal dispute arises which cannot be resolved by negotiation, then the contract includes provision for adjudication (Option W2).

5.7.6 Payment Mechanisms

The payment mechanism shall be as NEC Core Clause 5 and is in accordance with the Construction Act and Scheme for Construction Contractors. The payment mechanisms are market standard.

In summary, the Contractor submits an application for payment each month which the Project Manager assesses and certifies. The Project Manager takes advice from the Quantity Surveyor and other professional advisors in making the assessment.

The Trust has engaged professional advisors to undertake the role of Project Manager and Quantity Surveyor to see that payments are administrated correctly in line with the contract and application law. The final date for payment is amended to 30 days from the assessment date (Z9.1) to accord with the Trust's standing financial instructions.

The use of a project bank account was considered to help improve cash flow to the supply chain. However, as much of the work is being undertaken directly by Premier Modular and the second tier of the supply chain, it was considered that a project bank account would provide limited benefit on this scheme.

5.7.7 Collateral Warranties

The contractor is required to provide collateral warranties for all Subcontractors in favour of the Client within 21 days of the date of the sub-contract (Z15). The Trust will require collateral warranties for all sub-contractors that carry design responsibility, in particular the mechanical and electrical sub-contractor. See Appendix 27.

5.8 Programme

The master programme and contract construction programme are provided in Appendices 29 and 30. These consider all design, procurement, and construction activities necessary to deliver the project and have commitment from the supply chain. The programme includes a 2-week terminal float period between planned completion of 18th January 2024 and contract completion on 31/01/2024.

The programme is therefore considered realistic and deliverable. The table below provides the key enabling works and construction milestones.

Table 60: Key Enabling Works and Construction Milestones

Milestone	Key Date
Advanced Orders	Ongoing – 17/02/2023 to 28/07/2023
Enabling Works – main slab completion	18/04/2023
Full Business Case approval	20/06/2023
Execute Main Works building contract	03/07/2023
Enabling Works – drainage and externals completion	27/07/2023
Main Works start on site.	31/07/2023
Completion and handover to Trust for operational commissioning	01/02/2024
Go Live Date – Opening of new facility to patients	04/03/2024

In accordance with the contract, the Contractor will be required to provide updated programmes on a monthly basis for the acceptance of the Project Manager. The Contractor is further required to provide early warning of any matter which may affect programme. This is in order that any potential delays are highlighted at the earliest opportunities and mitigation plans implemented.

5.9 Compliance with government and NHS standards and guidance

5.9.1 HBN Guidance

The design complies to Health Building Note (HBN) requirements, aside from the derogations listed in Appendix 31. These generally relate to small divergences between the drawn room sizes and HBN standard room sizes. These have all been reviewed by the clinical user group and all room c-sheets signed-off as functionally suitable. The derogations schedule has been formally signed-off by the Senior Responsible Officer.

5.9.2 HTM Guidance

The design complies to Health Technical Memoranda (HTM) requirements, aside from the derogations listed in Appendix 32. The derogations are not material and are predominately clarifications. The key derogation are as follows:

- 100 hours of fuel storage for the standby generator instead of 200 hours required under HTM 06-01. The justification is that excessive fuel storage comes with issues of diesel bug and fuel blooming and the Trust has a robust supply chain for fuel oil delivery.
- 1 no standby generator in lieu of 2no. standby generators required under HTM 06-01. Two generators were considered excessive given the Trust’s resilient HV network, the new sub-station allows for two transformers in an N+1 arrangement and the operating theatres themselves have UPS/IPS backup in an N+1 arrangement.

These have each been reviewed and accepted by the Trust’s Authorised Persons, Authorising Engineers, and relevant safety groups.

The design has given due consideration to Estates and Facilities Alerts, in particular the use of low carbon steelwork is not permitted in the specification per DHSC/2016/001.

5.9.3 Security Needs Assessment

A security needs assessment (SNA) has been carried out for the development. Please refer to Appendix 33. This provides a site-specific assessment of security needs, including:

- A visual audit of the site and surroundings, identifying environmental cues and features pertinent to the security of the proposed development.
- Formal consultation with relevant stakeholders, including the local ALO, CPDA and CTSA (as applicable), in order to obtain a summary of crime and disorder issues in the immediate vicinity of the proposed development.
- Identify risks specific to the proposed, likely or potential use of the buildings.
- Identify risks specific to the proposed, likely or potential user groups of the buildings.
- Identify any detrimental effects the development may have on the existing community.

The recommendations of the SNA have been incorporated into the design. This has enabled the achievement of the requirements of BREEAM credit Hea 06. This implementation of these requirements would enable the Trust to seek security accreditation through either SABRE or Secured by Design if it so wished.

5.9.4 DQI review

The Design Quality Indicator (DQI) is a process that enables every aspect of the design quality to be assessed at each stage of the project process from inception through construction to post occupancy analysis. It empowers stakeholders to be actively involved in structured workshops with construction and design professionals to set targets against which to assess design quality and the benefits associated with consensual decision making.

A Stage 3 DQI meeting took place on 13th December 2022. The workshop was facilitated virtually via Microsoft Teams and was attended by 25 stakeholders including patient representatives. It was led by the DQI facilitator who remained impartial.

There were 3 key areas of focus:

- Functionality – Access, Space and Use
- Build quality – Performance, Engineering and Construction
- Impact – Urban and Social Integration, Internal environment, Form and Materials and Character and Innovation.

Participants completed questionnaire against criteria.

The full report is included in Appendix 34. The DQI assessment for this project concluded that there is very strong support from across the stakeholder group. Most of the stakeholders felt they had been consulted regularly and had been given a great deal of opportunity to positively influence the design.

The statements that were highest scored were in the average of 97% which is a credit to the Trust and design team. Statements with the 5 lowest percentage scoring of 66 to 82% included achieving positive transfer of patients from existing main hospital; both trolley and walking, and review of the

waiting and sub waiting spaces against patient flow. Both of these have since been addressed as part of the planning and design of the centre.

5.9.5 Infection Control

The design optimises infection prevention and control and is compliant with HBN 00-09 Infection Control in the built environment, as confirmed in Appendix 35.

Infection prevention and control (IPC) has been fully consulted as the plans were developed for the new building. The Trust's infection control lead has been a key stakeholder since the projects design inception and has been involved in the sign off at every gateway stage to date and will be throughout the life of the project.

The Director of Infection Prevention and Control has confirmed that the building has been developed to facilitate good infection prevention and control practices including pandemic guidance and the quality and design of the planned finishes and fittings enables thorough access, cleaning and maintenance to take place. The KMOC IPC letter of compliance is included in Appendix 35. The MTW Statement of Compliance for Infection Control is also included in Appendix 35. A formal letter of compliance will be obtained as a part of commissioning process prior to occupation.

We will continue to work in collaboration with the ICP team as part of the design and estates strategy.

5.9.6 Fire safety

The design of the building has been developed to facilitate good fire compartmentation with adequate escape routes and exits to afford evacuation in the event of fire, in line with Healthcare Technical Memorandum (HTM). The fire detection and alarm systems will be fitted in accordance with relevant British Standards. The building will be afforded two fire hydrants externally to assist firefighting if required by the Kent Fire and Rescue Service.

A fire strategy for the building has been prepared by a qualified fire engineer to comply with HTM 05 (Firecode) and has been signed-off by the Trust's fire officer (See Appendix 36). Appropriate consultation has taken place with MTWs Head of Fire and Safety (formal sign off is included in Appendix 37) and will continue throughout the course of the project including commissioning sign off.

The Trust will develop a fire management/evacuation plan for the new unit before the commissioning of the new facility.

5.9.7 Resilience Planning

The design addresses the requirements of HTM and HBN guidance in respect resilience planning. Examples include:

1. UPS/IPS in an N+1 configuration, per HTM 06-01 guidance
2. Sub-station with N+1 transformer provision and standby generator, per HTM 06-01 guidance
3. Separate air handling units for each operating theatre, per HTM 03-01 guidance.
4. Air handling units protected within enclosed plant spaces, per HTM 03-01 guidance.
5. Provision of critical heating and cooling resilience through air source heat pumps in an N+1 configuration.
6. The building is designed to meet HTM 05 (Firecode)

7. Consideration of adaptation to climate change so that the building is resilient to natural disasters and heatwaves, refer to Section 5.10 below.
8. The building is located on an operational acute hospital site which is manned 24/7 by the estates & facilities department, enabling prompt resolution of emergencies.
9. A detailed security needs analysis has been undertaken and recommendations incorporated into the design, as described above.
10. The facility is proposed to operate as a cold site during a pandemic, such that elective orthopaedic activity can continue separate to other acute hospital activities. The building there adds to the resilience of the estate for future pandemics.

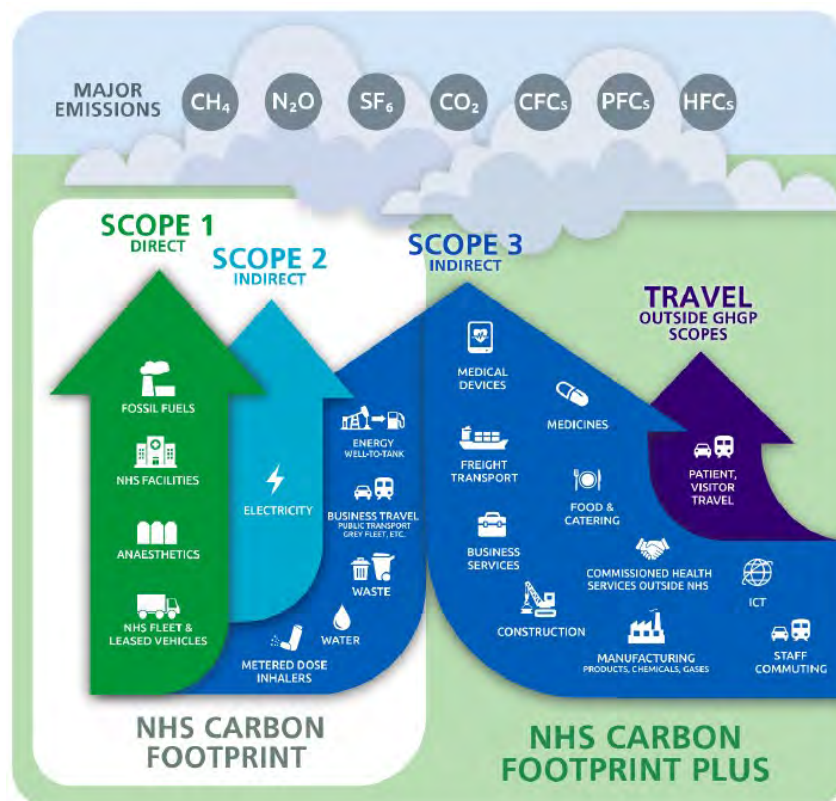
5.10 Contributing to Net Zero and sustainability

5.10.1 Approach to Net Zero and sustainability

MTW and its partners across Kent & Medway are committed to achieving Net Zero in line with national commitments as set out in the Health and Care Act 2022. MTW's Green plan is included in Appendix 38.

NHS guidance on how new buildings can contribute to achieving net zero goals has evolved during the development of the Trust's plans and Delivering a Net Zero National Health Service was published by NHSE in July 2022. The guidance sets out three areas within the scope of NHS plans to reduce emissions as shown below.

Figure 18: Greenhouse Gas Protocol scope



The guidance, together with external support from designers and the BREEAM consultant, has been used to inform the design, construction and operation of the new orthopaedic centre as described below.

Design

- The Trust and the project team have developed an energy strategy for the new building.
- Aiming to achieve the BREEAM 'Excellent' standard – current target score is 75.23%
- Reduction of waste and resources through manufacture of the building superstructure and envelope in off-site factory conditions.
- The design of an all-electric building, eliminating the use of fossil fuels for space heating and hot water.
- Looking at reducing the embodied carbon of materials and systems chosen through lifecycle assessment.
- Reduction of surface water run-off. The scheme includes below ground attenuation tanks.
- Targeting net biodiversity improvement on the site. The building footprint has been minimised to retain existing habitat where possible and to maximise soft landscape area on site. Habitat enhancements, such as bird and bat boxes are included.
- Carbon reduction interventions regarding air conditioning and cooling, building fabric, space heating, ventilation, and hot water. The design team has taken a fabric first approach and has designed a highly insulated external fabric. Attention will be paid during the construction design phase to minimise or eliminate thermal bridging and to facilitate excellent airtightness. There is Comfort Cooling within the scheme as required to suit the requirements of HTM 03-01, the procedures in use within the building plus the need to offset internal heat gains. However, the provision of standalone comfort cooling has been minimised to specific areas such as comms rooms and UPS Rooms which are not fed from the main ventilation systems. Cooling is provided to the main areas via the Ventilation systems which incorporate high efficiency cooling/heat recovery with the cooling source being the polyvalent air source heat pumps.
- Air handling unit are designed to comply fully to HTM 03-01 requirements and include heat recovery and energy efficient fans with variable speed drives.
- Energy efficient LED lighting is specified throughout, complete with the associated automatic controls to ensure efficient use of lighting.
- The use of roofs and adjacent ground space will support a shift to on-site renewable energy and heat generation. In total across the new building, there will be approximately 297m² of PV to facilitate electricity generation which should provide circa 51,900kWh per annum.

Construction

- Minimum removal of site spoil to landfill. Spoil removed from site has been disposed of locally at the adjacent Hermitage Quarry operated by Gallagher.
- Preferential selection of materials with responsible product stewardship through a sustainable procurement plan.
- Responsible management of construction, for example:
 - Heating and equipment will be switch off when not in use.
 - Plant and vehicles will not be left to idle. "Stop Idling" posters will be displayed and monitored by the logistic manager.

- Correctly sized generators will be specified and maintained to ensure they run efficiently. The new sub-station will be completed as early as possible so that it can be used as a site supply in lieu of generators.
- Unnecessary travel for meetings will be avoided through the use of video/ tele conferencing.
- Low use of volatile organic compound (VOC) materials. Lower VOC paint and finishes systems have been specified during RIBA Stage 4 and the use of low carbon site machinery will continue to be reviewed.

Operation

- As noted above, the new building will be 100% electric and will not use fossil fuels.
- Aiming to reduce operational energy to RIBA 2030 targets and to achieve net zero Trust controlled carbon emissions by 2040. The design team is aiming to reduce operational energy as far as possible. The RIBA 2025 target is less than 110 kWh/m²/y display energy certificate (DEC) B rating and the 2030 target 0 to 55 kWh/m²/y DEC A rating. Energy efficiency is being incorporated into all aspects of the design e.g. using energy efficient lighting, maximising daylighting, employing a building management system, using efficient heating and cooling systems, eliminating the need for fossil fuel energy sources and providing onsite electricity generation. ***The Stage 4 TM54²⁰ model demonstrates that the likely scenario total energy consumption shall be 85.44 kWh/m²/yr.***
- Intelligent, real-time energy monitoring and control. The building will use a building management system to control and continuously monitor the main mechanical plant and electrical system functions within the project to reduce energy consumption and assist with effective maintenance. Energy metering systems are to be installed that enable at least 90% of the estimated annual energy consumption of each fuel to be assigned to the various end-use categories of energy consuming systems. This system will provide ongoing data collection and feedback to the building operators.

5.10.2 BREEAM

The NHS Sustainable Development Unit expects all new builds to gain a Building Research Establishment Environmental Assessment Method (BREEAM) ‘Excellent’ rating²¹, which is the second highest rating possible. BREEAM sets standards for the environmental performance of buildings through the design, specification, construction and operation phases and can be applied to new developments or refurbishment schemes. A BREEAM assessment measures the procurement, design, construction and operation of a development against a range of targets based on performance benchmarks. It focuses on sustainable value across range of categories including energy, land use and ecology, water, health and wellbeing, pollution, transport, materials and waste management. Ratings are issued based on the assessment.

The current BREEAM pre-assessment for the project shows targeted credits of 75.23% (BREEAM ‘Excellent’). Please see Appendix 39 for further detail of this pre-assessment. The project is therefore on target to achieve BREEAM ‘Excellent’ rating.

²⁰ The TM54 methodology looks at calculating predicted in-operation energy use.

²¹ NHS Property Services Sustainable Development Management Plan 2014 – 2018.

5.10.3 Climate Change Adaptation

The surface water attenuation for the scheme has been designed for a 100-year event, plus 40% to account for climate change. The design is therefore future proofed for climate change in respect drainage. It should also be noted that the risk of flooding from rivers, the Sea, groundwater, surface water, sewers and drainage and artificial sources is categorised as low for this site.

In accordance with HTM 03-01, to prevent overheating and the need for future portable room air conditioners, thermal modelling has been undertaken to ensure that internal temperatures do not exceed CIBSE Guide A guidance. This modelling has used published CIBSE design summer year weather files to reflect future climate change.

5.10.4 Public Transport

The proposals consider PLACE in terms of location and adjacencies to public transport. The accessibility of the building in particular was tested through the DQI process described earlier, which included patient representatives.

The proposed building is located on an existing hospital site and benefits from existing public transport and sustainable forms of transport.

Footways are provided throughout the site with regular zebra crossings providing high levels of pedestrian permeability. The internal access roads are designed to provide low speed environments and therefore aid cycle connectivity within the site. The site is easily accessible from the public highways via footways and cycle routes.

Bus stops are available within the hospital site, approximately 50 metres from the main pedestrian entrance. Shelters and benches are provided for all bus stops on site. The site benefits from regular bus services with up to four services an hour during weekday peak times.

Barming Railway Station is located approximately 1km to the north of the site and provides access to regular train services between London Victoria and Ramsgate via Maidstone East and Ashford International. Journey's from Barming to Maidstone by rail take only four minutes and the 1km distance from Barming Rail Station to the hospital would take only 12.5 minutes to walk. As such, journeys between the hospital and Maidstone town centre utilising rail would take under 20 minutes on average.

The site therefore benefits from access to a wide range of existing sustainable transport connections. Additionally, the facility includes dedicated drop-off, short-stay and disabled parking.

5.11 Social value

The Trust will work with the appointed contractor to agree social value focus areas for the duration of the construction. A statement on the Modular Supplier's social value initiatives is included in Appendix 40.

5.12 Impact on other site users

The construction site is well segregated from the operational hospital. Footpath diversions, relocation of car parking and a mobile breast screening unit were completed in 2022. The site is a reasonable distance from occupied parts of the hospital and the potential for noise, vibration, and dust to cause disruption is low. The main source of disruption will be the delivery of the modular units. A transport

management plan and delivery vehicle tracking has been completed. The modular units will always be accompanied by banksmen and escort vehicles until entry into the site. The modular units will be offloaded within the site boundary, which further reduces disruption to the hospital road network. This is being planned with the Trust Emergency Planning/BCP team as well as the Estates team. Any works that are likely to cause an impact to the hospital are notified to the Project Manager through the early warning mechanism in the building contracts.

5.13 Government Soft Landings

The Trust is adopting Government Soft Landings for this project. The end users have been engaged through the design proceed and clear performance targets have been set for the building. This has been evidenced through the DQI process. The contractor, Premier Modular will provide training to end users. Form post occupancy evaluation will also be undertaken. The following relevant BREEAM credits have been targeted and the project is on track to achieve these:

- Man 01 (project brief and design) demonstrating stakeholder consultation.
- Man 04 (commissioning & handover) requiring the preparation of a building user guide and end user training.
- Man 05 (aftercare) requiring aftercare support from the contractor, seasonal commissioning and post occupancy evaluation.

5.14 Building Information Modelling

The project is applying Level 2 Building Information Modelling (BIM). There is a managed 3D environment held in separate discipline BIM models. The BIM software package used is Autodesk's REVIT. Clash detection of the BIM models has been completed to reduce the potential for problems on site.

5.15 Government Construction Playbook

The scheme responds to the Government Construction Playbook key policies through the use of early supply chain involvement, Building Information Modelling (BIM), modern methods of construction, use of standard frameworks and construction contracts, fair and reasonable risk allocation and contract terms & conditions, completion of economic and financial standing checks and application of government soft landings.

5.16 Accountancy treatment

The build and equipping proposals have been reviewed for their treatment as either capital or revenue costs.

The build will be owned by MTW and is assessed in the main as capital in nature against the Trust's policies and the DHSC Group Accounting manual guidance (relating to IAS 16). The building will be initially recognised at cost and then become subject to the annual revaluation reviews that the Trust commissions from its independent valuers on the basis of depreciated replacement cost, using the modern equivalent asset methodology. The equipment schedules have been reviewed and those items meeting the Trust's capital policies will be on balance sheet; other equipment or furniture below the capital threshold is treated as non-recurrent revenue expenditure in the business case financials.

There is no acquisition or disposal of land required for this project.

6 The Financial Case

Summary of this section of the FBC

- The financial appraisal has been undertaken in line with HM Treasury requirements and focuses on the incremental impact of the proposed scheme.
- An initial capital investment of £39.1m is required to construct and equip the new Kent & Medway Orthopaedic Centre. Capital costs have not risen since OBC.
- 5,030 elective orthopaedic cases will be undertaken per annum at the new facility, with corresponding outpatient activity.
- The incremental revenue cost impact is an annual increase of approximately £24.1m at steady state. Steady state income is forecast to be £26.4m. Once steady state is achieved, a surplus of approximately £2.3m per annum (9%) will be generated.
- The most significant cashflow will be the £39.1m capital spend up to March 2024. Cashflows thereafter relate to operating expenses. The Trust is applying for central capital funding for this scheme which would be provided as PDC.
- The Kent & Medway Orthopaedic Centre has been valued using the depreciated replacement cost methodology which assumes the modern equivalent asset (MEA) approach. This approach has valued the asset at £15,323k (buildings and land). Following construction of the new asset, there will therefore be an impairment of the new capital asset of £21,244k.
- The investment will create new assets on MTW's balance sheet.

6.1 Introduction to the financial case

The financial case considers the affordability of the project, both to the Trust and the System.

The financial appraisal has been undertaken in line with HM Treasury Guidance set out in the 2020 update of the Green Book and the NHSI publication, *Capital regime, investment and property business case approval guidance for NHS providers*²².

The financial case differs from the economic case in several important aspects:

- It only considers the preferred option, unlike the economic appraisal which considered all short-listed options.
- The focus of the financial case is affordability as measured by the impact on the Trust's statement of comprehensive income (SOI), statement of cashflow (SOCF) and statement of financial position (SOFI), as opposed to net present values.
- Depreciation and interest on public dividend capital (PDC) are included.
- VAT is included.
- Non-cash releasing and, monetised risks and societal benefits are excluded.

²² Capital regime, investment and property business case approval guidance for NHS providers, NHS Improvement, November 2016

6.2 MTW financial performance and pre-business case forecasts

The Trust was placed in Financial Special Measures (FSM) in July 2016 with a significant variance to control total. By October 2018, the Trust had demonstrated sufficient progress in financial improvement and sustainability that NHSI announced the Trust was no longer under FSM. Since 2018/19 the Trust has delivered a surplus financial position and is forecasting to deliver a breakeven position for 2022/23, as illustrated below. During this period the Trust has delivered significant CIP Delivery, although this has been reduced in recent years as a result of the response to Covid-19. The Trust is forecasting to deliver £14.3m of CIP in 2022/23.

The Trust does recognise it has non-recurrent benefits and income in its position and that it carries an underlying deficit which it must address for full sustainability. The draft plan submitted for 2023/24 is a deficit of £15.4m and the Trust is working with the ICB to improve this position.

Figure 19: MTW Historical Financial Performance

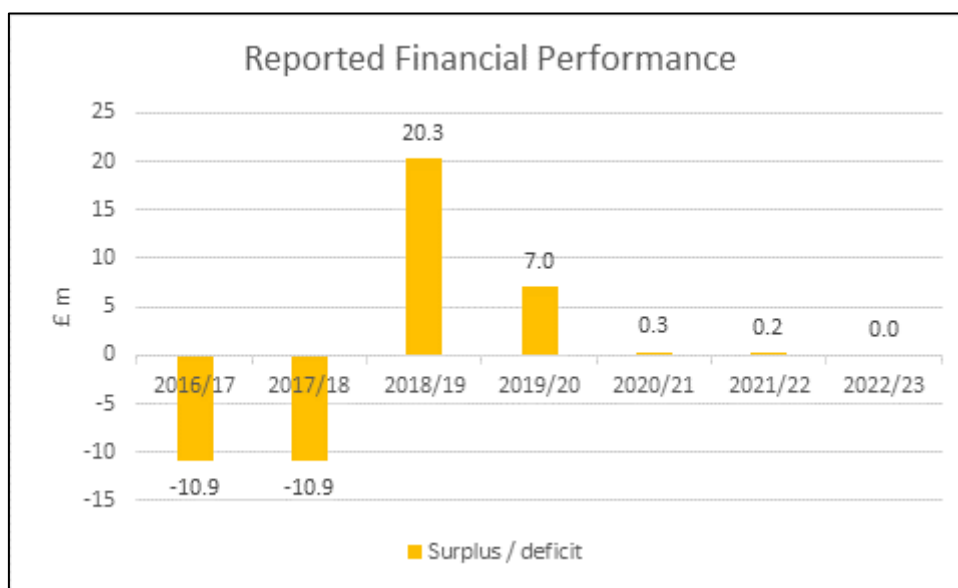
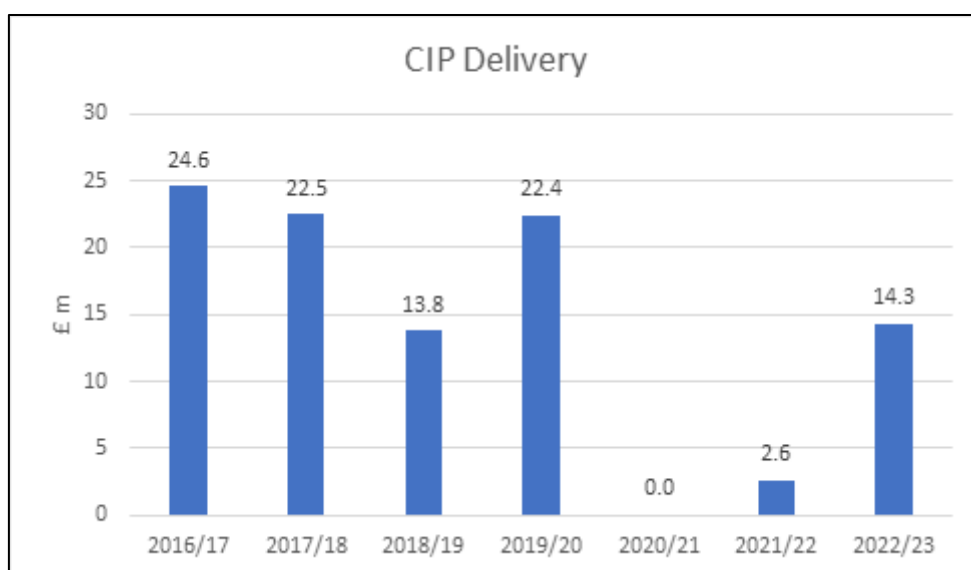


Figure 20: MTW Historical CIP Performance



6.3 Financial appraisal methodology

The following assumptions underpin the financial appraisal.

6.3.1 Capital assumptions

- The capital cost plan has been worked up by the Trust's Quantity Surveyors and includes an allowance for VAT, contingency and inflation. The final cost plan for FBC is based on
 - The fixed price from WW Martin for the Enabling works
 - The fixed price from Premier Modular Ltd for the Main Works package
 - Professional fees incurred to RIBA Stage 4, prior to novation to the main Contractor
 - Detailed equipment and IT schedules
- The following asset lives have been used to calculate depreciation and assess when lifecycle capital costs are incurred; new build 60 years; equipment 10,7 and 5 years, IT 5 and 3years.

6.3.2 Revenue assumptions

- The appraisal has been undertaken only on costs that vary because of the scheme to clearly show the overall impact of the preferred option on the Trust's overall financial position.
- Costs have been inflated to 2023/24 levels using the following 2023/24 planning assumptions: Pay 2.1%, Drugs 1.3% and Other Non-Pay 5.5%.
- Income modelling has removed the ERF tariffs, and has used 2023/24 consultation tariffs.
- Although our approach is to fully recruit to the workforce establishment, recruiting to this number of posts will be challenging, so the financial model prudently allows for a temporary staffing premium. Further detail is included later in the financial case.
- Non-recurrent project costs and set-up costs are included and are detailed later in the financial case.
- Inflation (post 2023/24) has been excluded from the revenue modelling, in terms of income and costs.
- Interest has been charged at 3.5% on the assumption that the investment utilises PDC.
- Depreciation Funding has been assumed for 2022/23 to 2023/24.

6.4 Capital

The capital investment required is shown below.

Table 61: Project Capital investment

Asset group	Total capital cost £000
Building	£36,567
Equipment	£2,111
ICT	£421
Total Capital Investment	£39,099
<u>Inclusive of:</u>	
VAT	£6,089
Inflation	£360
Contingency	£1,432

FB Forms have been completed by the Trust's Quantity Surveyors and can be found in Appendix 41.

Fully itemised and costed IT and Equipment schedules are included in Appendices 14 and 15.

6.4.1 VAT

VAT has been applied to all cost items, with VAT reclaim applied to 'pre-contract' Professional Fees only. CRS, MTW's VAT advisors, have reviewed the project scope and the FBC cost plan, and have confirmed that as the scope of the works is to build a new clinical facility, the VAT incurred on the construction costs would be non-recoverable. CRS note that on new builds, VAT incurred on professional services (Architects, Quantity Surveyor, Engineering consultants etc.) may only be recovered where the supply is outside of the main contract and is supplied direct to the Trust itself. Based on this being works to build a new elective orthopaedic centre, CRS advise that it would seem that the only recoverable VAT would be those on contracted out professional fees (where supplied to the Trust direct). See Appendix 42 for VAT advice from CRS.

6.4.2 Inflation

The following Inflationary allowances have been included within the cost plan, utilising Turner & Townsends January market intelligence indices:

- Construction Inflation (to mid-point construction) - The price submission offer from Premier Modular Ltd dated 10.02.23 includes for a fixed price for the duration of the contract. Inflation risk from point of offer to Contract Award in June 2023 has been included to cover any inflationary price increases that may occur in this period.

6.4.3 Risk / Contingency

The cost plan includes a total Risk allowance of £1,193,070 (excl. VAT) or £1,431,684 (incl. VAT), equating to 4.47% of the Works value, which Turner & Townsend deem to be reasonable and proportionate to the current Stage of the scheme. This risk allowance is intended to cover the following aspects of the scheme:

- Design Development – Allowance for remaining design co-ordination and development of the design. We note that we have an agreed, fixed price Contract with WW Martin for the Enabling Works (excl. Electrical Infrastructure), and are in receipt of a fixed price commercial offer from Premier Modular Ltd for the Main Works based on a Stage 4 design. The design has been developed further throughout Stage 4, and priced allowances for the design changes have been made within the Cost Plan (Build costs & Enabling Works), therefore the remaining Design Development risk allowance is minor at this stage.
- Employer's Risk – Allowance for Employer changes throughout the course of the project until completion e.g. Trust requests / comments on the design information and C-sheets.
- Construction Risk – Allowance for Construction co-ordination issues between Main Works and Enabling Works contracts, and for construction related risk items which currently sit outside of the Works contracts and remain with the Trust e.g. water ingress and retention to foundations prior to modular installation, additional BMS/ASHP interfacing.

The FBC cost plan includes no allowance for Optimism Bias as the project scope, design and delivery requirements and third-party stakeholder factors together with residual aspects of scheme uncertainty have been understood & priced with the remaining delivery risks understood and adequately covered by the remaining contingency.

6.4.4 Capital cost comparison – OBC to FBC

The movement between the capital cost associated with the preferred option in the approved OBC to FBC is as set out below. **There has been no increase in the capital cost at FBC.**

Table 62: Capital investment comparison OBC to FBC

	Approved OBC £000	FBC £000	Movement £000
Departmental costs	£14,371	£14,371	£0
On costs	£6,715	£9,320	£2,605
Works cost total	£21,087	£23,691	£2,605
Provisional location adjustment	£2,320	£2,606	£287
Sub total	£23,406	£26,297	£2,891
Fees	£3,497	£3,109	(£389)
Non-works costs	£0	£0	£0
Equipment costs (incl VAT)	£2,479	£2,110	(£369)
Contingencies	£1,324	£1,193	(£131)
TOTAL	£30,707	£32,709	£2,002
Optimism bias	£663	£0	(£663)
Sub total	£31,370	£32,709	£1,339
Inflation adjustments	£1,659	£300	(£1,359)
TOTAL	£33,030	£33,010	-£20
VAT	£6,069	£6,089	£20
Total (Including VAT)	£39,099	£39,099	£0
		% Change	0%

6.4.5 Source and Phasing of capital funding

The capital investment will be funded via the following capital funding streams. This remains unchanged since OBC.

Table 63: Capital Funding Streams

Funding Stream	£000
TIF Funding	£31,489
ICS Pump Priming 2021/22	£1,200
Trust funded / System slippage / TIF Contingency	£6,410
Total Capital Requirement	£39,099

The additional £6.4m of capital funding will require re-prioritisation of MTW's internally funded capital programme, whilst mitigations, such as slippage from System capital and Contingency from Regional TIF Elective Recovery Fund are progressed.

The forecasted capital spend by financial year is as follows.

Table 64: Forecasted Capital Spend by Financial Year

	£000
2021/22 (Spent)	£3,653
2022/23 (Forecast)	£6,575
2023/24 (Forecast)	£28,871
Total	£39,099

Some expenditure has already been incurred during 2021/22 and 2022/23 as follows.

- 2021/23 expenditure relates to professional fees, equipment and enabling works
- 2022/23 expenditure relates to professional fees, enabling works and advance orders for long lead items.

6.4.6 Approved early drawdown of capital funding

In order to help achieve the earliest go-live date possible of the new facility, the Trust requested early release of capital funds, following OBC approval, to enable the programme to continue to progress during the FBC development phase and achieve the go-live date of 4th March 2024.

The Trust was successful in the application, and the DHSC / NHSE Joint Investment Sub-Committee (JISC) approved both the OBC and the requested early drawdown of capital funding on the 12th December 2022. A summary of the enabling works and professional fees that were requested and approved is set out below.

Table 65: Early release of capital funding approved by JISC

	2022/23 £000	2023/24 April / May £000	TOTAL £000
Enabling Works, which includes enabling/civil works, early ordering of materials and large plant and provision of statutory utilities to site	£5,180	£8,280	£13,460
Professional fees for the development of the OBC and FBC	£1,395	£119	£1,514
Total Early drawdown of capital approved and MOUs received	£6,575	£8,399	£14,974

This together with the funding released in 2021/22 (£3,653k) has resulted in £18,627k of early release of funding being approved, in advance of FBC approval, with orders placed/in the process of being placed.

6.4.7 Funding source and application of funds

The funding source and the applications of funds table is set out below.

Table 66: Source and Applications of Funds

	2021/22	2022/23	2023/24	Total
<u>Funding Source</u>				
Trust self-finance within Operational STP/ICS Capital Envelopes	£1,200		£6,410	£7,610
National [TIF]	£2,453	£6,575	£22,461	£31,489
Total Funding Source	£3,653	£6,575	£28,871	£39,099
<u>Application of Funding</u>				
Build costs	£101	£1,864	£21,877	£23,842
Equipment and IT	£1,200	£111	£1,221	£2,532
Modular Contractor - PCSA	£201	£454		£655
Professional Fees	£1,086	£1,250	£227	£2,563
Enabling works Costs	£1,065	£2,778	£3,872	£7,715
Risk		£118	£1,314	£1,432
Inflation			£360	£360
Total Application of Funding	£3,653	£6,575	£28,871	£39,099
Source less Application	£0	£0	£0	£0
Gross Capex (approval value)	£3,653	£6,575	£28,871	£39,099
Less NBV of Disposals				
Less Grants and Donations (must be in the same financial year as the capex)				
CDEL	£3,653	£6,575	£28,871	£39,099

The Project advisors are confident the scheme will be delivered within the total capital costs outlined in this FBC (£39.1m). A contingency of £1.4m (inclusive of VAT) remains in the FBC cost plan, as detailed above. In addition, £18.6m of funding has been released to the end of May 2023, to help achieve the earliest go-live date possible of the new facility and enable the ground/civil works to progress and orders for long lead items to be placed. In the unexpected event of capital cost overruns, the Trust and System will work together to find a funding solution.

6.5 Valuation and impairment

Montagu Evans have provided a valuation for the new development. The Kent & Medway Orthopaedic Centre has been valued using the depreciated replacement cost methodology which assumes the modern equivalent asset (MEA) approach. This approach has valued the asset at £15,323,127 (buildings and land), as detailed in Appendix 43.

Using the schedule of accommodation, a room-by-room approach was applied, allocating the relevant BCIS to each space. A useful life of 60 years was applied. The principle of the MEA is a cleared site, ready for development on an ‘instant build’ basis with no allowance for site clearance, preparation, finance costs or contingency allowance. External works were assessed against the required infrastructure (including car parking spaces, roadways and hard landscaping) associated with the development. Build cost data relating to external works has been provided by Gleeds Building Surveyors. The site area land value has been estimated using comparable evidence of land parcels within the wider locality reflecting the requirements of the MEA facility.

Following construction of the new asset, there will therefore be an impairment of the new capital asset of £21,244k, as calculated below.

Table 67: Impairment calculation

£000	
£39,099	Total Capital cost - per FB Forms
-£2,532	Less Equipment / IT - Per FB Forms
£36,567	Build Cost (including Professional fees)
£15,323	Valuation of asset -provided by Montagu Evans
-£21,244	Impairment of new capital asset

The impairment will show as a one-off impact on the SOCI (Included in the I&E costs but then adjusted out below the reported surplus/deficit, as a technical adjustment relating to impairment) and will also lead to a reduction in the annual capital charges (depreciation and PDC).

Montagu Evans have stated that several factors may result in a cost difference between actual build costings and the MEA approach including

- Instant Build - The MEA approach assumes an ‘instant build’ of a site with no contingencies or finance costs.
- Site Preparation - The MEA valuation assumes the site has been developed on level serviced land. No costs associated with groundworks have been reflected within the valuation.
- Contract Variations - The MEA valuation does not reflect any additional costs incurred in constructing the actual building caused by design or specification changes during the progress of the contract.
- Optimal Working Conditions - The valuation assumes optimal working conditions free of any difficulties or constraints on development and any additional costs incurred because of abnormal conditions on the actual site are ignored.
- Build Cost – Costings fluctuate with time. The MEA adopted build costs are based upon mean BCIS figures at the valuation date. BCIS relies upon a sample of actual building contracts to provide an estimated build cost

We are in the process of obtaining an impairment review of the Asset Under Construction (AUC) at the end of 2022/23, so in practice the impairment will be split across financial years.

6.6 Activity impact

The three theatres will all be open from day one and will provide capacity to carry out 5,030 elective adult orthopaedic cases per annum for the Kent and Medway system to reduce the elective backlog and help meet the forecasted growth in demand.

Capacity has been calculated based on the following assumptions:

- 3 Theatres - 40% performing Inpatient (IP) activity (~1.2 theatres) and 60% Day case (DC) activity (~1.8 Theatres)
- The theatres will run 10-hour sessions (2.5 session days), 6 days a week, 48 weeks a year. 93% of lists to run across the year.
- 5 IP cases will be performed per theatre per 2.5 session day. 7 DC cases will be performed per theatre per 2.5 session day. This assumes an improvement in productivity due to the consistency of specialist, experienced orthopaedic teams working within the centre of excellence, together with adopting GIRFT recommendations relating to length of stay and day case rates.

The elective activity will also generate corresponding outpatient appointments (new, follow-up, pre-assessment, physiotherapy and anaesthetic review). The assumptions and corresponding activity levels are as follows.

- Outpatient New – Assumes an 80% conversion rate from MSK Pathway, so 6,602 OP new appointments will generate 5,030 elective cases.
- Outpatient Follow-Up – Assumes each elective patient will have a Follow up ratio of 1.2
- POA - Assumes each elective patient will have a POA appointment
- Physiotherapy – Assumes an average of 2 appointments per patient
- Assumes 30% of POA patients will require an Anaesthetic Review appointment

Table 68: Activity by year

	Year 1 2023-24	Year 2 onwards 2024-25
<u>Elective</u>	Go live March 2024	
Day Case	285	3,423
Inpatients	134	1,607
TOTAL ELECTIVE CASES	419	5,030
<u>Outpatients/Other:</u>		
New	2,476	6,602
Follow-Up		6,036
POA	1,476	5,030
Physio		10,060
Anaesthetic Review	440	1,509
TOTAL OUTPATIENT APPTS	4,383	29,237

6.7 Revenue impact

6.7.1 Inflation assumptions

The financial model for the FBC has been updated to 2023/24 cost base using the following planning assumptions for inflation.

- 2.1% Pay
- 1.3% Drugs
- 5.5% Other Non-Pay
- Tariff is based on the 2023/24 consultation tariff

6.7.2 Revenue Overview

The gross additional cost of the new Elective Orthopaedic Unit, at 2023/24 costs, will be approximately £24.1m per annum including depreciation and PDC. £14.7m of this relates to the cost of the additional 205.76 WTE staff required, to run the facility 60 hours a week, 48 weeks a year, and deliver 5,030 elective orthopaedic cases per annum, and 29,237 corresponding outpatient appointments per annum.

The revenue impact on the Trust's statement of comprehensive income (SOI), excluding the impairment, is shown below.

Table 69: SOI impact, excluding impairment

£000	Year 0 2022-23	Year 1 2023-24	Year 2 2024-25	Year 3 2025-26	Year 4 2026-27	Year 5 2027-28	Year 6 2028-29	Year 7 2029-30	Year 8 2030-31	Year 9 2031-32	Year 10 2032-33
Pay		£4,512	£16,429	£15,350	£14,691	£14,691	£14,691	£14,691	£14,691	£14,691	£14,691
Non Pay		£725	£8,294	£8,294	£8,294	£8,294	£8,294	£8,294	£8,294	£8,294	£8,294
Non Recurrent Setup	£355	£1,756	£200								
Depreciation	£155	£177	£623	£623	£623	£623	£623	£623	£623	£623	£623
PDC dividends payable	£238	£466	£571	£549	£531	£516	£510	£503	£497	£503	£494
Total Cost	£749	£7,637	£26,117	£24,816	£24,139	£24,124	£24,118	£24,111	£24,105	£24,111	£24,102
Income - Tariff		(£2,682)	(£26,446)	(£26,446)	(£26,446)	(£26,446)	(£26,446)	(£26,446)	(£26,446)	(£26,446)	(£26,446)
Depreciation Funding	(£243)	(£644)									
Total Income	(£243)	(£3,326)	(£26,446)	(£26,446)	(£26,446)	(£26,446)	(£26,446)	(£26,446)	(£26,446)	(£26,446)	(£26,446)
Total Surplus (+) / Deficit (-)	(£506)	(£4,311)	£329	£1,630	£2,307	£2,323	£2,329	£2,336	£2,341	£2,336	£2,344
% Profit (+) / Loss (-)		-130%	1%	6%	9%	9%	9%	9%	9%	9%	9%

6.7.3 Workforce establishments

All workforce establishments have been reviewed, challenged and signed off by an MTW Executive Director, as part of the FBC workforce governance process. The required establishment by staff group is as follows.

Table 70: Staff WTE

Staff Group	Total Requirement
Medical	26.04
Nursing	88.32
AHP	33.82
Admin	43.29
Other Support Staff	14.30
TOTAL	205.76

Although our approach is to fully recruit to the workforce establishment, recruiting to this number of posts will be challenging, so the financial model prudently allows for a temporary staffing premium, as detailed below. This has been re-reviewed (and reduced) for FBC, in line with national agency reduction expectations.

Table 71: Temporary staffing assumptions

	Year 1 2023/24 (1 mth)	Year 2 2024/25	Year 3 2025/26	Year 4+
% of staff substantively recruited	75%	75%	87.5%	95%
Temporary staffing	25%	25%	12.5%	5%
Temporary staffing Premium	80%	80%	80%	80%
Temporary staffing Premium £000	£462	£2,249	£1,128	£452

6.7.4 Non-pay costs

Non-pay costs include drugs, theatre, ward and other clinical consumables, estates/facilities costs (utilities, business rates, energy, laundry etc) and equipment maintenance costs.

6.7.5 Non-recurrent costs

Non-recurrent revenue costs of £2.3m are forecast for the period 2022/23 to 2024/25 as detailed below.

Table 72: Non-recurrent costs

£000	Year 0 2022-23	Year 1 2023-24	Year 2 2024-25	TOTAL
Recruitment fees		£675	£200	£875
Project Team Costs	£355	£446		£801
Non-capital equipment/IT		£529		£529
Consultant Relocation fees		£107		£107
Total	£355	£1,757	£200	£2,312

The Project team costs relate to the additional ringfenced project resource bought in to supplement the existing internal resource involved in the Programme (funded within BAU budgets). This includes the KMOC Programme Director, KMOC Operational Lead, KMOC Project Support and KMOC Project Administrator. To note: Professional fees relating to the use of external consultants (such as Architects and Quantity Surveyors) are included in the capital cost, and are VAT- recoverable where the supply is outside of the main contract and is supplied direct to the Trust itself.

International recruitment is a key element of the recruitment strategy, and corresponding non-recurrent recruitment fees have been estimated.

Non-capital IT and equipment are for items below the £5,000 capital threshold. These have been reviewed on a line-by-line basis by the Trust's capital leads.

6.7.6 Income assumptions

The OBC assumed activity would be funded at ERF rates (75% of tariff) for 2023/24 and 2024/25 and then full tariff from 1st April 2025. This assumption has now removed, in line with current planning guidance for 2023/24, and income has been assumed at full tariff from 2023/24. It is also assumed

that any backlog activity will be an inter-provider transfer and the activity and corresponding income will be recorded and reported as MTW delivered activity.

The Trust has submitted an application for capital charges funding to the National Capital and Cash team via the Regional Team. To note, the depreciation funding allocated for 2022/23 was based on the OBC capital charges estimate.

6.7.7 Recurrent surplus

Non-recurrent project costs and capital charges lead to a £506k deficit in 2022/23 (Year 0). In year 1, the assumed 4th March 2024 opening date means that income will only be generated for 1 month. This together with non-recurrent set-up costs, recruitment in advance of services commencing also results in a loss in 2023/24 (Year 1).

From Year 2 onwards, a surplus is delivered, with the project delivering a recurrent surplus of approximately 9% (£2.3m per annum) from Year 4.

6.7.8 OBC to FBC Revenue comparison

A comparison to the Revenue impact of Year 5 (as an example) in the approved OBC to the FBC updated revenue plan is as follows.

Table 73: OBC to FBC Revenue comparison – Year 5

	Year 5 OBC (22/23 prices)	Year 5 FBC (23/24 prices)	Movement	% Movement (Worsened)
Income	(£25,680)	(£26,447)	£767	3%
Pay	£14,371	£14,691	(£320)	(2%)
Non-Pay	£7,705	£8,294	(£589)	(8%)
Capital Charges	£2,244	£1,138	£1,075	51%
Total Revenue costs	£24,320	£24,124	£150	1%
Surplus / (Deficit)	£1,360	£2,323	£963	71%

The table above illustrates that revenue costs remain in line with OBC costs. However, the cost increases in pay and non-pay (predominantly due to FBC cost base being reset to 2023/24 prices) have been offset by a significant reduction in capital charges (due to the asset impairment).

6.8 Impact on Statement of Comprehensive Income

The impact on the statement of comprehensive income is as follows. This position includes the asset impairment.

Table 74: SOCI – Incremental Impact of Project investment, including impairment

STATEMENT OF COMPREHENSIVE NET INCOME	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Project Investment	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Gross employee benefits	-£355	-£4,957	-£16,429	-£15,350	-£14,691	-£14,691	-£14,691	-£14,691	-£14,691	-£14,691
Other operating costs	£0	-£23,280	-£8,494	-£8,294	-£8,294	-£8,294	-£8,294	-£8,294	-£8,294	-£8,294
Revenue from patient care activities	£0	£2,682	£26,446	£26,446	£26,446	£26,446	£26,446	£26,446	£26,446	£26,446
Other operating revenue	£243	£644	£0							
Operating surplus/(deficit)	-£112	-£24,911	£1,523	£2,802	£3,461	£3,461	£3,461	£3,461	£3,461	£3,461
Investment revenue										
Finance costs	-£155	-£177	-£623	-£623	-£623	-£623	-£623	-£623	-£623	-£623
Surplus/(deficit) for the financial year	-£268	-£25,088	£900	£2,179	£2,839	£2,839	£2,839	£2,839	£2,839	£2,839
Dividends payable on public dividend capital (PDC)	-£238	-£466	-£571	-£549	-£531	-£516	-£510	-£503	-£497	-£503
Retained surplus/(deficit)	-£506	-£25,555	£329	£1,630	£2,307	£2,323	£2,329	£2,336	£2,341	£2,336
Adjustments (including PPA, IFRIC 12 adjustment, Impairment)		£21,244								
Adjusted financial performance retained surplus/(deficit)	-£506	-£4,311	£329	£1,630	£2,307	£2,323	£2,329	£2,336	£2,341	£2,336

The impact on the Trusts' statement of comprehensive income, including this investment, is as follows.

Table 75: SOCI – Trust position after investment

STATEMENT OF COMPREHENSIVE NET INCOME	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Whole Trust Position INCLUDING the Investment	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Gross employee benefits	(372,502)	(387,183)	(399,814)	(399,883)	(400,362)	(401,489)	(402,605)	(403,709)	(404,800)	(405,878)
Other operating costs	(237,393)	(268,572)	(255,154)	(256,341)	(257,747)	(259,172)	(260,618)	(262,085)	(263,573)	(265,083)
Revenue from patient care activities	589,985	583,115	609,201	611,532	613,872	616,222	618,581	620,949	623,327	625,715
Other operating revenue	40,848	41,806	41,985	42,825	43,682	44,555	45,446	46,355	47,282	48,228
Operating surplus/(deficit)	20,938	(30,834)	(3,782)	(1,867)	(555)	115	804	1,511	2,237	2,982
Investment revenue	50	50	50	50	50	50	50	50	50	50
Finance costs	(16,705)	(17,174)	(18,079)	(18,550)	(19,034)	(19,531)	(20,042)	(20,566)	(21,104)	(21,657)
Surplus/(deficit) for the financial year	4,282	(47,958)	(21,810)	(20,367)	(19,539)	(19,366)	(19,188)	(19,005)	(18,818)	(18,625)
Dividends payable on public dividend capital (PDC)	(6,004)	(6,388)	(6,652)	(6,795)	(6,946)	(7,103)	(7,275)	(7,451)	(7,633)	(7,831)
Retained surplus/(deficit)	(1,722)	(54,347)	(28,463)	(27,162)	(26,485)	(26,469)	(26,463)	(26,456)	(26,451)	(26,456)
Adjustments (including PPA, IFRIC 12 adjustment, Impairment)	1,216	22,460	1,216	1,216	1,216	1,216	1,216	1,216	1,216	1,216
Adjusted financial performance retained surplus/(deficit)	(506)	(31,887)	(27,247)	(25,946)	(25,269)	(25,253)	(25,247)	(25,240)	(25,235)	(25,240)

To note the Trusts' statement of comprehensive income, before the investment, will be updated in April, following finalisation of the planning process, and will be resubmitted.

6.9 Impact on Trust's cash flow position

The most significant cashflow linked to the investment will be the £39.1m capital spend up to March 2024. Cashflows thereafter relate to operating expenses.

The Trust is applying for central capital funding for this scheme which would be provided as PDC.

The incremental impact on the Trust's cash flow position is as follows.

Table 76: Cashflow – Incremental impact of Project investment

	2022/23	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Net cash generated from/(used in) operations	0	-112	-3,650	1,523	2,802	3,461	3,461	3,461	3,461	3,461	3,461
Cash flows from investing activities											
Purchase of property, plant, and equipment	-3,653	-6,575	-28,871	0	0	0	0	0	0	0	0
Net cash generated from/(used in) investing activities	-3,653	-6,575	-28,871	0	0	0	0	0	0	0	0
Cash flows from financing activities											
Public dividend capital received	2,453	6,575	22,461	0	0	0	0	0	0	0	0
PDC dividend (paid)/refunded	0	-238	-466	-571	-549	-531	-516	-510	-503	-497	-503
Net cash generated from/(used in) financing activities	2,453	6,337	21,995	-571	-549	-531	-516	-510	-503	-497	-503
Increase/(decrease) in cash and cash equivalents	-1,200	-351	-10,527	952	2,253	2,930	2,946	2,951	2,959	2,964	2,958
Opening cash	0	-1,200	-1,551	-12,077	-11,125	-8,872	-5,942	-2,996	-44	2,914	5,878
Closing cash	-1,200	-1,551	-12,077	-11,125	-8,872	-5,942	-2,996	-44	2,914	5,878	8,837

6.10 Impact on the Trust's statement of financial position

The investment will create new assets on the MTW's balance sheet. The calculation of depreciation in the financial model assumes an impairment in the net book value of the building on opening. This results in a one-off impairment charge to the SOCI followed by lower capital charges.

The incremental impact on the Trust's statement of financial position is as follows.

Table 77: Statement of Financial Position – Incremental impact of Project investment

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Total non-current assets	3,653	10,073	17,522	16,899	16,277	15,654	15,031	14,408	13,785	13,162	12,539
Cash and cash equivalents	-1,200	-1,551	-12,077	-11,125	-8,872	-5,942	-2,996	-44	2,914	5,878	8,837
Total net assets employed	2,453	8,522	5,445	5,774	7,405	9,712	12,035	14,363	16,699	19,040	21,376
Financed by											
Public dividend capital	2,453	9,028	31,489	31,489	31,489	31,489	31,489	31,489	31,489	31,489	31,489
Income and expenditure reserve	0	-506	-26,044	-25,715	-24,084	-21,777	-19,454	-17,126	-14,790	-12,449	-10,113
Total taxpayers' and others' equity	2,453	8,522	5,445	5,774	7,405	9,712	12,035	14,363	16,699	19,040	21,376

6.11 Cash Releasing Benefits (CRBs)

The following CRBs have been built into the operational and financial model.

- **Improved utilisation from 89.9% to 93% - additional 168 cases per annum and additional income of £774k.**

This improvement target assumes improvements in the 6-4-2 scheduling process and the ability of the orthopaedic team to backfill vacant sessions. This will be monitored by the T&O Directorate and the monthly Theatre Utilisation Board which is chaired by the Clinical Director of Theatres and Critical Care and is attended by the speciality Clinical Directors.

- **Increased case per list, due to 10-hour operating days and improvement in start times - an additional 852 cases and additional income of £3,911k per annum.**

Currently the all-day sessions run 8.30am to 5.30pm and is classed as a 9-hour day with 30 minutes for lunch. Extending the day to a 10-hour operating day will enable inpatient cases to increase from 4 to 5 in an extended operating list, and day cases to increase from 6 to 7 cases per extended operating list. The work being undertaken regarding the utilisation of the lists will also improve this benefit, with reduction in patient cancellations and improvements in start times. In addition, the productivity of each Consultant Surgeon will be reviewed following data analysis of the Consultants average operating times over a 12-month period and operating times for procedures agreed with the Consultant and Clinical Director for T&O.

- **Theatre porter efficiency from Barn theatre layout - saving of £53k per annum**

Due to the layout of the orthopaedic unit being open plan, the need for a porter per theatre has been reduced to two porters across the 3 theatres. This is due to greater visibility for anticipating when the next patient will be required to be transferred to the anaesthetic room from the day case or inpatient area so that the next patient is in the anaesthetic room as the patient on the table is transferred to the recovery area. This allows for a seamless transition, reduces lost time and improves utilisation of the theatre capacity.

6.12 Triangulation of assumptions

The strategic case highlighted the capacity shortfall to forecasted demand across the system. The modelling showed a current shortfall of c.6,500 cases per annum, which is being dealt with through use of the independent sector and ad-hoc waiting list sessions. The capacity shortfall is forecasted to increase even further to c.11,000 cases per annum. It is assumed that additional capacity will be created through

- improvement in theatre productivity and theatre utilisation rates across all sites
- redesign that is underway to implement the EROS (Electronic Referral Optimisation System) and streamline MSK pathways which will assist in reducing demand
- Investment in the Elective Orthopaedic centre on the Maidstone Hospital site

The table below summarises the capacity, workforce and financial assumptions linked to the investment in the new Kent & Medway Orthopaedic Centre.

Table 78: Triangulation of capacity, workforce and financial assumptions

	Year 1 2023/24	Year 2 2024/25	Year 3 2025/26	Year 4 2026/27	Year 5 2027/28
Capacity / Activity					
- Elective DC	285	3,423	3,423	3,423	3,423
- Elective IP	134	1,607	1,607	1,607	1,607
- Outpatients	4,383	29,237	29,237	29,237	29,237
WTE	205.76	205.76	205.76	205.76	205.76
Financial Assumptions £000					
Income from Patient Activities	£2,682	£26,446	£26,446	£26,446	£26,446
Recurrent Pay	£4,512	£16,429	£15,350	£14,691	£14,691
Recurrent Non-Pay	£725	£8,294	£8,294	£8,294	£8,294

6.13 Sensitivity analysis

6.13.1 Sensitivity on unforeseen reduction in activity levels

Sensitivities were performed on the SOCI, to test the impact of unforeseen reductions in activity levels in the facility.

The results are summarised below, comparing the sensitivity for year 5, as an example.

Table 79: Sensitivity results on I & E position

Sensitivity	Elective activity level – per annum	Year 5 I & E position £000
Baseline Surplus / (Deficit)	5,030	£2,323
75% of activity (Income and marginal non-pay changes, and a 12.5% reduction in Pay costs (noting fixed pay costs))	3,773	(£1,196)
80% of activity (Income and marginal non-pay changes, and a 10% reduction in Pay costs (noting fixed pay costs))	4,024	(£490)

Sensitivity	Elective activity level – per annum	Year 5 I & E position £000
85% of activity (Income and marginal non-pay changes, and a 10% reduction in Pay costs (noting fixed pay costs))	4,276	£578
Activity levels required to deliver a Surplus I & E position: 82.4% of activity (Income and marginal non-pay changes, and a 10% reduction in Pay costs (noting fixed pay costs))	4,145	£25

The sensitivity analysis above highlights that the annual surplus/(deficit) generated is very sensitive to changes in activity levels, due to the high nature of fixed costs within the facility. Support is therefore required from the System to ensure activity flows to the Kent & Medway Orthopaedic Centre from across the System, fully utilising the resource available.

6.13.2 Sensitivity on impact of inflation

At a time of national rising inflation, an OBC approval condition is to include a sensitivity to show the impact of inflation on the ability of this project to at least break-even.

On the assumption that pay inflation continues to be funded through tariff, non-pay costs would need to increase by 28.1% to turn the current surplus to a deficit, as illustrated below.

Table 80: Sensitivity results on inflation

Inflation Sensitivity	Year 5 I & E position £000
Baseline Surplus / (Deficit)	£2,323
If non-pay is inflated by a further 28.1%	(£8)

6.14 Impact of delayed timelines on income and costs

A delay to the go-live date, will have a detrimental impact on the ability to reduce the elective backlog for the System, but it will also have financial implications.

The timing of when the delay is announced, together with for how long the delay will be will have differing impacts.

The material impacts of delay are summarised in the table below.

Table 81: Impact of delayed timelines

	Year 2	Monthly cost £000		Modelling assumptions
	Monthly cost £000	1 month delay	2 - 6 months delay	
Pay	<p>£1,369</p> <p>Fixed: £937</p> <p>Variable: £432</p>	<p>£609</p> <p>Fixed: £609</p> <p>Variable: £0</p>	<p>£621</p> <p>Fixed: £281</p> <p>Variable: £340</p>	<p>- If the delay was for 1 month, staff would be redeployed into MTW vacancies, where possible. It is estimated that 35% of the staff could be redeployed; the rest would be supernumerary (at a cost of £609k per month, assuming all posts fully recruited into).</p> <p>- If the delay is for a longer period, such as 2-6 months, staff would be redeployed across the System. It is estimated that 70% of the staff could be redeployed across the System, resulting in a supernumerary cost of £281k per month (again assuming all posts fully recruited into).</p> <p>- The longer the notice period given of the delay, the increased chance of being able to slow/defer recruitment, as required.</p> <p>- It is assumed additional WLI lists would run if the delay is >1 month (delivering 20% of the monthly activity) - £340k relating to WLIs, OP and POA etc.</p>
Non-Pay	<p>£691</p> <p>Fixed: £22</p> <p>Variable: £669</p>	<p>£22</p> <p>Fixed: £22</p> <p>Variable: £0</p>	<p>£1,086</p> <p>Fixed: £22</p> <p>Variable: £1,064</p>	<p>- Non-pay costs are predominantly linked to activity/the facility being opening. These variable costs will not be incurred in the event of delay unless activity is performed elsewhere in the Trust/System e.g. via additional WLI lists, or by the Independent Sector.</p> <p>- Assume 70% of activity performed in WLIs (20%) / IS (50%) if delay 2-6 months.</p> <p>- IS charges included in variable non pay for 2-6 months delay (£962k)</p>
Income	<p>£2,204</p>	<p>£0</p>	<p>£1,543</p>	<p>- Depending on the length of the delay, activity will be postponed (if the delay is for 1 month period) or will be partly delivered through Independent Sector (depending on IS capacity - assumed 50%) and additional WLI lists across the System (20%)</p>
Net effect	£144	-£631	-£164	
<i>This modelling excludes Capital Charges, non-recurrent set up costs and depreciation funding</i>				

The Contractor is required to provide early warning of any matter which may affect programme. The early warning process in the NEC4 contract is described in the Contract Management Plan. This highlights that as soon as any issue which may impact the programme timelines becomes apparent, a formal early warning meeting is arranged. This will ensure that potential delays are addressed promptly to mitigate their impacts and that the Trust has early warning of any delays that cannot be resolved in order to mitigate income and cost impacts.

6.15 Reconciliation of the financial case to the economic case

The following tables show the reconciliation of the preferred option financial case to the figures included within the CIA in the economic case.

The table below reconciles the initial capital invested to the capital costs within the CIA.

Table 82: Reconciliation of the initial capital costs to the CIA

Capital costs	Option 1 Do Nothing	Option 2 Outsource	Option 3 Barn	Option 4 Traditional
Total initial capital cost	£0	£0	£39,098,946	£43,247,000
Exclude sunk costs	£0	£0	-£3,225,038	-£3,225,000
Exclude contingency	£0	£0	-£1,193,070	-£1,193,333
Exclude inflation	£0	£0	-£300,395	-£1,089,167
Exclude VAT	£0	£0	-£6,089,380	-£6,781,000
Total for CIA	£0	£0	£28,291,062	£30,958,500
<i>Discounted</i>	<i>£0</i>	<i>£0</i>	<i>£27,523,386</i>	<i>£29,666,202</i>

The table below reconciles the revenue costs through to 2031/32 to the revenue costs in the CIA.

Table 83: Reconciliation of revenue costs to the CIA

Reconciliation of CIA to SOCI £'000s	Year 0 2022-23	Year 1 2023-24	Year 2 2024-25	Year 3 2025-26	Year 4 2026-27	Year 5 2027-28	Year 6 2028-29	Year 7 2029-30	Year 8 2030-31	Year 9 2031-32
SOCI	-506	-4,311	329	1,630	2,307	2,323	2,329	2,336	2,341	2,336
Remove income	-243	-3,326	-26,446	-26,446	-26,446	-26,446	-26,446	-26,446	-26,446	-26,446
Subtotal SOCI costs	-749	-7,637	-26,117	-24,816	-24,139	-24,123	-24,117	-24,110	-24,105	-24,110
Less depreciation	155	177	623	623	623	623	623	623	623	623
Less PDC interest	238	466	571	549	531	516	510	503	497	503
CIA revenue costs	-356	-6,994	-24,923	-23,644	-22,985	-22,984	-22,984	-22,984	-22,985	-22,984

6.16 Affordability conclusion

Since OBC approval, the capital costs have remained on budget for FBC, and the development delivers a recurrent surplus of £2.3m per annum.

At FBC, the preferred option therefore continues to represent an affordable option to the System in terms of capital and revenue.

MTW will need non-recurrent support (in terms of cash and resource) for the period 2022/23 to 2023/24 due to a combination of non-recurrent set-up costs and staff being employed in advance of services going live.

7 The Management Case

Summary of this section of the FBC

- Robust project governance arrangements are in place that reflect the Kent and Medway system involvement in the project as well as delivery being focused on MTW. The governance structure also includes appropriate working groups.
- The facility will be handed over to the Trust in February 2024 and will go live for patients on 4th March 2024. Project delivery group plans all align to high-level project timelines.
- A workforce plan is in place to recruit the multi-disciplinary workforce of 205.76 WTE. The plan includes international recruitment to approximately 45 posts.
- Risk management and benefits realisation plans are in place to ensure successful project delivery.
- Plans are in place for change management with a focus on the workforce and the safe transfer of services.
- Extensive stakeholder engagement has been carried out.
- Impact assessments have also been undertaken and show no areas of concern.
- A post-project evaluation will be carried out starting six months after opening. A detailed evaluation of the Barn theatre concept will also be undertaken to inform best practice elsewhere.

7.1 Introduction to the management case

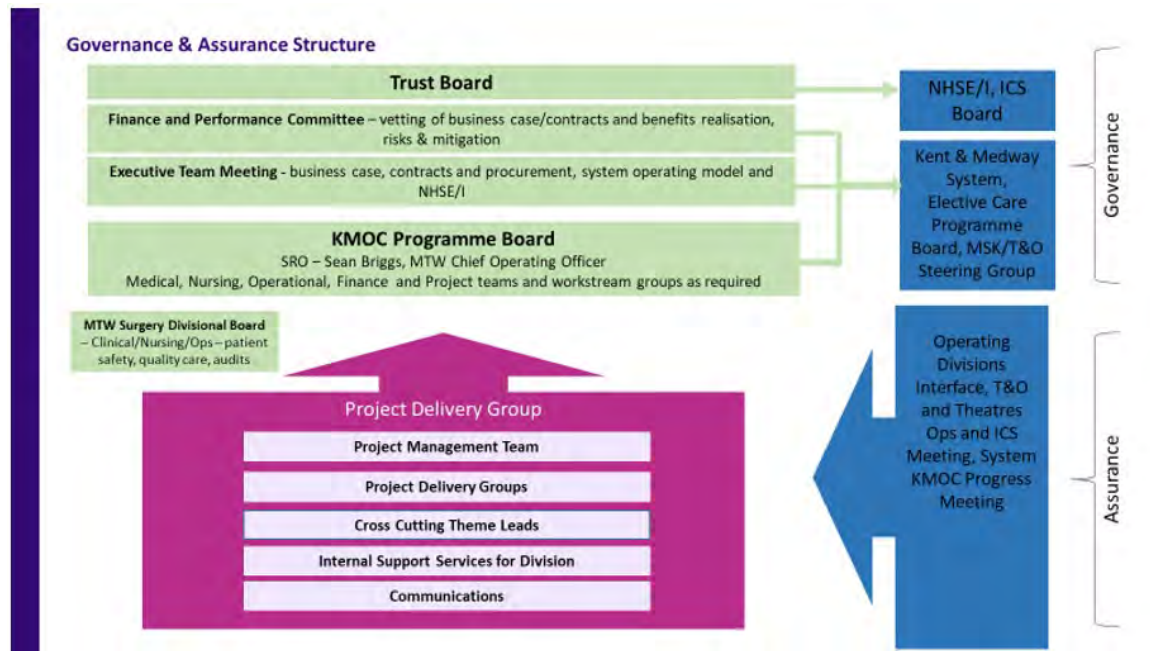
This section of the business case describes how the project will be managed.

7.2 Governance arrangements

The project is being managed and operated in accordance with the principles of the PRINCE2 and Agile Project Management methodology.

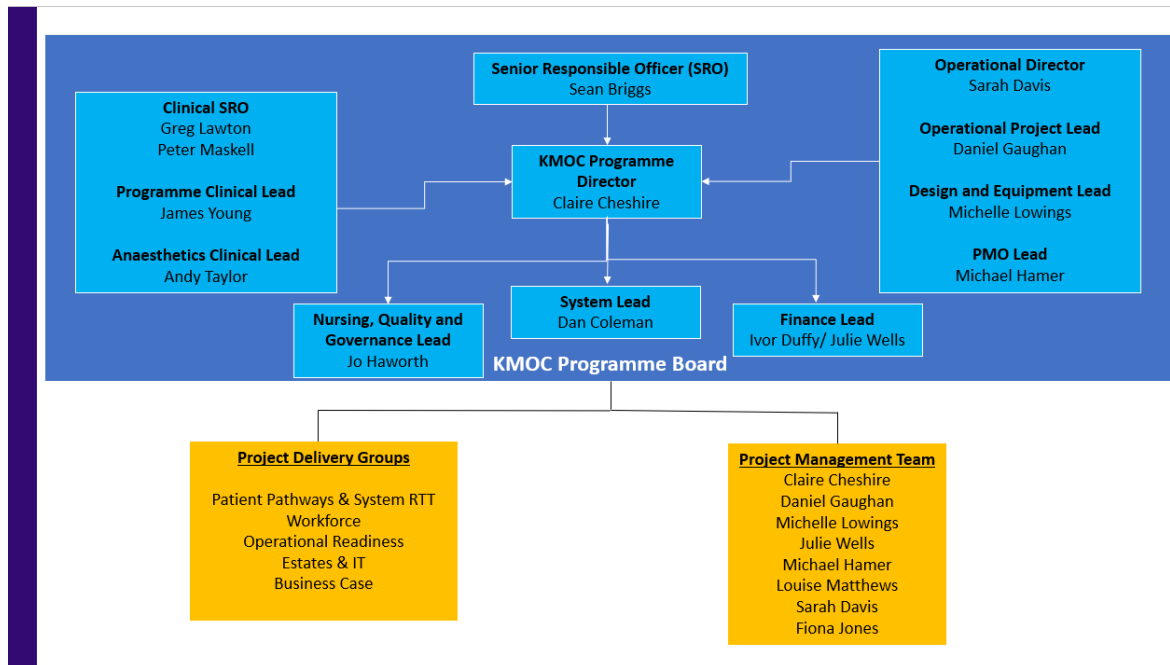
The project governance arrangements reflect the Kent and Medway system involvement in the project as well as delivery being focused on MTW. The overarching governance structure is set out below.

Figure 21: Governance and assurance structure



The KMOc governance structure is headed by the Programme Board, which oversees the project and is directly accountable and provides assurance to the MTW Trust Board (and relevant committees), the Executive Management Team and the Surgery Divisional Board. The KMOc Programme Board is underpinned by Project Delivery Groups and a Project Management Team, as illustrated below.

Figure 22: KMOc Programme governance structure



7.2.1 KMOc Programme Board

The KMOc Programme Board oversees the work of project delivery groups and project management team and consists of a Senior Responsible Officer (SRO), operational, clinical, nursing and quality, system and finance leads, and a Programme Director.

- The SRO is Sean Briggs, MTW’s Chief Operating Officer. The SRO chairs the Programme Board.
- The Programme Director, who will oversee the implementation, delivery and governance of the project and who will be responsible for reporting weekly to the MTW executive team, is Claire Cheshire.
- The Deputy SROs (Clinical), Dr Greg Lawton and Dr Peter Maskell, will ensure that the clinical pathways and workforce are agreed, signed off and will approve the quality impact assessment for the Programme.
- The Operational Director is Sarah Davis, MTW’s Deputy Chief Operating Officer, who is responsible for the delivery of the project operationally and providing the overarching vision of the Programme.

The current KMOC Programme Board membership is set out in the table below.

Table 84: KMOC Programme Board Membership

Name	Position	Project Role	Membership Status
Sean Briggs	Chief Operating Officer	Senior Responsible Officer & Chair	Member
Sarah Davis	Deputy Chief Operating Officer	Programme Operational Director & Deputy Chair	Member
Dan Coleman	Deputy Director of Elective Care K&M ICB	System Lead	Member
Jo Haworth	Chief Nurse	Co-chair Workforce Delivery Group	Member
Saba Sadiq	Deputy Chief Finance Officer K&M ICB	Chair Business Case Delivery Group	Member
Greg Lawton	Chief of Service (Surgery Division)	Clinical Senior Responsible Officer	Member
Peter Maskell	Medical Director	Clinical Senior Responsible Officer	Member
Debbie Morris	Director of Estates	Specialist Advisor	Member
Sue Steen	Chief People Officer	Co-chair Workforce Delivery Group	Member
Jamie Young	Consultant Orthopaedic Surgeon	Programme Clinical Lead	Member
Andy Taylor	Consultant Anaesthetist	Theatres Clinical Lead	Member
John Weeks	Director of Emergency Planning & Facilities	Specialist Advisor	Member
Julie Wells	Associate Director of Finance	Business Case / Finance Lead	Member
Malcolm Catchpole	Head of Digital Programmes	Specialist Advisor	Member
Claire Cheshire	Programme Director	Programme Director	Attendee
Michael Hamer	Head of PMO, Improvement & Delivery	Programme Delivery Advisor	Attendee
Louise Matthews	Associate Director of Capital Developments	Construction Programme Director	Attendee
David Robinson	Divisional Director of Operations	Business Advisor	Attendee
Sharon Page	Divisional Director of Nursing & Quality, Surgery	Business Advisor	Attendee
Tasha Gardener	Director of Communications	Communications Strategic Lead	Attendee

The Programme Board meets on a monthly basis and:

- Provides leadership and governance for delivery to scope, time and budget
- Ensures the project is delivered in line with the objectives
- Receives regular highlight reports from each Project Delivery Group
- Tracks progress against key milestones
- Maintains oversight of the programme risks and ensures appropriate mitigations are in place
- Supports in the resolution of programme issues
- Escalates issues and risks to the Trust Executive Team and ICB as appropriate
- Ensures there is timely internal and external communication and stakeholder engagement planning
- Oversees the benefits realisation plan up to the point the project is handed over to operational management
- Ensures quality and safety assurance for the Programme
- Oversees the financial management of the Programme

Full terms of reference for the KMOC Programme Board are provided in Appendix 45.

7.2.2 Project Management Team

The Project Management Team meets weekly and consists of the following membership:

Table 85: KMOC Project Management Team Membership

Name	Position	Project role	Membership status
Claire Cheshire	KMOC Programme Director	Chair	Member
Sarah Davis	MTW Deputy Chief Operating Officer	KMOC Operational Director	Member
Julie Wells	MTW Associate Director of Finance	Finance Lead and Business case development lead	Member
Louise Matthews	MTW Associate Director of Capital Development	Estates Lead	Member
Michelle Lowings	General Manager Decontamination & Laundry Services	Equipment Lead	Member
Daniel Gaughan	Deputy Divisional Director of Operations, Surgery	Operational Lead	Member
Michael Hamer	Head of PMO, Improvement & Delivery	Project Assurance	Member
Fiona Jones	Head of Digital Communications	Communications Lead	Member
Jo Silva	General Manager Theatres & Critical Care	Project Delivery Manager – patient pathway	Attendee
Lindsey Reynolds	Deputy General Manager Theatres & Critical Care	Project Delivery Manager - workforce	Attendee
Jane Sansom	Lead Matron – Theatres & Critical Care	Sub-group lead Training & Education	Attendee
Tina Cooper	Lead Matron – Orthopaedics	Project Delivery Manager – Operational Readiness	Attendee
Dan Lyons	General Manager Orthopaedics	Project Delivery Manager – Patient Pathway	Attendee
Grainne Willis	IT Project Manager	Project Delivery Manager – IT	Attendee
Steph Parrick	MTW RTT Operational Lead	Project Delivery Manager RTT	Attendee

The Project Management Team:

- Reviews timebox progress against plan for all project delivery group milestones
- Reviews all project issues and agree mitigation and items for escalation as needed
- Receives updates on progress against project risks and escalate as necessary
- Receives exception updates from workstreams as required

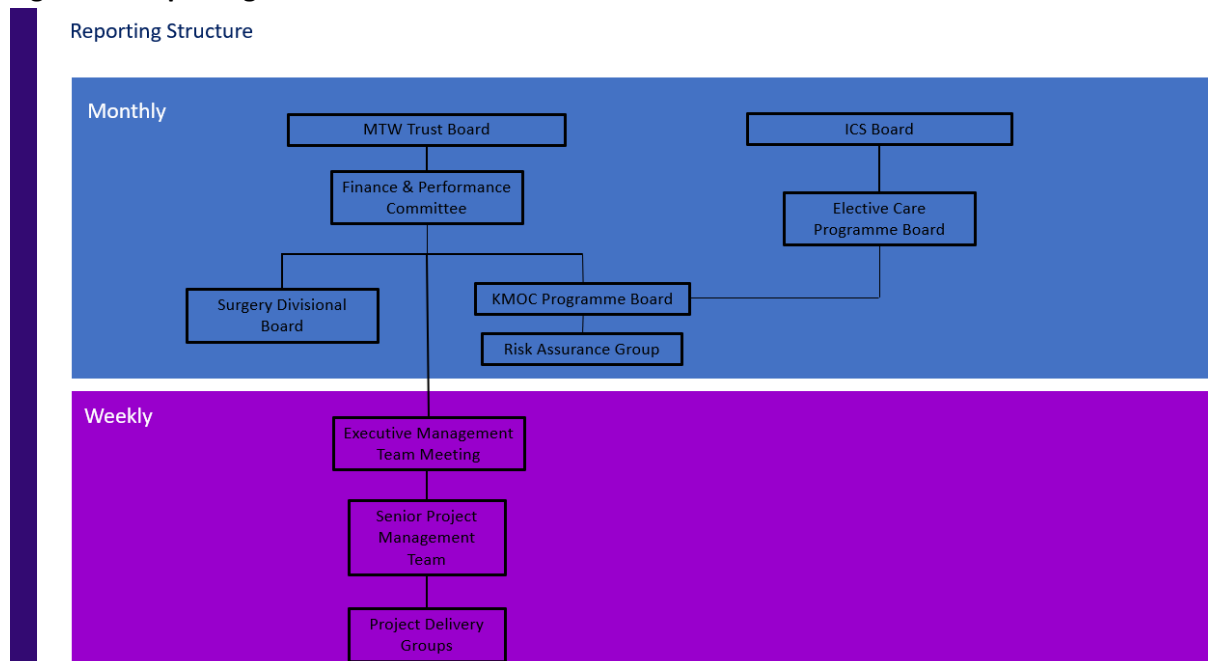
Full terms of reference for the Project Management Team are provided in Appendix 45.

The overall project team has the combination of skills and experience to cover all disciplines required. The design and cost consultants have been selected from a recognised framework of health care professional services providers. The Trust project team and its leads have been selected based on clinical and operational experience for the established work streams. Project Delivery Groups are further supported through a Chair person selected on experience and skilled in that area, as well as having Executive or senior leadership for such within the Trust.

In allocating resources to the project team, release from operational duties has been taken into consideration. The establishment of a workstream based project team has been specifically chosen to ensure all that project teams are able to focus on their particular subject matter, with the cross-cutting themes leadership providing the integration of these work streams. This lessens the project demand on the day-to-day Trust activity of key clinical and operation resources. This is further supported through the use of the Agile Project Management methodology being adopted by the Project team, to support 'time-bound' iterative development against each of the project delivery group milestones. This approach also supports the Programme being delivered on time.

The programme spans MTW and the Kent and Medway ICB reporting into both organisations as per the reporting structure and frequency shown below.

Figure 23: Reporting structure



The control of changes (or variations) within a Programme and each phase, is vital to enable suitable control of the scope, timeframe for delivery and budget. The Programme Director and Construction Programme Director will maintain a log of all potential and instructed changes to the Programme. Divergence from the design brief or tendered design, or the increase or decrease in monies required to fund the design or construction of the works, will constitute a change to the Programme. All changes to the Programme required by the users or any officer of the Trust will need to be authorised by the Operational Director and Programme Director. The Project Manager (Harry Pluckrose) will in turn communicate changes to the Modular Supplier. The Change Control Procedure is laid out in Appendix 46.

7.2.3 Project Management Budget

The Trust has bought in additional resource to supplement the existing internal resource involved in the Programme. This includes the KMOC Programme Director, KMOC Operational Lead, KMOC Project Support and KMOC Project Administrator.

The non-recurrent budget for these additional roles is £445k per annum for 2023/24, through to completion and handover of the Project.

7.2.4 Monitoring of capital, revenue and activity

The Programme Director along with the Associate Director of Finance will be responsible for the monitoring of capital and revenue expenditure against plan providing monthly budget reports to the Programme Board, during the implementation stage.

Following go-live, this will transfer to BAU with monthly spend reported by the Financial Management Team against the Surgical Division.

From an activity and income perspective, the Trusts Commissioned Clinical Services Contract with NHS Kent & Medway ICB will be managed in line with NHS Standard Contract terms and conditions within the MTW Contracting and Income Team. Quarterly Contract Committee meetings are held with Commissioners to review Quality, Finance and Service Performance within which progress on the implementation of the K&M Elective Orthopaedic Centre business case will be a key focus before, during and after implementation to ensure that it delivers the planned System capacity to support the continued Elective Recovery Programme across the ICS.

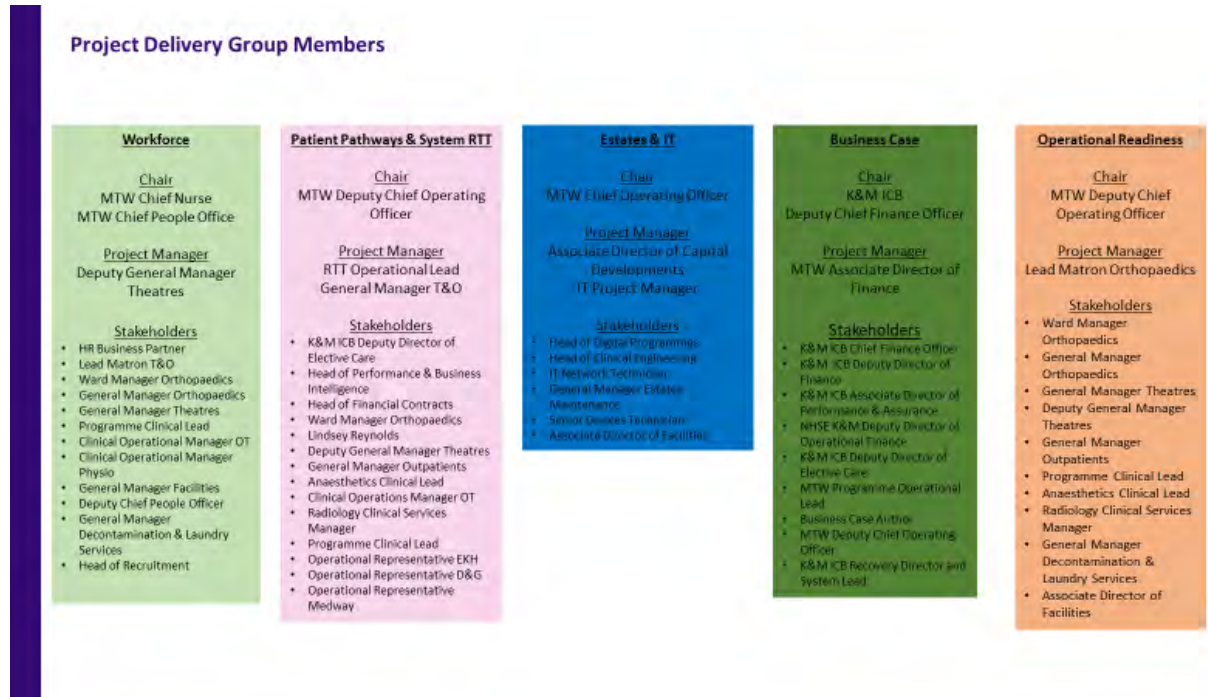
7.3 Project Delivery Groups

In addition to the Programme Board and Project Management Team, there are a number of supporting project delivery groups which undertake detailed work on the clinical and technical aspects of the project and are key to the successful delivery of the scheme. These are:

- Workforce
- Patient Pathways and System RTT
- Estates and IT
- Business Case
- Operational Readiness

Membership of these project delivery groups is described below, and the terms of reference are available in Appendix 45.

Figure 24: Project Delivery Groups



The roles and responsibilities of Project Delivery Group leads are as follows:

- To develop the project delivery group delivery plan with the Programme Director, including key deliverables, tasks and gateways
- To lead on the project delivery group programme ensuring that deliverables are met on time
- Meet with project delivery team on regular basis to support delivery of milestones
- Manage the project delivery group risk register ensuring risk mitigation plans are delivered and regularly reviewed - and register updated
- Capture and escalate any project delivery group issues in line with the issue reporting process for the Programme
- To report changes and decisions to the Programme Director and administrator so that these are captured in a timely way with supporting information
- To join the weekly Project team meetings and verbally report on progress
- To meet with the Programme Director every other week to provide updates and opportunity to trouble shoot any issues
- To ensure the PMO is updated with progress against milestones and risk & issue management
- To provide a monthly progress report for submission to the Programme Director for onward sharing to the Programme Board
- To pre-meet with the project delivery group chair ahead of meetings
- To set the agenda and papers with the Project Administrator for meetings
- Attend all project delivery group meetings as required

7.4 External advisors

The Trust has appointed external advisors to support delivery of the Programme. This supplements the Trust's internal resource and provides complementary expertise in specific fields that the Trust is not able to source internally. The external advisors engaged in the project are as follows:

- Architect, Lead Designer & Principal Designer - Hazle McCormack Young
- Services Engineer - Stewart Associates
- Structural & Civil Engineer - Colin Toms and Partners
- Project Manager and NEC Project Manager - Gardiner & Theobald LLP
- Quantity Surveyor - Turner & Townsend
- Building Control Approved Inspector - Harwood
- Fire Engineer - Innovation Fire
- Acoustician - KP Acoustics
- Healthcare Planner – Lexica

Harry Pluckrose is the dedicated Project Manager from Gardiner & Theobald LLP. This role oversees the contracted works and construction, and provides weekly progress reports. His CV is included in Appendix 47.

The Trust has engaged a project manager and quantity surveyor with adequate resources to manage the full delivery of the project, including managing the bids, preferred bidder appointment and contract.

All external advisors have been appointed on the basis of agreed activities and deliverables, and arrangements are in place for validating the quality of the deliverables.

A clerk of works will also be appointed to oversee the quality and safety of the construction site work, making sure that building plans and specifications are being followed. The clerk of works will undertake regular inspections of the work on site and will review completed works against the original, signed off drawings and specifications.

Full details of all external advisors, their role/remit, length of contract, procurement route and costs by year is laid out in Appendix 25.

7.5 Expertise engaged in the project

The experience of key members of the team responsible for the successful delivery of the project is set out below.

Table 86: Project Expertise engaged in the Project

Name	Role	Experience
Sean Briggs	MTW Chief Operating Officer Programme SRO	Sean has been SRO on a number of projects including: (1) Being the first Trust in London to set up 24-hour Thrombectomy services for Stroke Care. This included circa £4million capital and £8 million revenue. (2) Being SRO for building the St George’s Helipad in 2015. Massive capital development – circa £20 million. (3) SRO for new Neuro rehabilitation and Neurosurgery Unit - £15million capital development
Claire Cheshire	KMOC Programme Director	Over 20 years NHS experience in operational, governance and project roles. PRINCE 2 Practitioner and Agile Practitioner qualifications. Projects include redesign and relocation of Haematology day unit, North London Haemophilia Network,

Name	Role	Experience
		Covid virtual ward, Long Covid regional service, anticoagulation service design for 2 acute Trusts and CCGs. Operational management experience up to and including Divisional Director of Operations level.
Sarah Davis	MTW Deputy Chief Operating Officer KMOC Operational Director	<p>Sarah is an RGN and has 35 years of NHS experience with 10 years as a theatre practitioner. Sarah has been an operational lead for several projects which include:</p> <ul style="list-style-type: none"> Planned and co-ordinated the move of 10 theatres, endoscopy suite and intensive care unit into the new PFI build at Tunbridge Wells. Designed, planned and implemented a new Endoscopy unit at Maidstone Hospital and gained JAG accreditation. Commissioned a vacated private day case facility at Maidstone Hospital within a time frame of 3 weeks. Planned and implemented the single point of access for West Kent elective referrals via a prime provider contract and procured nine Independent Sector hospitals. <p>Led the operational teams at MTW in reducing 52-week breaches from 1000 down to zero in 12 months and was one of the first to achieve this nationally.</p>
Sue Steen	Chief people Officer Workforce lead	Sue is a senior experienced HR and OD Director with over 30 years' service across the Public Sector, including local and central government, health and law enforcement. She is a Chartered Fellow of the CIPD and has been a senior executive for over 15 years. Prior to joining MTW Sue was the Deputy Chief Executive for People and Strategy with St John in New Zealand and has led HR and wider portfolio teams including corporate services, governance, risk and estates.
Mike Hamer	Head of PMO PMO Lead	Mike is MTW's Head of PMO in the Improvement & Delivery Department. His key responsibilities include setting in place benefits realisation management plans, monitoring and reporting project performance and progress and supporting operational teams and the Trust Executive in the governance and assurance of its investment projects. Mike is trained in PRINCE and Agile, and has over 30 years in the project and commercial management environment, across a multitude of sectors, on capital investment projects mostly in excess of £100m from development of business cases through to post project evaluation.
Louise Matthews	Associate Director of Capital Development	An experienced health sector PM having worked for the NHS; both client and contractor side, bringing a wealth of knowledge and expertise from feasibility through to operations. Schemes

Name	Role	Experience
	Internal estates lead	include a £400m PFI in Birmingham with 4 key stakeholders (2 Trusts, a university and the MOD), refurbishments and new build on 24/7 operational sites such as Middlesbrough, Bolton FT, BCH, UHB and redesign of capital related governance processes and procedures.
Harry Pluckrose	External Dedicated Project Manager	Harry is a Project Manager and Chartered Surveyor with 10 years' experience in the healthcare sector and 15 years in the construction industry. He has delivered most types of healthcare facility, including numerous modular buildings and operating theatre facilities. His experience includes all forms of procurement and contract. Key projects have included the Estates Modernisation Programme at Springfield University Hospital (£160m), Queen Mary's Hospital Redevelopment (£50m), Great Ormond Street Hospital Premier Inn Clinical Building (£82m) and currently multiple major projects for Maidstone & Tunbridge Wells NHS Trust.
Julie Wells	Associate Director of Finance – Financial projects Business case and finance lead	Julie is a CIMA qualified accountant with over 25 years' experience of working in the NHS. With over 18 years' experience of working at a senior level within NHS Finance, Julie has supported a vast amount of complex Business cases over her career, providing financial advice to the Project and the Board, and ensuring the projects deliver value for money on the use of public resources.
Malcolm Catchpole	Head of Digital Programmes IT Lead	Malcolm has over 25 years NHS experience in operational and programme/ project roles across several healthcare settings both contractor and client side mainly in Sussex and Kent. Programmes/Projects include Windows 10 upgrades, Windows 2008 server upgrades, 4 x PACS/Radiology Information Systems' upgrades, Supporting EPR implementation, merger of 5 mental health PAS systems into one, community PAS implementation, single siting of acute Health Records department and numerous other system implementations and procurements.
Dan Coleman	Deputy Director of Elective Care, K&M ICB	Dan is a senior operational manager with significant experience of working in large acute hospitals across surgery and medicine. He has delivered large scale transformation projects including moving services to hub and spoke models as well as delivery of large-scale community services moved from acute services.

7.6 Milestones

The key milestones in delivering the project are summarised in the table below.

The detailed construction programme plan is set out in Appendix 29. The Modular Suppliers construction programme plan is also detailed in Appendix 30.

Table 87: Key Programme milestones

Activity	Milestone
OBC and early release of capital funding approved at Joint Investment Sub-Committee of NHSE/DHSC (JISC)	12 th December 2022
Enabling works	January to June 2023
Completion of market testing and final contract price	February 2023
Recruitment of key posts to begin, including commencement of overseas recruitment campaign	February 2023
FBC approval – MTW and K&M ICB Board, followed by submission to NHSE	March 2023
FBC review and approval - NHSE	March 2023 to June 2023
FBC presented to JISC for Approval	19 th June 2023
Manufacture and Construction period (Assuming approval by JISC)	June 2023 to January 2024
Outpatient activity for the system to commence	November 2023
POA activity for the system to commence	December 2023
Handover to Trust and operational commissioning	February 2024
Opening of new facility to patients	4 th March 2024
Post project evaluation (6 months after go-live)	September 2024

The project timeline is based around achieving a number of ‘gateways’ and a continuous assurance process covering the period from opportunity identification to handover of the new facility.

The enabling works have been initiated and will be largely completed before approval of the FBC. The early drawdown arrangements are described in the Financial case.

High level milestones from the Delivery Project Groups are as follows.

Table 88: High level milestones from Project Delivery Groups

Project Delivery Group	Activity	Milestone
Patient Pathway and RTT	Patient pathway from other Trusts drawn up and signed off	May-23
Patient Pathway and RTT	Patient acceptance criteria defined and agreed	Jun-23
Patient Pathway and RTT	Agreed pathway across system for MSK services agreed and signed off	Aug-23
Patient Pathway and RTT	Referral management processes drawn up and signed off	Oct-23
Patient Pathway and RTT	Access Policy agreed and signed off	Dec-23

Project Delivery Group	Activity	Milestone
Workforce	Relevant staff communication, consultation and EOI completed	Mar-23
Workforce	Completed recruitment plan	Mar-23
Workforce	Agreed plan for delivery of 60 hour working week & 48 weeks/year	Mar-23
Workforce	Completed delivery of recruitment plan	Sep-23
IT	IT Equipment requirements agreed for FBC and tracker in place	Mar-23
IT	Infrastructure for IT (including Teletracking) implemented	Dec-23
Operational Readiness	KMOC Operational Policy agreed	Mar 23
Operational Readiness	Identified patient representative(s)	Apr-23
Operational Readiness	Patient feedback sessions organised to support development of patient information and FAQs	Jul-23
Operational Readiness	Elective Orthopaedic Centre policies list drawn up and policies completed and ratified	Jul-23
Operational Readiness	Patient information (website & leaflet) developed and available for MSK services & MTW	Oct-23
Operational Readiness	Business continuity plan for areas drawn up	Nov-23
Operational Readiness	Emergency treatment SOP ratified	Dec-23
Operational Readiness	Fire SOP completed and ratified	Jan-24
Operational Readiness	Elective Orthopaedic Hub Standards mapped into operational plans	Jan-24
Operational Readiness	Fire emergency evacuation exercise completed by all staff	Feb-24
Operational Readiness	Internal hospital signage in place	Feb-24
Operational Readiness	Emergency planning exercise completed	Feb-24

7.6.1 Commissioning plans and checks

The Main Contractor shall prepare a Project Quality Plan and execute the works in accordance with this plan. The Project Quality Management Plan will encompass all procedures and controls necessary for the defect-free Completion of the works, including provision for actions required to ensure compliance with the provisions of BSRIA Soft Landings Framework and BSRIA Model Commissioning Guidance or equivalent. The Project Quality Plan shall include a protocol for design submission and acceptance.

The novated Design Team shall be responsible for checking the compliance and quality of the construction works, providing monthly reports to the Main Contractor and NEC Project Manager.

The Main Contractor will be responsible for producing a 'Handover Procedure' that recognises the policy of 'No Defects at Completion'. This will be submitted to the Project Manager for approval. The Main Contractor will be responsible for quality checking and pre-handover correction of Defects and will notify the Project Manager when the Works are Defect free and ready for inspection. This notification will include written statements from the Main Contractors Design Team that the Works have achieved Practical Completion.

Following an inspection by the Trust and the technical monitoring team, any defects identified at Completion will be notified to the Main Contractor. The Project Manager shall issue a Certificate of Practical Completion once a defect free condition has been achieved by the Main Contractor.

Once Completion is certified the project comes to an end and the Works are handed over to the responsibility of the Trust.

The Main Contractor will be responsible for preparing and maintaining a schedule of all testing and commissioning activities to be witnessed by the Services Engineer and Trust's independent Commissioning Engineer. The Main Contractor will make arrangements with the Trust and give reasonable notice of the precise date for access to the various parts of the Works for purposes of making good defects. The Main Contractor shall inform the Trust when remedial works to the various parts of the Works are completed. The Main Contractor may be required to carry out remedial works at any time during the Rectification Period as instructed by the Trust. The Main Contractor shall allow for importing labour, plant and materials for the purposes of making good defects after Completion.

The Main Contractor as Principal Designer will produce the Health and Safety File in collaboration with Designers and the Principal Contractor. The file will contain information necessary for future construction, maintenance, refurbishment or demolition to be carried out safely, and is retained by the Trust. At or before Practical Completion the Main Contractor is required to provide the Project Manager with as-built drawings of the Works and completed Operations and Maintenance Manuals. The required content and format of these documents shall be defined in the contract documentation.

The Main Contractor is to provide an asset list in a format compatible with the Estates and Facilities Department CAFM system.

The Trust has engaged an independent NEC Supervisor and Authorising Engineer to provide further assurance as to quality and compliance of the construction works. These retained consultants shall provide regular reports to the Project Manager identifying any areas of concern. They will be responsible for undertaking final inspections at completion. The Project Manager shall certify completion on the advice of these retained consultants and the novated Design Team.

7.7 Workforce plan

The detailed workforce plan for the new capacity and the corresponding additional staffing requirements is laid out in Appendix 48.

An extensive multi-disciplinary workforce of 205.76 WTE in total will need to be recruited to support the new service, covering medical, nursing, allied health professionals, facilities and administrative staff.

The aim is to recruit, train and educate and retain high quality staff in line with the commencement of the new service. Overall workforce objectives are:

- To recruit staff in line with the recruitment plan
- To develop contingencies where recruitment is not delivered to plan
- To use appropriate recruitment resources as required for both national and international requirements
- To maintain transparency regarding recruitment to all relevant services across the Kent & Medway ICB area
- To ensure that skill mix is reviewed and consistent with the Trust workforce strategy
- To ensure there is an onboarding and induction plan to welcome new staff and induct them consistently into the Trust
- To ensure additional pastoral support is in place for international cohorts joining MTW

The workforce plan outlines the recruitment strategy for the service development covering goals, demand requirements, supply issues, risks and mitigation. It also details retention plans and education and training.

An international recruitment campaign will be required for c.45WTE of the workforce required. This will need to start well in advance of the planned opening date to allow for sufficient induction and training. A training programme will also be developed for these staff, specifically aimed at delivering Orthopaedic activity.

7.7.1 Methodology in creating workforce establishment

A number of national drivers for workforce have been incorporated into the Workforce strategy and establishment for the Centre. National tools and frameworks reviewed as part of this process include the NHSE demand and capacity tool for activity and business planning. GIRFT, BADS, Model System data and the involvement of Theatres in undertaking the national bench marking exercise on an annual basis.

The care model and associated workforce has been devised with all disciplines working towards a 7-day service model, other than the Consultant body due to the terms of the Consultant contract. At go-live, theatre services will run 6 days a week as will some outpatient services with support services working across 7 days. The model of care for out of hours cover is being refined to establish a dedicated RMO working with the on-call consultant.

Clinical establishments for the wards and theatres were devised using a number of assurance tools, such as NICE guidance and safer staffing tools. Within the Day Case and Inpatient ward areas, the Safer Nursing Care tool was used to calculate clinical staffing requirements based on patient acuity and dependency. This was with the aim of ensuring that the workforce model would be able to support an area of high patient throughput and productivity whilst maintaining safe, compassionate and individualised care. Practitioner establishments for theatres were based on the Association of

Perioperative Practitioners Guidelines where the ratio of band 6 posts represents the need for Enhanced Practitioners with appropriate perioperative experience in the anaesthetic, scrub and recovery roles to support the high volume of cases planned to be undertaken on a daily basis. This supports the approach of having the Right Staff with the Right Skills in the Right Place at the Right Time coupled with novel workforce solutions such as training of the Trusts first Anaesthetic Associates and expansion of the Surgical Care Practitioners and Physician Assistant roles.

7.7.2 Workforce and clinical governance

The novel clinical environment of a “barn” style theatre complex will facilitate collaboration, supervision of learners and sharing of experience. As the Kent and Medway Orthopaedic Centre is to be integrated into the Maidstone Hospital site, all of the Governance and Corporate functions of MTW Trust will be embedded, including the roll out within the Trust of the Patient Safety Incident Response Framework, supporting a culture of learning and feedback from any incidents or near misses that may occur. Weekend working outcomes such as mortality reviews will be led by the Medical Director and Divisional Chiefs of Service. Patient feedback will be sought and acted upon through the Trust Friends and Family survey and as at present patients and families will be encouraged to voice their concerns. Senior members of the team will be required to attend the exceptional leaders programme and deploy A3 thinking within the service to maintain quality. Deteriorating patient pathway will be in place as per the rest of the Trust, utilising the National Early Warning Score (NEWS 2) to identify patients. Critical Care Outreach will be available to support nursing staff as necessary and transfer to the onsite Intensive Care Unit can be facilitated if necessary.

7.7.3 Retention of staff

Staff need to feel valued, supported and appreciated in their roles. Within the Trust regular “pulse check” staff surveys are undertaken to capture views of staff. The annual staff survey results are monitored at divisional level alongside the pulse checks with associated action plans to create improvements for staff. Safe space champions are available and a number of staff are completing the Professional Nurse Advocate programme to promote restorative supervision. Staff rest areas and break out space have been incorporated within the new KMOC building and the generation of a positive collaborating team working together will be promoted as per the Trust philosophy of Exceptional People, Outstanding Care. Human Factors Training is already utilised with the Trust and will for part of the staff induction and team building process. The wider Trust also promotes a number of workshops to promote staff wellbeing such as those on EDI, women in leadership, staff safety, career progression etc. Regular meetings are set with staff of all grades to offer them the opportunity to meet with leaders in their service and to hear updates on service strategy, performance and governance and for the Director to hear feedback and to offer all staff groups the opportunity to speak openly about their experiences.

Yearly appraisals will be in place for all staff and competency directed orientation training will be undertaken. The staff will be able to benefit from the comprehensive opportunities for learning and development within the Trust and externally such as for theatre nurses to obtain an anaesthetic qualification, CSWs to become ODP apprentices or nurse associates or Registered nurse Degree apprenticeship opportunities. Qualified staff may be supported to obtain Masters Degrees or additional Leadership and Management Qualifications or take on roles such as Physician’s Associates or Advanced care Practitioners. The Trust is also focusing on the Patient First Improvement System where staff are encouraged to make continuous improvement part of their everyday lives.

7.7.4 Technology advances and workforce

Clinical patient management systems will be in use to support staff in managing the patient journey. A comprehensive Anaesthetic clinical information system will be in place from preassessment to Recovery. This will allow patients to electronically complete preoperative assessments to enable patient triage to ensure that POA activity is focused in those who will most benefit from preoperative optimisation and limit the necessity of attending the site for multiple Preop appointments, capture of real time anaesthesia and pathway to Recovery. Sunrise Surgical Care will be in place to support Theatre scheduling and allow for data capture to focus on list utilisation and patient outcomes, supporting the team to achieve excellent results for patients.

7.8 Benefits realisation

The new KMOC facility is a catalyst for change that will transform the orthopaedic surgical services for the System. These changes are expressed through the investment objectives of the business case and will be realised and evidenced through a set of benefits classified under:

- cash releasing,
- non-cash releasing
- qualitative/societal.

These desired benefits were described in the strategic case and are set out within the benefits realisation plan in Appendix 4:

- Full description of the benefit in terms of what will be the outcome that will be evident
- The key enabler(s) which allows the benefit to be realised, that is the event, activity and/or product that is required to allow the benefit to be realised
- The current benchmark measure of the cost/quality/activity etc that the investment will allow to change(improve).
- The Key Performance Metric (KPI) that will define the realisation of the benefit, that is the quantification of the benefit – the value that will be realised in terms of either a cash release from budgets, efficiency in staff time required and or improvement in quality of care, staff wellbeing, etc.
- Timeline for when the benefit's KPI will be achieved and considered stable
- Identified owners for each benefit. This relates to an individual or team who will be responsible for the use/management of the new facilities which will directly produce the benefit

This plan provides a planning and control tool for the project to track progress on delivery and the realisation of benefits.

To support the successful delivery of these investment objectives a benefits realisation management plan will be overlaid on project delivery to ensure healthcare planning, design, specification, construction and equipment installation of the unit are aligned, and contribute fully, to the achievement of the benefits, both clinical and financial.

This management plan adopts a life cycle approach to coordinate and control the investments and provide clear visibility and accountability for progress and performance that the benefits are being

achieved through these investments. Within the management plan life cycle a Project Management methodology will be used to monitor/track, report and escalate issues and decisions around the delivery of benefits.

7.9 Risk management

Risks for the Estates component of the Programme are assessed using the Monte Carlo risk method; all other project delivery group risks are assessed using the MTW risk management matrix. These are reviewed on a monthly basis at each of the Project Delivery Group meetings and at Programme Director and Project Delivery Lead meetings.

The Programme Director in conjunction with the project delivery leads and PMO ensure that suitable and sufficient assessments of risks are undertaken. All risks are logged in a programme risk register and include mitigation against each risk with a responsible lead for delivering the mitigation plan. Where relevant risks will also be added to the MTW Trust Risk Register.

The KMOC Programme board will review all risks on a monthly basis via the provision of a risk summary report. Risks and issues are also a standing agenda item at the weekly Project Management Team meetings and the Project Delivery Group meetings.

Monthly assurance meetings chaired by the Head of PMO are in place to externally review the risks and provide advice on mitigation as needed. These assurance meetings are also attended by Trust Head of Risk and Trust Deputy Medical Director. The group provides an exception report to the Board on a monthly basis. The KMOC Risk Assurance Group terms of reference are included in Appendix 45.

The Programme works to the principles of the MTW Risk Management Policy and Procedure through its own risk management plan. This is attached at Appendix 49.

The current risk registers can be found in Appendices 5 (Construction) and 6 (Other).

There are no red risks, post mitigations, at FBC.

7.9.1 Review of OBC Top 3 risks at FBC

An update on the Top 3 risks which were highlighted at OBC, is as follows.

Table 89: Update on Top 3 project risks at OBC

	At OBC		At FBC	
	Current score	Mitigated score	Current score	Mitigated score
Increase in Capital costs	5 (L) x 5 (I) = 25	4 (L) x 5 (I) = 20	4 (L) x 4 (I) = 16	3 (L) x 4 (I) = 12
Delay to OBC and FBC approval periods impacting on go-live date	5 (L) x 4 (I) = 20	5 (L) x 4 (I) = 20	5 (L) x 4 (I) = 20	3 (L) x 4 (I) = 12
Extended lead times for IT equipment impact technical and operating commissioning	5 (L) x 4 (I) = 20	4 (L) x 4 (I) = 16	1 (L) x 4 (I) = 4	1 (L) x 4 (I) = 4

- **Increase in capital costs:** FBC cost plan in line with OBC estimated cost plan. Construction costs based on fixed price from Modular supplier. FBC cost plan includes £1.4m of contingency (including VAT - 4.47% of the Works value) to cover design development, Employers risk and Construction risk) and inflation until the point of contract award.
- **Delay to OBC and FBC approval periods impacting on go-live date:** OBC approved December 2022. Early drawdown of capital funding for April and May 2023 also approved at JISC. FBC due to be submitted to JISC June 2023. MTW business case lead to work closely with NHSE to ensure queries are responded to in a timely manner. If FBC postponed from June JISC, additional early capital drawdown will be requested.
- **Extended lead times for IT equipment impact technical and operating commissioning:** Long lead items were ordered in November 2022 in order to mitigate this risk. Since ordering these items, lead times have reduced significantly with around 80% of the equipment already received and the remainder due for receipt by August 2023.

7.9.2 Risk Potential Assessment

The risks associated with the project have been scored against the Risk Potential Assessment (RPA) for projects. The RPA is designed to provide a standard set of high-level criteria for assessing the strategic risk potential of projects, and of emerging policies and initiatives that are expected to be delivered through the project in the future. The RPA score is Low. An RPA action plan is in place to address areas with low and moderate risks in order to reduce these. The Risk Assurance Group is responsible for reviewing these on a monthly basis and providing an update to the Programme Board. The RPA and plan are attached in Appendices 48 and 49.

7.10 Business continuity

The T&O directorate have business continuity plans in place for their existing areas. Updating and adding KMOC to the plans will be covered by the operational readiness task and finish groups and will involve key stakeholder sign off.

The facility is a new building and is external to the main hospital building at Maidstone Hospital, with no existing services being delivered within it. Access for staff, patients and public are not impacted by the building phase. Emergency plans have been reviewed and updated in line with building and its location. Relevant adjustments have been made to maintain emergency service delivery for safety of patients, staff and public.

The facility will be ring-fenced capacity and will not be impacted by changes in patient flow during a major incident. During the building phase, business continuity, emergency planning, fire and evacuation plans will be developed for the new centre. There will be ongoing emergency planning discussions with contractors and emergency planning during building phase.

7.11 Change management

7.11.1 Communications and engagement

The Trust recognises that the project will only achieve its objectives if the project is developed with engagement from staff and stakeholders. Business engagement is defined as the framework that enables effective stakeholder engagement and communication throughout the life of the project. It is recognised as integral and critical success. It is important to note that business/stakeholder engagement, communications and the stakeholder landscape itself will evolve throughout the life of

the project and it is therefore essential that the project establishes a flexible approach to business engagement and communications that is maintained and re-visited at each phase of the project.

The project team has identified the key stakeholders:

- The Kent and Medway System
- Surgeons
- Anaesthetists
- Theatre and recovery nursing staff
- Control of infection team
- Managers within the Surgery Division
- Managers within clinical and corporate support services (therapies, radiology, pharmacy, estates and hotel services)
- Patients and carers

Staff have been closely involved in developing the design for the proposed new facility, workforce requirements and the care pathway.

Staffside representatives form part of the workforce project delivery group and receive regular updates on the Programme.

Operational stakeholders from other Kent and Medway providers have been engaged with and pledged support for utilising the facility for their activity.

Engagement with HOSC and HASC has been productive, with the agreement that this represents a significant opportunity to enhance patient access and the patient experience and are supportive of this case.

The Programme communications and engagement plan is included in Appendix 52.

The engagement objectives are as follows:

- To keep all stakeholders (internally and externally) up to date with the Trust's plans to build the barn style theatres.
- To promote the creation of expanded orthopaedic surgical capacity for the Trust and wider system to support the Trust's commitment to delivering outstanding patient care.
- Address any queries or concerns about the development internally and externally through communication.
- Being open and transparent about the development internally and externally.
- Building a clear understanding of, and support for, the project and its role in system recovery among system partners.
- Support recruitment campaigns and raise the profile of the Trust as a forward-thinking, innovative Trust and an attractive place for prospective staff to work.

The ICB and MTW are working together on communications and engagement. Key individuals, groups and organisations have been identified to include in communications and engagement on the WKOC Development.

A dedicated email address/inbox has been established (mtw-tr.barntheatre@nhs.net), and a named clinical lead identified, to enable the project team to receive feedback, communication, questions from patients, the general public and colleagues as they hear about the development.

7.11.2 Stakeholder involvement in shaping the preferred option

There has been extensive stakeholder engagement in shaping the preferred option and delivery arrangements for the Programme. Workshops were held with key stakeholders throughout summer 2022 led by a PMO facilitator. The Programme Director attended all sessions with key user and customer input from clinical and corporate roles. External support roles were also involved in sub-group sessions in terms of the design. The sessions included agreement of key programme milestones and deliverables, leadership for these and timelines. ICB membership formed part of key project discussions and in the scoping process. The governance structure for the programme has developed with operational and project team in terms of reporting structures, team leaders, milestones and risk and assurance processes.

Change management for the Programme has been resourced through the HR Business Partner, Theatre's Leadership Team and the Trust internal OD, Leadership Development, EDI and Wellbeing teams. Led by the Head of Organisational Development and HRBP for the programme, the change management team is have primarily focused on the programme's workforce and have played a key stakeholder role in the workforce development. Change management discussions already held with clinical leads involved in the Programme to support progress to date. Number of project team are experienced in taking teams through change. The workforce plan will cover development and support at a leadership, management and team level. This will be closely aligned to the consultation, recruitment and onboarding plans to flag independencies.

For the procurement part of the Programme, the Trust has employed a 2 Phase Design & Build strategy utilising national NHS frameworks for modular construction and professional services. The design has been developed to RIBA Stage 4 Technical Design (Phase 1). This has included both internal and external stakeholder engagement for the full design of all architectural, building services, civil and structural engineering elements. 1:50 plans. C-sheets have been completed and signed-off by these parties.

To obtain the benefits of Modern Methods of Construction, the building is entirely of volumetric modular construction. A modular contractor (procured via the SBS Modular Buildings framework - SBS/16/JS/PZS/9049) has been engaged from RIBA Stage 2 Concept Design through a Pre-Construction Services Agreement (PCSA). The design has therefore benefited from substantial early contractor involvement, particularly in relation to buildability and detailing of the volumetric modular system. In Phase 2 (RIBA 5 – completion), the Professional Services will novate into the Construction contract of the Primary Contractor to maintain the consistency and integrity in delivery of the project design.

A core project delivery team from front line staff roles has been in place, acting as decision makers on design, care model, workforce etc. The project team have also worked in collaboration with relevant clinical and non-clinical Divisional staff to create the final proposal. Presentations have taken place to wider staff groups on the remit of the development, including design, equipment, patient flow and staffing. The content of the Programme has been shared in staff divisional newsletters and in Trust Comms publications, with a dedicated email address launched for feedback.

There has been continuous patient engagement through Healthwatch and Trust Patient engagement teams. MTW patient representatives attended and contributed to Design Quality Indicator panels, whereby changes suggested from patients' point of view were documented and considered. Healthwatch also participated in the naming of the new facility.

Patient engagement is a sub-group of the operational readiness part of the Programme. During implementation, MTW/ICB Patient Engagement teams will be running facilitated patient/carer workshops in May 2023 to support development of patient information and to discuss other support needs in the development.

Interfacing with community partners for patient pathways is still in the developing stage but should a patient require a community bed, social services, package of care closer to home then the patient will be highlighted to community partners in that catchment area and transfer of care organised.

Working to the principles of the Green Book, several workshops, as detailed above, with stakeholders have been undertaken as part of the development of the design and the business case. This has been critical to the robustness of the case and is essential to the successful delivery of the scheme.

7.11.3 Workforce change

Service changes have the potential to create uncertainty for staff, they also have opportunity to enhance recruitment and retention with the opportunity to work in new clinician and patient designed facilities. Understandably staff may have concerns about

- New ways of working and new models of care
- Learning new skills
- Familiarising with a new environment in a live situation
- Impact on future career and development opportunities.

The Programme is working to provide opportunities for staff to raise their concerns and provide opportunity to allay fears and worries. Staff who may be impacted by the Programme development are in the process of receiving formal HR communication regarding its scope and impact. It is not anticipated that any staff groups will require a formal consultation. Staff receive regular bulletins and presentations on the Programme and a dedicated staff intranet page on the development is in progress.

A detailed workforce strategy including a recruitment plan has been developed to ensure that the Trust recruits the staff needed ahead of the new facility becoming operational. The workforce strategy is being shared across the System, and is attached in Appendix 48.

The plan will factor in the workforce changes needed to deliver the new models of care and successfully meet patient demand including:

- Recruitment and retention strategy to ensure operation from Day One – supporting wellbeing and succession planning, inclusion and leadership to promote healthy workplace cultures
- Embedding new professional roles
- Designing and evaluating roles to maximise specialist skills and knowledge of clinically qualified staff

The Trust is committed to ensuring that all staff have the skills, behaviours, values and attitudes to deliver high quality services and have a healthy workplace culture. The workforce plan for the new unit will include measures to:

- Maximise the potential workforce by enhancing the practice of key support workers through vocational education and apprenticeships
- Ensure student and newly qualified practitioners are adequately supported in practice education and in situ training
- Provide a framework to develop advanced practice opportunities to support these new models of care
- Simulation training ahead of occupying the new facilities

There are no TUPE arrangements necessary for this project.

The change management plan is being developed as part of the programme's workforce workstream, led by the Head of Organisational Development and HRBP for the programme. The plan will cover development and support at a leadership, management and team level. This will be closely aligned to the consultation, recruitment and onboarding plans to flag independencies. Change management interventions will be resourced through the HR Business Partner, Theatre's Leadership Team and the Trust internal OD, Leadership Development, EDI (Equality, Diversity and Inclusion) and Wellbeing teams.

7.11.4 Safe transfer

The project involves the potential transfer of long waiting patients on partner Trusts' waiting lists to the MTW waiting list, patient referrals from MSK to ERS/WASP and centralising adult elective orthopaedic services on the Maidstone Hospital site.

In the weeks leading up to handover and service transfer the following activities will be undertaken to ensure any risks to patients and staff are minimised:

- Date and time established for the move and the process for keeping services operational for during the transfer.
- Four weeks ahead of the service being operational, detailed clinical scenario testing to ensure that all staff are familiar with the layout, where items are located and how items work. There will also be practice runs of emergency situations, for example a cardiac arrest, not only ensuring the staff in the department but also first responders can access the department and identify where the emergency is.
- Training and competency assessments will be carried out for all staff on new or updated equipment once the equipment has been commissioned, early access has been requested to the clinical engineering room to support the commissioning.
- Other departments who provide support services to the areas will undertake familiarisation exercises in the facilities and ensure areas are stocked in preparation for becoming operational.

Four to six weeks ahead of service operational patient representatives will be encouraged to provide feedback on the wayfinding and signage for the new facilities

7.11.5 Project Handover

Once the new facility has been commissioned and handed over for operational use, the Programme Director will provide a Project Closure Report in accordance with the Prince 2 methodology to ensure the project is appropriately closed and handed over as 'Business as Usual'.

7.12 Impact on health inequalities

As set out in the strategic case, health inequalities across the Trust's catchment area can be linked to relative deprivation and there is a known under-presentation for orthopaedic treatment amongst BAME groups. By expanding the capacity of orthopaedic elective activity at Maidstone, the System will be focusing this activity closer to the more deprived part of its catchment. The Trust will also focus on schemes to understand the drivers for under-presentation in some communities to put in place ways of improving equity of access.

7.13 Quality impact

The Trust follows good practice guidelines for quality impact assessments, conducting them regularly to ensure that service changes do not impact on the quality of care.

The project's quality impact assessment can be found at Appendix 53. The assessment identified 18 potential quality risks covering patient safety, clinical effectiveness, patient experience, staff experience and inequalities. All quality risks were initially identified as moderate risks, but have been lowered post mitigation, the majority of which have been adjusted to low risks.

7.14 Equalities impact

An Equality Impact Assessment (EIA) has been undertaken for the project and can be found in Appendix 54. The EIA describes the impact of the service development on each of the protected groups including disability, sex (gender), race/ethnicity, age and religion/belief.

The project was assessed as having no negative impact on any groups and a positive impact in two areas (Disability and Sex (gender)).

The EIA has been reviewed and approved by Michael Baker, Deputy Director of Healthcare Public Health, NHS England (South East Region).

7.15 Organisational and Cultural impact of preferred option

The Kent and Medway Orthopaedic Centre provides a great opportunity for the organisation and culture at MTW, as well as the community. Providing a new Kent and Medway wide service to the local community brings opportunities for existing staff and prospective staff, not only in working in the centre but also alongside a diverse group of colleagues, providing a range of services in new theatre environments and with new ways of working and development opportunities.

A full Equality Impact Assessment has been completed and forms part of the programme management.

There is likely to be a period where some existing staff need to be managed through a period of change. For new staff, following induction and onboarding, integration into the organisational culture is key to retention and enabling the establishment of a new cohesive multidisciplinary team through clinical leadership. The Senior Leadership team is actively managing this already, supported by the HRBP and Organisational Development but the following measures will also be incorporated:

- Measure 1 - Supportive engagement (and consultation where needed) with any staff impacted, led by local leaders and supported by HR, OD as required. Reporting to the Workforce Project Delivery Group.
- Measure 2 - Recruitment activity will be fair, transparent and inclusive, following Trust best practice with trained inclusion reps available for panels. Data will be monitored through the Workforce Project Delivery Group.
- Measure 3 - A change management development programme will be put in place to upskill leaders, managers and teams on managing transitions and building team cohesion and monitor transitional cultural aspects of change as they arise, led by OD and Leadership Development, reporting to the Workforce Project Delivery Group.
- Measure 4 - An onboarding and development plan will be developed by local leaders, HR, L&D and OD to ensure all staff working the new centre have a robust induction not only to role and process but to MTW culture, values and behaviours. Reporting to the education and training sub-group of the Workforce Project Delivery Group.

7.16 Digital

The Trust has a well-established electronic theatre management system (Theatreman) that allows staff to record all activity that is captured whilst the patient is undergoing surgery and this includes real-time data capture. It allows the Trust to schedule and manage patients, use resources effectively and efficiently, and record supplies used during surgery.

In Summer 2023, Sunrise Surgical Care will replace Theatreman and iPro will be implemented as an anaesthesia information management system. iPro is designed to support peri-operative workflow both in pre-assessment (replacing MyPreOp) and in theatre by automating physiological data capture onto a digital anaesthetic chart. Anaesthetists will no longer need to write notes on paper during operations.

iPro will enable pre-assessment and anaesthetic records to be viewable electronically within Sunrise.

The implementation of both systems will mean the complete digitisation of the anaesthetic pathway, and the beginning of digitising the surgical pathway. This will start with a surgery referral on Sunrise Acute Care replacing the current paper NCR form, and automated patient health questionnaire to start the Pre-Op Assessment process earlier.

Once live there will be an ongoing enhancement programme that will also allow paper documents currently used in theatres to be developed on Sunrise.

The Trust's Information Management and Technology provision for the Kent and Medway Orthopaedic Centre will be in line with Department of Health and Social Care policies. A Data Protection Impact Assessment (DPIA) will be completed as standard. There will also be Joint Controller agreements supported by Data Sharing Agreements in place with relevant parties.

A training infrastructure is in place for system users and is provided via e-learning for PAS, Sunrise EPR, NerveCentre and eNotes. Classroom training is also provided by the Clinical Systems Management Team for new doctors and nurses when they join the Trust. No additional training resource is required for this development.

A detailed cutover plan will be developed for the transition to live running within the new facility.

The MTW Digital Transformation Strategy is included in Appendix 55.

Further detail on digital transformation, systems and accessibility is laid out in Appendix 56.

7.17 Post-project evaluation

Post project evaluation (PPE) will assess how well benefits have been realised, if there are any further actions required to enable greater delivery of benefits and any lessons learnt to be shared on future projects of a similar nature.

In line with best practice for investments of over of £1m, the Trust will undertake a post-project evaluation process commencing six months after the new facility opens to understand what went well and what could have gone better in delivering the project.

The post-project evaluation plan draws on NHSE guidance, tailored to reflect the specific characteristics of the project. In accordance with best practice to maximise the value of the review process:

- The post-project evaluation has already been planned as an integral part of the project
- Commitment to post-project evaluation has been secured from senior Trust clinicians and managers
- Key stakeholders have been identified to participate in planning and undertaking the post-project review
- Criteria and indicators have been developed to assess project outcomes, which are consistent with the project objectives and intended benefits
- Mechanisms are in place to enable progress to be monitored and measured.

The evaluation will take place once services have been operating in new facilities for six months to consider:

- Whether the project objectives were achieved
- Whether the project completed on time, within budget and according to specification
- Whether users, patients and other stakeholders are satisfied with the project results
- What lessons were learned about the way the project was implemented and how will these be applied to future projects
- What went well and what did not proceed according to plan.

MTW's template for PPEs is laid out in Appendix 57. KPI monitoring will also be aligned with the TIF Programme Monitoring requirements, as laid out in Appendix 58.

7.18 Evaluating the Barn theatre concept

As noted in the introduction, Barn theatres are a novel concept which are expected to deliver a number of benefits over traditional theatres e.g. increased patient throughput and improved supervision of non-consultant level surgeons. To evidence these benefits, the Trust will also undertake a 'lessons learned' focused on the Barn theatre concept after the first full year of operation.

7.19 Executive Support and Sign off

The FBC has full executive support both from within the Trust and System.

There is Trust and ICB Executive Membership at the Programme Board and Project Delivery Groups, including Executive chairs for the Project Delivery Groups. MTW's Chief Operating Officer is the SRO for the Programme, along with the Medical Director as Clinical SRO.

The OBC was approved by MTW's Trust Board on the 28th July 2022 and subsequently by the Integrated Care Board's Governing Body on the 6th September 2022. The FBC is being presented for approval to the MTW Trust Board 30th March 2023, and the ICB Governing Board 4th April 2023. Minutes will be inserted into the FBC, following approval by these Boards.

8 Conclusion

This business case confirms that the proposal set out at OBC, which was to develop an orthopaedic centre of excellence at Maidstone Hospital, remains the optimal way to deliver additional elective orthopaedic capacity for the System.

The facility will be a Kent and Medway resource available to all Kent and Medway providers to assist with elective recovery and meeting predicted growth levels. In the medium-term the new Elective Orthopaedic Unit will also support delivery of the Trust's mission *to be there for our patients and their families in their time of need and to empower our staff so that they can feel proud and fulfilled in delivering the best care for our community* and the vision of providing *outstanding hospital services delivered by exceptional people*.

This business case delivers substantial benefits to local people and the Kent & Medway system:

- The ICB will benefit from having capacity available to support elective recovery, lower costs of delivery and lower waiting times.
- Benefits to local people who will be treated in an orthopaedic centre of excellence delivering evidence-based best practice which will optimise their chances of a good outcome and minimise the risk of their operation being cancelled. Waiting times will also reduce and the new unit will be close to the most deprived areas within West Kent and readily accessible to the wider Kent and Medway population.
- The centre of excellence approach is expected to improve staff recruitment and retention by allowing staff to work from purpose-built facilities designed with best practice in mind.

This FBC is being presented to the MTW Trust Board who are asked to approve the case and support its submission to NHS England.

9 Appendices

All appendices are available under separate cover.

Appendix 1 - ICB Letter of Support
Appendix 2 - OBC Approval Conditions
Appendix 3 - GIRFT case studies
Appendix 4 - KMOC Benefits Realisation Plan
Appendix 5 - Risk Register – Construction
Appendix 6 - Risk Register – Other
Appendix 7 - OBC Options Framework Long list to short list
Appendix 8 - OBC Short List Options Appraisal
Appendix 9 - Comprehensive Investment Appraisal (CIA) Model
Appendix 10 - Monetised benefits
Appendix 11 - KMOC Adult Orthopaedic Patient Referral policy
Appendix 12 - KMOC Operational policy
Appendix 13 - Lessons Learnt from other Barn Theatre developments
Appendix 14 - KMOC Equipment Schedule
Appendix 15 - KMOC IT Equipment Schedule
Appendix 16a - MTW Draft Estates Strategy
Appendix 16b - MTW Estates Strategy
Appendix 17 - Schedule of Accommodation
Appendix 18 - C-sheet signatories
Appendix 18 A-B - 1:100 Design Drawings
Appendix 18 a-f - 1:50 Design Drawings
Appendix 19 - MMC Tracker Tool
Appendix 20 - Planning Decision Notice
Appendix 21 - Planning Status letter from Trust’s Planning Consultant
Appendix 22a - KMOC Travel assessment
Appendix 22b - KMOC Travel assessment Addendum
Appendix 23 - Procurement Strategy and Framework comparison
Appendix 24 - Quantity Surveyors Tender VFM Report
Appendix 25 - External Professional services
Appendix 26 - KMOC Contract Management Plan
Appendix 27a - PML NEC4 contract
Appendix 27b - Sub Contractors Collateral Warranty
Appendix 27c - Contractors Collateral Warranty
Appendix 28 - Legal Report on Contract
Appendix 29 - Detailed Programme Plan
Appendix 30 - PML Construction Programme Plan
Appendix 31 - Derogations - Architectural schedule
Appendix 32 - Derogations – M&E schedule
Appendix 33 - Security Needs Assessment
Appendix 34 - DQI Report

Appendix 35a - Design compliance with HBN 00-09 IPC
Appendix 35b - KMOC IPC Letter of Compliance
Appendix 35c - MTW Infection control compliance statement
Appendix 36 - KMOC Fire Strategy
Appendix 37 - KMOC Letter of Fire Safety compliance
Appendix 38 - MTW Green Plan
Appendix 39 - BREEAM Pre-assessment
Appendix 40 - PML Social Value Initiatives
Appendix 41 - Capital FB Forms
Appendix 42 - VAT advice on scheme
Appendix 43 – Asset Valuation
Appendix 44 - Financial model
Appendix 45 - Terms of Reference
Appendix 46 - Change Control Procedure
Appendix 47 - Project Manager CV
Appendix 48 - KMOC Workforce Plan
Appendix 49 - KMOC Risk Management Plan
Appendix 50 - Risk Potential Assessment
Appendix 51 - Risk Potential Assessment action plan
Appendix 52 - KMOC Communication and Engagement Plan
Appendix 53 - Quality Impact Assessment
Appendix 54 - Equality Impact Assessment
Appendix 55 - MTW Digital Transformation Strategy
Appendix 56 - Digital Transformation, Systems and Accessibility
Appendix 57 - Post Project Evaluation template
Appendix 58 - TIF KPI Monitoring template

To approve the Digital Pathology Outline Business Case (Kent and Medway Pathology Network)
Chief Finance Officer / Director of Strategy, Planning and Partnerships

A modern digital pathology solution will transform the review, analysis and reporting processes of all Histopathology services provided by Kent and Medway Pathology Network, bringing the services in line with those offered nationally. The deployment of Digital Pathology is imperative to making Kent and Medway a desirable place to train and work, enhancing recruitment and retention of existing and future workers, addressing the workforce deficit of Consultant Histopathologists.

The Committee is asked to recommend the Outline Business Case for approval at the Trust Board meeting in March 2023. This will enable development of a full business case to secure a bid for capital funding from NHSE's Diagnostics Digital Capability Programme, and revenue funding from the ICB. This full business case would be used to procure and implement a digital histopathology solution for the sites that provide this service in MTW and EKHUFT.

Which Committees have reviewed the information prior to Trust Board submission?

- Executive Team Meeting, 14/02/23
- Finance & Performance Committee, 28/03/23

Reason for submission to the Trust Board (decision, discussion, information, assurance etc.) ¹

Decision - To approve the Outline Business Case for the Digital Pathology (Kent and Medway Pathology Network).

¹ All information received by the Board should pass at least one of the tests from 'The Intelligent Board' & 'Safe in the knowledge: How do NHS Trust Boards ensure safe care for their patients': the information prompts relevant & constructive challenge; the information supports informed decision-making; the information is effective in providing early warning of potential problems; the information reflects the experiences of users & services; the information develops Directors' understanding of the Trust & its performance

KENT & MEDWAY PATHOLOGY NETWORK

Outline Business Case (OBC)

Digital Pathology

Document control

Document Information	
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Executive Summary

1. Executive Summary

1.1 Introduction

1.1.1 The Programme Context

This outline business case seeks approval for revenue investment of £17.1m (see Table 3 [Section 1.4.2](#)) for a modern digital pathology solution that will transform the review, analysis and reporting processes of all Histopathology services provided by KMPN. The business case also includes a requirement for £9.3m in capital which consists of:

- NHSE Funding: £6.990m
- Trust Capital: £2.405m

Digital pathology will bring these services in line with those offered nationally, many of which are either already on the Digital Pathology journey, or about to start. In order to address the workforce deficit of Consultant Histopathologists within KMPN, the deployment of Digital Pathology is imperative to making it a desirable place to train and work, enhancing recruitment and retention of existing and future workers.

Histopathology, a branch of Pathology, is the diagnosis and study of diseases of the tissues, with histopathologists responsible for making tissue diagnoses and helping clinicians determine and manage a patient's care. As a result, it makes a significant contribution to both the success of any treatment and the level of care given to patients. The histopathology service needs the tools and digital infrastructure to be available and sufficient to match the constantly changing clinical landscape and to enable progression towards emerging technologies, such as Artificial Intelligence (AI), as they develop, in order to be able to perform this crucial role.

Histopathology is a critical diagnostic activity within the cancer pathways¹, with targets set by NHS England, such as the FDS (Faster Diagnosis Standard)² and the maximum 62 day wait³. Investment in change is necessary to eventually maintain and even improve Histopathology turnaround times given the current difficulties faced by the service, such as a chronic shortage of consultant pathologists. The adoption of digital pathology in Kent & Medway will provide a solid foundation to support this going forward.

Digital pathology is the gathering, managing, sharing and wide interpretation of pathology slides and data in a digital environment. The digital pathology process allows us to make digital images of the tissue sample, by scanning the glass slides. A pathologist can view the image on a medical grade computer screen, make measurements directly there, annotate the image, and send it to a colleague for a second opinion.

¹ The patient's journey from the initial suspicion of cancer, through clinical investigations, patient diagnosis and treatment

² FDS – Maximum 28-day wait to communication of definitive cancer/not cancer diagnosis for patients referred urgently and from NHS cancer screening

³ Maximum 2-month (62 day) wait to first treatment from urgent GP referral, consultant upgrade and NHS cancer screening

The development of new cutting-edge technology is advancing the study of digital pathology. Artificial intelligence (AI) is one particular technology that is anticipated to be utilised more frequently in digital pathology.

Digital pathology represents a logical next step in the development of the KMPN Histopathology service. By facilitating greater efficiency and optimised processes, digital pathology will enhance cancer diagnostics capabilities and is an enabler to meeting the challenge of rising demands for cancer diagnosis and faster turnaround times.

Change is imminent and digital pathology will be highly beneficial for pathology and laboratory medicine as well as the patients and all those involved in their care.

Instead of waiting until KMPN is compelled into a digital pathology process, investing in this programme now will ensure that the network is ready to make the optimal decision, one that is fiscally responsible, proactive, and innovative. It will ensure the network has the time to plan a unique transition path with well-defined needs, objectives, goals, and a roadmap.

Capital funding from NHSE's Diagnostics Digital Capability Programme, and revenue secured via the Full Business Case, would be used to procure and implement a digital histopathology solution for the sites that provide this service in MTW and EKHUFT.

1.1.2 Focus on Options

None of the identified options were discounted, therefore all options were taken forward to the short list. The short-listed options are as follows:

- Option 1** This is the **Maintain Status Quo** option. Each Trust would continue to use microscopes for histopathology reporting. As workload grows, consultant histopathologists would be recruited, where possible, along with continued use of locums, bank workers and outsourcing for routine cases.
- Option 2** Investment in a **Digital Histopathology solution** for KMPN, with equipment located at both MTW and EKHUFT; transitioning from traditional microscopy to digital images for the analysis and reporting of cases.
- Option 3** Each Trust would continue to use microscopes, with existing processes remaining as-is. As the workload volumes grow, there would be a need to rely increasingly on **outsourcing** cases to external providers.

The options appraisal and the economic appraisal of the shortlisted options established that option 2, invest in digital pathology, is the preferred option.

1.2 Strategic Case

1.2.1 Strategic Context

Without a significant investment in change, it will be impossible to maintain, much less improve, the service provided to the patients of Kent and Medway due to the rising volumes of histopathology workload (c. 5% p.a.) and increasing complexity of cases, as well as a persistent national shortage of histopathologists. Kent & Medway Pathology Network's future is seriously jeopardised by this.

1.2.2 Organisational Overview

Currently, Maidstone and Tunbridge Wells NHS Trust (MTW) and East Kent Hospitals University NHS Foundation Trust (EKHUFT) offer histopathology services at two different locations—Maidstone Hospital and William Harvey Hospital, respectively.

MTW provides a full histopathology service on behalf of their own Trust, as well as on behalf of Medway NHS Foundation Trust and Dartford & Gravesham NHS Trust, via a direct contract with each Trust. Additionally, MTW has contracts to provide services to outside organisations, such as Sussex Community Dermatology Service.

EKHUFT provides a histopathology service solely on behalf of their own Trust. Cellular Pathology (including mortuary services) forms part of the Clinical Support Services Care Group.

1.2.3 Business Strategies – the national context

In order to make pathology services more effective, digitally enabled, resilient, and with less variation and human error through automation; the NHS pledged to build pathology networks across England by December 2021.

Kent & Medway Pathology Network has been assessed as an ‘emerging’ network. The CEOs of all 4 Trusts committed, in a letter to NHSE (see [Appendix A](#)), to progress along the maturity curve to deliver a ‘developing’ network by the end of 2022/23 and become a ‘maturing’ network against all domains by the end of 2024/25.

One of the maturing key indicators is ‘A proportion of WSI are being analysed using computerised analysis’, with a target date of 31/03/2025 for **‘WSI (Whole Slide Imaging) used for primary diagnosis for at least 50% of services or investigations in each Trust.’** To meet the target date, implementation of Digital Pathology, which was chosen as an action against this key indicator, must start in 2023. This will not be possible if the necessary revenue funding is not approved.

1.2.4 Existing Arrangements

1.2.4.1 MTW

MTW provide a comprehensive histopathology service on behalf of their own Trust and has a direct contract with the Medway NHS Foundation Trust, and the Dartford & Gravesham NHS Trust.

All histopathology recorded internally at Maidstone Hospital is carried out using the conventional microscope approach, with certain routine cases being outsourced. Due to the Covid backlog, about 13,500 slides were outsourced for routine reporting in 2021/22; routine work had not previously been outsourced. Additionally, 17,300 slides were sent out for external second opinions in 2019–20 (pre-Covid). Slides are not currently being digitalized.

The team consists of 20 Consultant Pathologists and 2 Consultant Biomedical Scientists. There are also up to 10 trainee Histopathologists.

In response to a shrinking workforce and increasing work volumes, a workload assessment was recently conducted **based on current workload volumes**, which identified a shortage of 4.57 WTE consultant Histopathologists, for which a Business Case process is currently underway.

1.2.4.2 EKHUFT

EKHUFT provide a histopathology service solely on behalf of their own Trust. All histopathology reported internally is via microscope, however, there is also a scanning solution to produce digital images of slides.

Although EKHUFT has a digital scanner in use that was purchased through their outsourcing partner, it is only used for routine referrals to that partner. It must be understood that the internal laboratory at EKHUFT only has experience with scanning technology and lacks the skills to analyse and report on digital images because their outsourced partner handles the reporting. In essence, EKHUFT has a digitised outsourced solution rather than a digitised histology.

EKHUFT currently has vacancies for 4.9 WTE consultant Histopathologists which they have been trying to recruit to for over 2 years. Due to this, they have become heavily reliant on outsourcing and use of locums and bank staff.

The team that reports histopathology cases consists of 12 histopathologists, 2 bank locums, 3 agency locums, totalling 17. There are also 6 junior histopathologists.

1.2.5 Case for Change

The following drivers support Digital Histopathology and are discussed within the business case.

1.2.5.1 Workforce Challenges

There is a national shortage of Consultant Pathologists across all sub-specialities. With an ageing demographic of histopathologists and decreasing numbers of training doctors in the histopathology training pathway, this situation will continue to deteriorate. EKHUFT already depend on locums and bank staff to help with their current workload and vacancies advertised for 1- 2 years remain vacant. Due to Kent and Medway's proximity to London, consultant pathologists based in the South-East have the chance to earn more money there.

Digital Pathology workflows and image analysis software can aid with the more mundane pathology tasks like counting cells or mitosis, which will further address the workforce shortage by increasing pathologist efficiency and productivity. Pathologists would be able to focus on the more engaging part of their job like challenging, unusual and rare cases, communicating and discussing findings, and educating the clinical teams.

Digital Pathology will enable pathologists to work remotely and flexibly, making it a much more attractive proposition. It will open a wider catchment area for the recruitment of specialist pathologists nationally, and even globally.

Younger generations of pathologists are becoming more tech-savvy than previous generations. Young pathologists would prefer laboratories with digital pathology capabilities over conventional analogue ones, which will further increase competition and raise hiring costs. By adopting Digital Pathology, KMPN will be better able to attract and retain talent in the future.

1.2.5.2 Enabler to Government Delivery Plans

- Pathology is a key enabler to Government health delivery plans, including cancer services, of which Histopathology plays a critical part. The introduction of Digital Pathology in KMPN will

improve on both the performance against cancer waiting times standards and the service provided to cancer patients in Kent.

- Kent & Medway Pathology Network has been assessed as an 'emerging' network. The CEOs of all 4 Trusts committing, in a letter to NHSE (see [Appendix A](#)), to progress along the maturity curve to deliver a 'developing' network by the end of 2022/23 and become a 'maturing' network against all domains by the end of 2024/25.

One of the maturing key indicators is 'A proportion of WSI are being analysed using computerised analysis', with a target date of 31/03/2025 for **'WSI (Whole Slide Imaging) used for primary diagnosis for at least 50% of services or investigations in each Trust.'** To meet the target date, implementation of Digital Pathology, which was chosen as an action against this key indicator, must start in 2023. This will not be possible if the necessary revenue funding is not approved.

- The Diagnostic Digital Roadmap submitted by KMPN to NHSE states that the implementation of digital diagnostic investments is expected to deliver at least a 10% improvement in productivity by 2024/25, in line with the best early adopters. As a result of the submission of this roadmap, the capital bid for Digital Pathology was approved in principle by NHSE, subject to internal approval of the consequential revenue funding and capital charges, which are the subject of this business case.
- The 'South-East Digital Diagnostics Charter' signed in May 2022, outlines the key principles that NHS England South-East asked all networks in the region, but principally Radiology and Pathology, to sign up to. Several of the strategic goals outlined in this charter will benefit from the network-wide adoption of Digital Pathology.
- The South-East Histopathology forum held on October 2, 2022, highlighted the 48 histopathology consultant vacancies across the region and examined the challenges around workforce recruitment and retention. The Recovery Action Plans across the networks, acknowledge the need for digitalisation, automation, accessibility of remote reporting and flexible working arrangements, all of which Digital Pathology will enable.
- Investment in a Digital Pathology solution will provide a foundation for the use of Artificial intelligence (AI) which is advancing the study of digital pathology.

1.2.5.3 **Royal College of Pathologists Recommendations**

In response to the 2020 Cancer Research UK report⁴, the Royal College of Pathologists state, "for the Histopathology workforce, the report findings show that without targeted action and investment, the number of Histopathologists is forecast to reduce from the existing shortfall".

In recognising that 'Digital Pathology has the potential to improve patient care and support the pathology workforce by making the diagnosis and monitoring of disease much more efficient', whilst acknowledging that 'in order to transform pathology services, we need investment to support IT infrastructure, staffing and training', they have developed a high-level strategy for the implementation

⁴ Estimating cost of growing NHS Cancer workforce in England by 2029. CRUK - Sep 2020

of diagnostic digital pathology. This promotes adoption of digital solutions for the benefit of improved outcomes, increased productivity, and efficient working practices⁵.

1.2.6 Investment Objectives

The Investment Objectives for this project have been agreed by the Digital Pathology Steering Group, as follows:

- Objective 1:** Provide a quality, safe, effective, sustainable, and timely histopathology service for patients.
- Objective 2:** Improve recruitment and retention of current and future workforce to address the workforce shortage of Consultant Histopathologists within the Kent & Medway Pathology Network by making it a desirable place to work
- Objective 3:** Contribute to Trust Cancer Pathway performance as workload and complexity of cases continue to grow, in order to provide the optimum result for the patient in a timely manner.
- Objective 4:** Future proofing - Provide a foundation for the introduction and exploitation of Artificial Intelligence and other emerging technologies in the future to further increase efficiencies and resilience.
- Objective 5:** Facilitate collaboration both within and outside of the network, improving patient pathway experience and collegiate working across the network.

1.3 Economic Case

1.3.1 Short Listed Options

None of the identified options were discounted therefore all options were taken forward to the short list. The short-listed options are as follows:

- Option 1** This is the **Maintain Status Quo** option. Each Trust would continue to use microscopes for histopathology reporting. As workload grows, consultant histopathologists would be recruited, where possible, along with continued use of locums, bank workers and outsourcing for routine cases.
- Option 2** Investment in a **Digital Histopathology solution** for the KMPN, with equipment located at both MTW and EKHUFT, transitioning from traditional microscopy to digital images for the analysis and reporting of cases.
- Option 3** Each Trust would continue to use microscopes, with existing processes remaining as-is. As the workload volumes grow, there would be a need to rely increasingly on **outsourcing** cases to external providers.

⁵ Digital Pathology Strategy 2019 – RC Path – Apr 2019

1.3.2 Overall Findings

Table 1 below shows the summary appraisal rankings, where 1 is the highest and 3 the lowest ranking.

Table 1: Summary of total appraisal results

Evaluation Results	Option 1	Option 2	Option 3
Economic appraisal ranking	3	1	2
Appraisal ranking	2	1	3
Overall Ranking	2	1	2

The appraisal ranked option 2 – Invest in Digital Pathology as top with options 1 and 3 as joint second.

See [Section 3.7](#) Options Appraisal and [Section 3.8](#) Economic Appraisal for further details.

1.3.3 Incremental Increase in Cost

All existing costs were obtained directly from the two Trusts. All future costs have been estimated.

Table 2 below shows that option 2, invest in Digital Pathology, has the lowest incremental increase in cost of £15.3m compared to the baseline cost.

Table 2: Incremental Value for Money Analysis

Evaluation Results	Revenue Cost	Capital	Total
NPC Incremental impact	£'000	£'000	£'000
Option 1	29,821	1,600	31,421
Option 2	6,242	9,079	15,321
Option 3	26,125	0	26,125

See the full [Economic Case](#) for further details.

1.4 Financial Case

1.4.1 Financial Assumptions

The following assumptions and bases have been used to calculate the economic impact of the proposed investment scheme:

- Base year (Year 0) is 2022/23.
- Asset life of the system is 10 years from a 'Go Live' of October 2024.
- Asset life is 5 years from 'go live' of October 2024 and replacement in 2029/30 for archive storage.
- All system capital VAT is non-refundable and for the revenue costs, all system VAT is assumed to be non-refundable.
- Discount factor is 3.5%
- Effect of inflation has been excluded.

- Scheme will be funded by Public Dividend Capital via the Digital Diagnostic investment programme.
- Revenue impact will be funded internally.
- 15% optimism bias has been added to the capital costs (excluding Trust project implementation cost) based on the Treasury green book approach.

1.4.2 Future Financial Requirements

The total uninflated income and expenditure for the preferred option are shown in Table 3.

Table 3: Uninflated Income and Expenditure for Option 2

UNINFLATED	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Total
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	33/34	34/35 (6 months)	
Option 2	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Capital Costs														
Total Capital	315	4,949	2,036	45	0	0	0	2,050	0	0	0	0	0	9,394
Revenue Costs														
Pay	11,077	11,077	11,138	11,263	11,263	11,263	11,263	11,263	11,263	11,263	11,263	11,263	5,631	140,289
Non pay	2,069	2,340	2,389	2,389	2,389	2,389	2,443	2,443	2,443	2,896	2,443	2,443	1,221	30,295
Contingency	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Depreciation	0	0	467	940	940	940	940	940	940	940	940	940	470	9,394
Dividend	7	98	212	223	191	158	126	129	132	99	66	33	8	1,481
Total Revenue	13,154	13,515	14,206	14,815	14,783	14,750	14,771	14,774	14,777	15,197	14,711	14,678	7,331	181,460
Funded By														
Existing	13,154	13,153	13,146	13,146	13,146	13,146	13,146	13,146	13,146	13,146	13,146	13,146	6,573	164,343
New Investment	0	362	1,060	1,668	1,636	1,603	1,624	1,627	1,630	2,051	1,565	1,532	758	17,117
Grand Total	13,154	13,515	14,206	14,815	14,783	14,750	14,771	14,774	14,777	15,197	14,711	14,678	7,331	181,460

See the [Section 5.2](#) of the Financial Case for the Inflation Rates used.

See the full [Financial Case](#) for more details.

1.5 Recommendation

The Outline Business Case concludes that, strategically and economically, investment in a Digital Pathology solution for KMPN represents the optimal approach.

1.6 Structure and Content of the Document

This OBC has been prepared using the approved Five Case Model format, which comprises the following key components:

- the [strategic case section](#). This sets out the strategic context and the case for change, together with the supporting investment objectives for the scheme.
- the [economic case section](#). This demonstrates that the Network has selected the choice for investment which best meets the existing and future needs of the service and optimises value for money (VFM).
- the [commercial case section](#). This outlines the content and structure of the proposed procurement arrangements and contractual terms.
- the [financial case section](#). This confirms funding arrangements and affordability and explains any impact on the balance sheet of the host Trust (TBC).

- the [management case section](#). This demonstrates that the scheme is achievable and can be delivered successfully to cost, time, and quality.

DRAFT

Strategic Case

2. Strategic Case

Part A: The strategic context

2.1 Introduction

Pathology is the study of disease, and it is estimated that it is involved in 70% of all diagnoses made in the NHS. Kent and Medway Pathology Network (KMPN) plays a crucial role in the local healthcare system, underpinning all clinical services, enabling the effective delivery of care to the community. Pathology is also a key enabler to Government health delivery plans, including cancer services, for which Histopathology plays a critical part.

Histopathology, a branch of Pathology, is the diagnosis and study of diseases of the tissues, with histopathologists responsible for making tissue diagnoses and helping clinicians determine and manage a patient's care. It therefore contributes hugely to the quality of care provided to patients and the success of any treatment. To enable this vital role to be performed, the histopathology service requires the tools and digital infrastructure to be available and adequate to match the ever-changing clinical landscape, and to enable progression towards emerging technologies, such as Artificial Intelligence (AI), as they evolve.

The evolving competitive pathology market introduces both opportunities and threats for Acute Trusts. The Kent and Medway Pathology Transformation Programme aims to establish a single, high quality, robust and sustainable Pathology service for the people of Kent and Medway, supported by systems and processes, resulting in the creation of an organisation which can thrive and grow within an evolving competitive market environment. A move to Digital Pathology will ensure that the Kent & Medway histopathology service remains in line with histopathology services provided nationally, of which many are either already on, or about to embark onto, the Digital Pathology journey.

Furthermore, with growing volumes of histopathology workload (c. 5% per annum) and increasing complexity of cases, alongside a chronic national shortage of histopathologists, it will not be possible to sustain, let alone improve on, the service provided to the patients of Kent and Medway, without significant investment in change. This poses a real threat to the future of the Kent & Medway Pathology Network.

2.2 Organisational overview

Histopathology is a service currently provided by Maidstone and Tunbridge Wells NHS Trust (MTW) and East Kent Hospitals University NHS Foundation Trust (EKHUFT) over 2 sites – Maidstone Hospital and William Harvey Hospital respectively.

2.2.1 Maidstone & Tunbridge Wells NHS Trust

MTW provides a full histopathology service on behalf of their own Trust, as well as on behalf of Medway NHS Foundation Trust and Dartford & Gravesham NHS Trust, via a direct contract with each Trust. MTW also has contracts to provide services for external bodies, including Sussex Community Dermatology Service.

The Histopathology Department sits within the Pathology Directorate which forms part of the Core Clinical Services Division (formerly the Diagnostics & Clinical Support Services Division).

2.2.2 East Kent Hospitals University NHS Foundation Trust

EKHUFT provides a histopathology service solely on behalf of their own Trust. Cellular Pathology (including mortuary services) forms part of the Clinical Support Services Care Group.

2.3 Business strategies – the national context

2.3.1 National Pathology Networks

The NHS Long Term Plan committed the NHS to establishing pathology networks across England by December 2021, with the objective that they are more efficient, more digitally enabled, have greater resilience, and with reduced variation and reduced human error, through automation.

It was recognised that realising the benefits of a Pathology Network will take time and as networks adapt to the new way of working to deliver the expected transformation of Pathology services, they will need to progress along a maturity curve.

To assist networks, regions and the national team with this progression, the Pathology Network Maturity Matrix Tool was introduced to provide a means of objectively assessing maturity aligned to five progression stages from pre-emerging to thriving.

Against this model, the Kent & Medway Pathology Network was assessed as an 'emerging' network, with the CEOs of all 4 Trusts committing, in a letter to NHSE (see [Appendix A](#)), to progress along the maturity curve to deliver a 'developing' network by the end of 2022/23 and become a 'maturing' network against all domains by the end of 2024/25.

In order to achieve this progression, a gap analysis was undertaken which included actions against the maturing key indicators, along with timescales to complete these actions.

Digital Pathology was included on the gap analysis, the maturing key indicator being 'A proportion of WSI are being analysed using computerised analysis', **with a target date of 31/03/2025 for 'WSI (Whole Slide Imaging) used for primary diagnosis for at least 50% of services or investigations in each Trust.'**

In order to achieve this, implementation of Digital Pathology needs to commence in 2023, and failure to approve the required revenue funding will mean that this will not be achievable.

2.3.2 Cancer Pathways

Histopathology is a critical diagnostic activity within the cancer pathways⁶, with targets set by NHS England, such as the FDS (Faster Diagnosis Standard)⁷ and the maximum 62 day wait⁸. With the existing challenges faced in Histopathology detailed in this report, such as a chronic shortage of consultant pathologists, investment in change is essential to ultimately maintain and even improve Histopathology turnaround times (TaTs). The introduction of Digital Pathology in Kent & Medway would provide a firm foundation to support this going forward.

⁶The patient's journey from the initial suspicion of cancer, through clinical investigations, patient diagnosis and treatment

⁷ FDS – Maximum 28-day wait to communication of definitive cancer/not cancer diagnosis for patients referred urgently and from NHS cancer screening

⁸ Maximum 2-month (62 day) wait to first treatment from urgent GP referral, consultant upgrade and NHS cancer screening

2.3.3 The Need for Interoperability

Interoperability is critical for Kent & Medway Pathology Network to work collaboratively, as a true network, in order to drive service efficiencies. The existing Histopathology reporting process centres around Histopathologists and microscopes in physical laboratory spaces, reporting on glass slides, which is not conducive to interoperability, whereas digitisation will help to balance workloads across the laboratory and between sites, streamline collaboration and broaden access to specialist expertise and secondary opinions, both nationally and internationally, so that patients can receive higher quality diagnoses faster.

2.3.4 Royal College of Pathologists recommendations

In response to the 2020 Cancer Research UK report⁹, the Royal College of Pathologists state, “*for the Histopathology workforce, the report findings show that without targeted action and investment, the number of Histopathologists is forecast to reduce from the existing shortfall*”.

In recognising that ‘*Digital Pathology has the potential to improve patient care and support the pathology workforce by making the diagnosis and monitoring of disease much more efficient*’, whilst acknowledging that ‘*in order to transform pathology services, we need investment to support IT infrastructure, staffing and training*’, they have developed a high-level strategy for the implementation of diagnostic digital pathology. This promotes adoption of digital solutions for the benefit of improved outcomes, increased productivity, and efficient working practices¹⁰.

The below points are listed as the impact of Digital Pathology on the Royal College of Pathology website:

- **Benefits patients** by enabling the rapid referral of cases between organisations or across pathology networks, enhancing access to expert advice and opinion on diagnoses
- **Improves laboratory workflow** and connectivity and increases flexibility and efficiency of the workforce, helping create digital training resources that support the development of specialists in training
- **Increases our power to share** slides and more, making it easier for others to benefit from the fantastic expertise in our profession
- Provides the foundation for the use of **artificial intelligence** which will help bring advances to pathology services

A UK-wide survey¹¹ of Histopathologists was conducted in 2017, to provide the College with a comprehensive picture of Britain's pathology workforce. The survey found that there were serious shortages affecting departments across the country, as follows:

- Only 3% of Histopathology departments said they had enough staff to meet clinical demand, and this demand continues to grow.
- The cost of outsourcing services and using locum doctors is an estimated £27 million a year across the UK.
- There was an approaching retirement crisis as a quarter of all Histopathologists are aged 55 or over, with 9% aged at least 60, and there were insufficient trainee doctors in post to fill the gaps in the workforce.

⁹ Estimating cost of growing NHS Cancer workforce in England by 2029. CRUK - Sep 2020

¹⁰ Digital Pathology Strategy 2019 – RC Path – Apr 2019

¹¹ Histopathology Workforce Survey 2018

- It can take up to 15 years to train a pathologist and experienced consultants typically report up to twice as much as newly qualified consultants.

2.3.5 2022/23 Priorities and Operational Planning Guidance

Published by NHSE, in Feb 2022 (v3), this document sets out the objectives and priorities for Trusts for 2022/23 and includes the following priority:

Deliver significantly more elective care to tackle the elective backlog, reduce long waits and improve performance against cancer waiting times standards.

Within this document, there are 2 sub-sections that are extremely relevant to this business case (See [Appendix B](#)):

- C2: Complete recovery and improve performance against cancer waiting times standards
- C3: Diagnostics

C3 references the Kent & Medway Diagnostic Digital Roadmap submitted to NHSE in which the capital bid for Digital Pathology was included, and states that the implementation of digital diagnostic investments is expected to deliver at least a 10% improvement in productivity by 2024/25, in line with the best early adopters.

As a result of the submission of this roadmap, the capital funding for Digital Pathology was approved in principle by NHSE, subject to internal approval of the consequential revenue funding and capital charges, the subject of this business case.

2.4 Business strategies - regional and local priorities

2.4.1 Pathology vision

Published on 15th October 2020, the 'Vision for the Kent & Medway Pathology Service' set out the strategic objectives for the Kent & Medway Pathology Network, as follows:

- Objective 1:** The delivery of a clinically and financially sustainable single pathology service based on a strong, viable service that is clinically led, standardised, innovative, and creative.
- Objective 2:** Delivery of a high-quality diagnostic service for patients, hospital and general practitioners that meets their current and future needs.
- Objective 3:** Creating a workforce that feels valued, involved, and owns the single pathology service as partners in the service; and it is a great place to work.
- Objective 4:** Transforming service models in the pathology service in Kent and Medway to deliver technological change, increased efficiency and meaningful roles for staff that maximises their potential and meets the needs of the client Trusts and Commissioners.
- Objective 5:** Managing the transition to the new service in a creative and competent manner.

The below table demonstrates how Digital Pathology will contribute to the above objectives.

<i>Strategic objective</i>	<i>Specific to Digital Pathology</i>
The delivery of a clinically and financially sustainable single pathology service based on a strong, viable service that is clinically led, standardised, innovative, and creative.	Ability to digitally share images between Trusts Single set of Standard Operating Procedures (SOPs) Workflow aligned between Trusts, where possible Use of proven, innovative technology
Delivery of a high-quality diagnostic service for patients, hospital and general practitioners that meets their current and future needs	Will enhance accuracy and precision of reporting of cases Will provide the foundation for the future adoption of Artificial Intelligence and other evolving technologies to further enhance accuracy and speed of diagnosis
Creating a workforce that feels valued, involved, and owns the single pathology service as partners in the service; and it is a great place to work.	More desirable for students and newly qualified histopathologists to work in an innovative digital environment that is ready to onboard AI and emerging technologies as they mature. Enabler for flexible/remote working Facilitates collaborative working between Trusts and external partners
Transforming service models in the pathology service in Kent and Medway to deliver technological change, increased efficiency and meaningful roles for staff that maximises their potential and meets the needs of the client Trusts and Commissioners.	Will digitise the existing histopathology process in order to create efficiencies and build a foundation for the adoption of AI and other evolving technologies.
Managing the transition to the new service in a creative and competent manner	Effective and efficient implementation of a Digital Pathology Solution across the histopathology departments at MTW and EKHUFT using proven methodologies and best practice from other Networks who have already implemented Digital Pathology

2.4.2 Regional Charter

The 'South-East Digital Diagnostics Charter' signed in May 2022, outlines the key principles that NHS England South-East asked all networks in the region, but principally Radiology and Pathology, to sign up to.

A network-wide implementation of Digital Pathology will contribute to several of the strategic aims included in this charter, as detailed below:

- All diagnostic results are available to clinicians at the point of care, irrespective of where the diagnostic test was undertaken, i.e. complete interoperability between diagnostic systems and any results' repository.

- The Digital Pathology solution will include a 2-way interface between the Image Management System (IMS) and the Laboratory Information System (LIMS) which will associate patient data held in LIMS with the glass slide images held in IMS and also send the Consultant Pathologist reports, following analysis of the images, to LIMS. This is currently a manual entry process.
- All histopathology services to have the ability to share slide and specimen images digitally for reporting locally and in conjunction with specialist colleagues elsewhere
 - Slides of at least 70% of Histology cases to be available digitally
 - Digital images of macroscopic specimen dissection to be available in at least 50% of complex cases not cut by a reporting consultant
- Only the implementation of Digital Pathology can achieve this.
- All clinical staff who provide specialist interpretation of clinical images (including histopathology) are enabled to work remotely
 - Digital Pathology will enable histopathologists to access, analyse and report from any location using a standard workstation and clinical grade screen. It should be noted that the funding to purchase a second medical grade screen for the consultants to support this is not included in this Business Case and would be subject to a separate subsequent Business Case.

2.4.3 South-East Histopathology Forum

On 6th October 2022 the South-East Histopathology forum took place, attended by histopathology stakeholders from across the region to discuss current regional challenges, recovery plans and priorities. Amongst key themes impacting on performance against targets, the significant challenges around workforce recruitment and retention were discussed, with 48 histopathology positions currently vacant across the region. In response to this, it has been recognised, in Recovery Action Plans across the networks, the need in the medium term, to digitalise, automate, make home reporting accessible and offer flexible working, all of which Digital Pathology will support.

Part B: The case for change

2.5 Investment Objectives

The Investment Objectives for this project have been agreed by the Digital Pathology Steering Group, as follows:

- Objective 1:** Provide a quality, safe, effective, sustainable, and timely histopathology service for patients.
- Objective 2:** Improve recruitment and retention of current and future workforce to address the workforce shortage of Consultant Histopathologists within the Kent & Medway Pathology Network by making it a desirable place to work
- Objective 3:** Contribute to Trust Cancer Pathway performance as workload and complexity of cases continue to grow, in order to provide the optimum result for the patient in a timely manner.

Objective 4: Future proofing - Provide a foundation for the introduction and exploitation of Artificial Intelligence and other emerging technologies in the future to further increase efficiencies and resilience.

Objective 5: Facilitate collaboration both within and outside of the network, improving patient pathway experience and collegiate working across the network.

The five Investment Objectives can be translated using the SMART approach as detailed in Table 4. This approach helps to show how the implementation of digital pathology would contribute to these.

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Table 4: Translating Investment Objectives to Digital Pathology

Investment Objective	How?	Measurable	Achievable	Relevant	Time-bound
Provide a quality, safe, effective, sustainable, and timely histopathology service for patients	Creation of efficiencies within the histopathology process Enhance the accuracy of reporting	Turnaround Times (TaTs) - Performance against cancer pathway targets and KPIs Patient outcomes	Proven at other Trusts who have implemented Digital Pathology	Addresses one of the key challenges for the K&M Pathology Service – maintaining TaTs as workload grows	Implementation plan will be agreed with the selected supplier and baselined
Improve recruitment and retention of current and future workforce to address the workforce shortage of Consultant Histopathologists within the Kent & Medway Pathology Network	Enabler for Remote/Flexible Working Opens a Wider recruitment net (potentially global) Use of innovative and emerging technology making it more desirable for medical students to train in this specialism	Recruitment performance e.g. Time to hire, no. of vacancies Employee retention performance e.g. average age of retirement	Moving from glass slides to digital images will be the enabler to achieve this objective	Addresses another of the key challenges for the K&M Pathology Service – the national shortage of Histopathologists	Will be implemented in a similar timescale as a number of other Trusts nationally who have also obtained capital funding from NHSE enabling K&M to be competitive from a recruitment perspective
Contribute to Trust Cancer Pathway performance as workload and complexity of cases continue to grow, in order to provide the optimum	Creation of efficiencies within the histopathology process	Turnaround Times Performance against Cancer Pathway targets	The level of efficiencies required can only be achieved through the implementation of Digital Pathology	Critical to safeguard the future of histopathology at K&M	Implementation plan will be agreed with the selected supplier and baselined

<i>Investment Objective</i>	<i>How?</i>	<i>Measurable</i>	<i>Achievable</i>	<i>Relevant</i>	<i>Time-bound</i>
result for the patient in a timely manner					
Future proofing - Provide a foundation for the introduction and exploitation of Artificial Intelligence and other emerging technologies in the future to further increase efficiencies and resilience efficiencies to drive down TaTs	Moving from glass slides to digital images and storage/archiving of these images	Volume of images in archive	Bank of digital images will grow as the Histopathologists transition to digital pathology, a prerequisite for the adoption of AI	The introduction of AI will ultimately deliver significant benefits, efficiencies, and improved accuracy	Implementation plan will be agreed with the selected supplier and baselined
Facilitate collaboration both within, and outside of, the network, improving patient pathway experience and collegiate working across the network	Ability to share digital images, negating the need to physically transport glass slides	Turnaround Times Preparation time for MDMs (Multidisciplinary Meetings)	Moving from glass slides to digital images will be the enabler to achieve this objective	Key to working as a true network as well as to maintaining or improving Turnaround Times	Implementation plan will be agreed with the selected supplier and baselined

2.6 Existing arrangements

2.6.1 MTW

MTW provide a full histopathology service on behalf of their own Trust, as well as on behalf of Medway NHS Foundation Trust and Dartford & Gravesham NHS Trust, via a direct contract with each Trust.

Based at Maidstone Hospital, all histopathology reported internally is conducted using the traditional microscope method, with some outsourcing of routine cases. In 2021/22 approximately 13,500 slides were outsourced for routine reporting, in response to the Covid backlog - prior to this there was no routine work outsourced. Additionally, there were 17,300 slides sent out in 2019/20 (pre-Covid) for external second opinion. There is currently no digitalisation of slides.

The team that reports on the cases consists of 20 Consultant Pathologists and 2 Consultant Biomedical Scientists. There are also up to 10 trainee Histopathologists.

In response to a shrinking workforce and increasing work volumes, a workload assessment was recently performed **based on current workload volumes**, which identified a shortage of 4.57 WTE consultant Histopathologists, for which a Business Case process is currently underway.

2.6.2 EKHUFT

EKHUFT provide a histopathology service solely on behalf of their own Trust. All histopathology reported internally is via microscope, however, there is also a scanning solution to produce digital images of slides, that was recommended and procured via their outsourcing partner.

The scanning solution was implemented, and is used, only for outsourced routine referrals to that partner, to accelerate the TaT of those results and decrease the administration, costs and risks associated with shipping out and receiving back physical slides. No reporting is done internally via digital images. Internal laboratory staff are therefore familiar with the scanning technology, but not with analysing and reporting digital images.

The contract allows for 10,000 routine cases per annum to be scanned and emailed to the outsourcing partner for reporting. An interface has been built between the provider's IT system and their LIMS system, Apex, which automatically populates the results into LIMs, instead of being emailed and manually entered.

EKHUFT currently has vacancies for 4.9 WTE consultant Histopathologists which they have been trying to recruit to for over 2 years. Due to this, they have become heavily reliant on outsourcing and use of locums and bank staff.

EKHUFT are planning to conduct a workload assessment in Q3 of 2022/23, following the same methodology as MTW, which will determine the actual situation in terms of establishment versus demand.

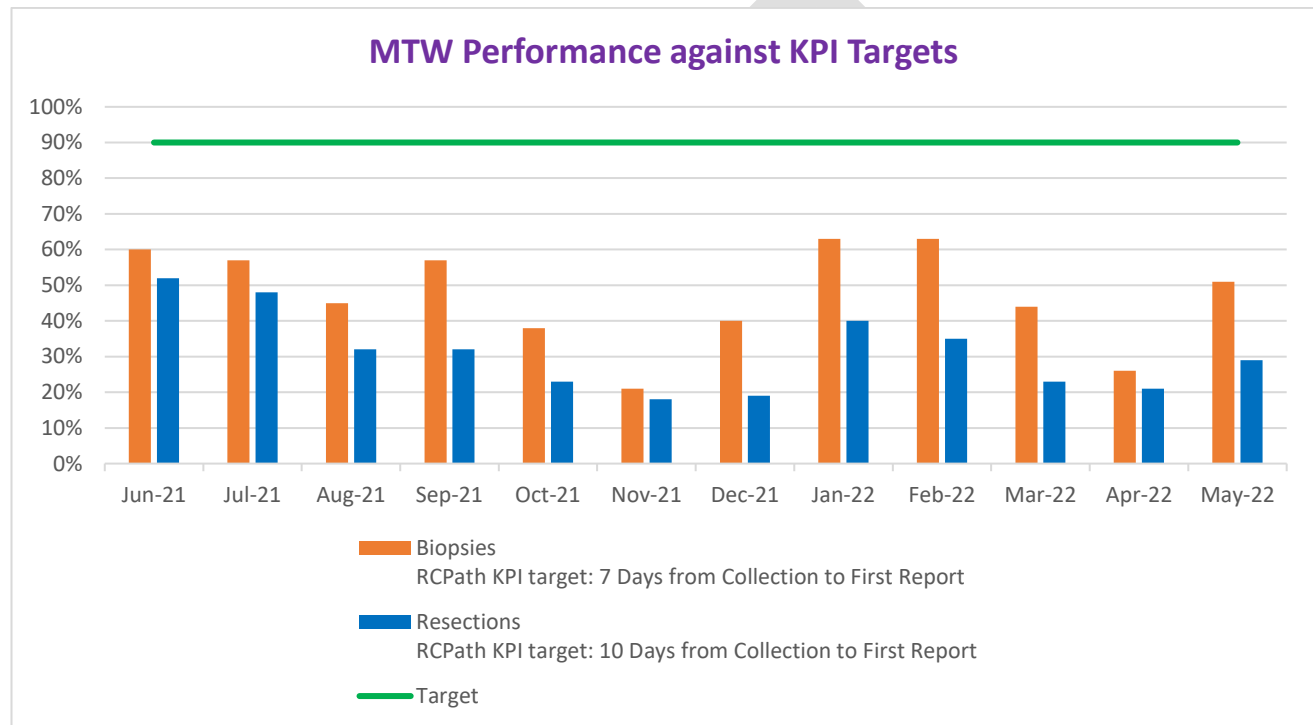
The team that reports histopathology cases consists of 12 histopathologists, 2 bank locums, 3 agency locums, totalling 17. There are also 6 junior histopathologists.

2.7 Business Needs

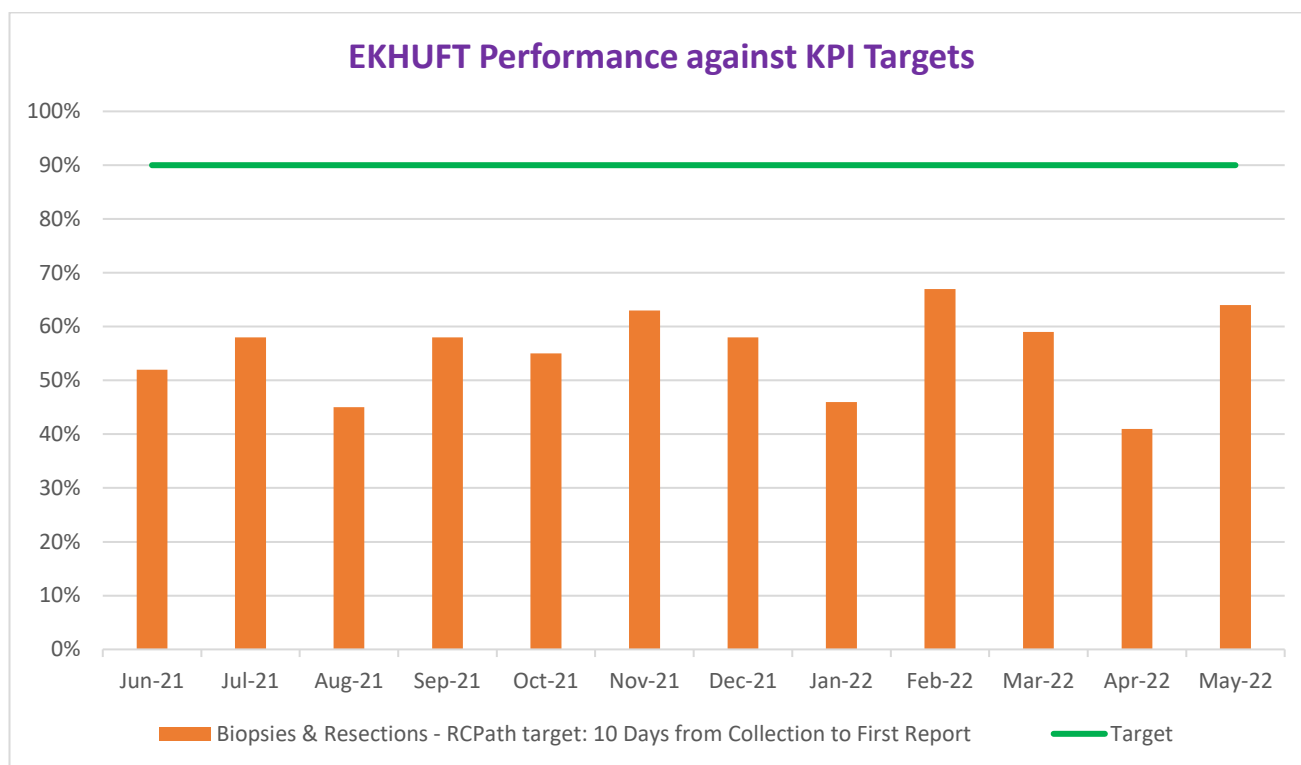
Like many clinical specialties, histopathology is facing the perfect storm of rising demand, increasing complexity of interpretation, an aging clinical workforce, and a decreasing number of trainee histopathologists.

The Kent and Medway histopathology service is already experiencing a degradation of performance as a result of having insufficient histopathologists to meet the current demand at both Trusts. This is demonstrated by their performance against their respective KPI targets. As shown in the below graphs, both Trusts are consistently underperforming against their targets, each target being 90%.

MTW performance against RCPATH KPI targets



EKHUFT performance against RCPATH KPI Target



As previously mentioned, a recent workload assessment performed by MTW identified a deficit of histopathologists of 4.57 WTE just to meet current demand – see [Appendix C](#), which helps to explain their current performance levels.

Table 5 below details the current age profile of the substantive / retire and return Histopathologists at each Trust. This shows that in both Trusts there are more Histopathologists aged over 55 than under 45, and in the case of EKHUFT considerably more. This mirrors the situation nationally, as highlighted in [Section 2.3.4](#) – Royal College of Pathologists Recommendations.

Table 5: Number of Histopathologists by age bracket

Age Bracket	No. of Histopathologists by age bracket				Total
	Under 45	45 – 54	55 +	Retire & Return	
MTW	4	9	4	2	19
EKHUFT	2	9	4	2	17

On commenting on the NHS recovery plan, Professor Mike Osborn, President of The Royal College of Pathologists, quotes on the RCP website:

*Without investment in pathology, it will not be possible to tackle the diagnostic backlog.’
‘The announcement sets out how the COVID-19 backlog of elective care will be tackled and it is encouraging to see the focus on investment in areas such as digital pathology, imaging and Artificial Intelligence.’*

'However, the pathology workforce is key to reducing the backlog, especially in cancer diagnosis and is also crucial to disease prevention, infection control and good antibiotic stewardship. It is vital that investment is targeted at pathology services to alleviate workforce pressure and meet increased demand.'

It is therefore recognised nationally that there is a critical need to invest in change in pathology, via digitalisation and automation, to optimise processes and maximise efficiencies. With a growth in histopathology workload in Kent and Medway of c.5% per annum, compounded further by the Covid elective care backlog, and the shortage of histopathologists, it will be impossible to maintain, let alone improve, current performance against local and national targets, without significant investment.

In fact, investment in change is essential to protect the future of the Kent & Medway Pathology Network and improve on the service provided to cancer patients in Kent. The introduction of Digital Pathology in Kent & Medway would provide a firm foundation to support this.

And ultimately, if investment is not made in this technology, with a number of Trusts and Networks nationally already well advanced on the Digital Pathology journey and others embarking, Kent & Medway will be left behind, as an undesirable place to work for histopathologists, with no opportunity to exploit Artificial Intelligence once it matures, which is where the significant efficiencies will be gained in the future.

2.8 Scope of preferred option

2.8.1 Potential business scope and key service requirements

For Option 2 – Digital Pathology, the preferred option, the proposed investment is to digitalise the reporting of all Histopathology services provided by the 2 Trusts, with the exception of those outlined in [Section 2.8.2](#) – Out of scope services

Though the overall objective is to ultimately achieve 100% digitalisation of the in-scope services, the adoption of Digital Pathology across all histopathology disciplines will be gradual, phased in by Histopathologist and further by specialism, and is likely to take several years.

The key service requirements for a digital pathology solution are as follows:

- (1) High throughput automated **whole slide imaging scanners** capable of scanning high volumes of stained microscope slides. Must be located so as to not interrupt workflow and be of a size to fit in existing laboratory space.
- (2) **2-way interface with LIMs**, to pull information relating to patient cases and push required results/report information back when the case is complete
- (3) **Provision of image storage**, both local for short term storage of the images as well as central archiving, for the longer-term storage of images, in line with data retention policies.
- (4) **Slide / Caseload software** that manages the clinical caseload and the slide images. This includes image creation, workload management/allocation, slide viewing, slide sharing, clinical annotation and measurements, report generation, case submission, and creation and retention of audit trails for each case.
- (5) A **Pathology workstation** set up comprising of a clinical grade screen to analyse the images, a standard screen to produce reports, a specialised precision mouse and a high-spec laptop.

2.8.2 Out of scope services

The following histopathology services are currently considered to be out of scope for digitalisation:

- Diagnostic Cytology – this should be noted for future consideration, but not for initial inclusion, as it is low volume and not suitable for the technology this project is procuring initially.
- Immunofluorescence for skin – the scanners to be procured initially do not cater for fluorescence which would require specialist scanners.
- Frozen sections - as they are very low volume but will require a dedicated specialist scanner. Being rapid pieces of work requiring a considerable level of validation, scanning would add little value and potentially incur more time.

Also out of scope in this Outline Business Case are:

- Remote working - Though the implementation of digital pathology will be an enabler for remote working, the provision of this is out of scope in this Business Case. This would be subject to additional investment in equipment for use at home (pathologists workstation set up) to be procured and implemented via a separate project. It would also require a significant level of information governance input.
- Artificial Intelligence (AI) - whilst the implementation of Digital Pathology will provide a foundation for AI as it will enable a large clinical data bank to be built in preparation, the purchase and implementation of AI does not form part of this Business Case.

2.9 Main benefits criteria

It is important to note that the implementation of Digital Pathology will not provide cashable savings, but instead will provide future cost avoidance. It will, however, realise or enable the realisation of multiple qualitative benefits and efficiencies for the Kent & Medway Histopathology department and therefore the patients for which it provides a service.

The full benefits register can be found in [Appendix D](#). This details how each of the benefits identified contribute to one or more of the Investment Objectives listed in [Section 2.5](#). The benefits have been categorised as either cash-releasing (CRB), non-cash-releasing (NCRB) or Qualitative (Q).

In the Economic Case of this document, the benefits will be explored in detail as part of a full options appraisal.

2.10 Key risks - by option

The main business and service risks associated with each option are detailed in the following sections, along with their countermeasures.

2.10.1 Option 1 – Recruitment of additional histopathologists as workload grows

Risk Description & Impact	Countermeasures
Nationally, the number of qualified histopathologists is shrinking and is already impacting recruitment at both trusts. Going	Options 2 or 3 are the only way to mitigate this.

Risk Description & Impact	Countermeasures
forward, this option will become completely untenable, and it will be impossible to recruit, resulting in a continued increase in turnaround times, impacting on performance against cancer pathway targets and quality of service for patients.	
There is insufficient Estate space at both Trusts to accommodate the number of histopathologists that would be required to support the growing workload, resulting in the need to secure additional or alternative estate space for the growing team of Histopathologists at significant cost	Reporting of glass slides could be done remotely but there would be security implications and would requires funding to equip home offices (microscopes/servicing, IT). Also poses additional risk to quality due to lack of equipment maintenance and loss of control of clinical material/access to slides which would need to be carefully managed.
Recruitment already presents a real challenge (and threat) to both Trusts, with their proximity to London, where histopathologists can earn a higher salary. However, the geographical location of EKHUFT further impacts their ability to recruit, which will worsen as the national shortage of histopathologists grows. This could potentially lead to disparity within Kent, in terms of the availability/timeliness of the histopathologist service provided, according to where in Kent a patient lives.	(1) Central service - estate cost for alternative accommodation. (2) Balancing of workload between the 2 Trusts in accordance with workload demands, which would introduce additional risk without digitalisation, due to the requirement to transport glass slides and reduction of visibility / traceability of case status and slide location.

2.10.2 Option 2 – Procure and Implement Digital Pathology

Risk Description & Impact	Countermeasures
There is a risk that the required revenue funding is not secured which would result in the project not being taken forward and the Histopathology department not able to maintain Turnaround Times as workload grows.	This Business Case is being developed to demonstrate the opportunities and long-term efficiencies and benefits that could be realised, along with identifying key clinical stakeholders to promote the patient benefits.
There is a risk that there will be insufficient space in the existing labs to accommodate the scanners required to support Digital Pathology. This could result in not being able to fully digitalise histopathology, without	With the size of the scanners varying according to the supplier, this can be addressed as part of the supplier selection process during procurement.

Risk Description & Impact	Countermeasures
increasing estate space, leading to a reduction in benefits/efficiencies.	
<p>It will be necessary to parallel run microscopes with digital imaging for training and validation, and until the consultants are comfortable with sole use of the solution. Therefore, there is a risk that there will be a temporary reduction in efficiency in terms of time taken to report cases which could result in inability to maintain TATs.</p>	<p>(1) Phased deployment to reduce impact on productivity, onboarding the 'enthusiast' consultants first.</p> <p>(2) Secondary phasing by histopathologist i.e. start with a sub-set of each histopathologist's workload and slowly build up.</p> <p>(3) Each histopathologist's workload can also be phased in by speciality as they become comfortable with the technology.</p> <p>(4) Purchase consultancy to support the training and validation phase.</p> <p>(5) Increase outsourcing during this period.</p>
There is the risk that network speeds are insufficient for a digital pathology solution which would result in unsatisfactory amount of time for histopathologists to retrieve images, thus impacting on efficiencies.	Costs have been factored into the business case for additional bandwidth at both sites to support the solution.
The delivery plan for tackling the Covid-19 backlog is predicting a 30% increase in elective NHS activity for 2024, which would significantly impact on workload volumes in digital histopathology. This could result in a limited capacity to transition new users to Digital Histopathology, particularly those consultants less comfortable with the technology.	Measure impact on efficiency during the initial phase to fully understand how this might impact ability to manage increased workload volumes, then consider for subsequent phases (Potential to increase outsourcing during this period).
The transition from diagnostic reporting via traditional microscopy to Digital Histopathology will require huge organisational cultural change and there is the risk that some consultants will be unwilling to adapt. This would result in a delay in the full realisation of benefits and efficiencies of Digital Histopathology.	<p>(1) Early engagement with consultants - issue survey to consultants to understand their attitude towards Digital Histopathology.</p> <p>(2) Organise meetings/discussions with consultants from other Networks who are further along the journey and accustomed to the use of Digital Histopathology.</p> <p>(3) Include in Communication Plan.</p>
There is the expectation that the implementation of Digital Histopathology will realise immediate benefits to sustain the	(1) Business Case to include likely timescales for the realisation of benefits.

Risk Description & Impact	Countermeasures
growing workload volumes and reduce TaTs which could result in perceived failure of the project.	(2) Clear communication from the outset required to manage expectations around what this project will deliver and the likely timings and dependencies for, and risks to, the release of benefits.
Increasing histopathology workload, statutory/operational commitments and multiple pathology projects being delivered, means that key resources may not be available to support the project which would result in implementation delays.	<p>(1) Careful planning required at programme level to avoid duplicate allocation of resources across projects/workstreams (PMO).</p> <p>(2) Obtain commitment at executive level to resourcing the project.</p> <p>(2) Backfill for key project roles where feasible.</p>
Prolonged Business Case approval and procurement, beyond the currently planned dates, may result in a delay to implementation and therefore realisation of benefits	<p>(1) Use an approved framework agreement for procurement.</p> <p>(2) Approval process identified, and meeting dates targeted.</p>

2.10.3 Option 3 - Outsource additional workload as it grows

Risk Description & Impact	Countermeasures
By outsourcing, there is a loss of control and trust issues over the quality of the output due to potential differences in how the case is reported and the processes followed, as well as a lack of awareness of the credentials of the reporting histopathologists. This could lead to inaccurate or inconsistent reporting which could have serious consequences for the patient in relation to their diagnosis and subsequent treatment.	<p>(1) Check credentials for all reporting histopathologists.</p> <p>(2) Secondary reporting in-house of malignant cases.</p> <p>(3) Audit proportion of the reported cases. Admin review of report format.</p> <p>- All of the above will incur additional effort from internal resource.</p>
Due to the requirement to physically transport, outsourcing glass slides (as per MTW currently) increases the time taken to obtain a result by at least 48 hours, and can result in loss or breakage of slides, as well as non-availability for MDMs. This will increase Turnaround Times and therefore	Move to outsourcing of digital images requiring local implementation of scanners and interfaces at a significant cost.

Risk Description & Impact	Countermeasures
impact on overall performance of the department in delivering a timely and quality service to patients.	
There will be no control over abstractions from the outsourcing agency's histopathologist workforce leading to potential delays in sub-specialty reporting. This could increase Turnaround Times therefore impact on overall performance of the department in delivering a timely and quality service to patients.	Service Level Agreements and fortnightly performance review meetings with outsourcing partner.
Loss of governance of patient's sensitive data, held by outsourcing partner presents an information security risk for Kent & Medway Pathology Network. If patient data gets into the public domain, this would have severe consequences on the reputation of KMPN.	Contract, regular assessments of information management protocols being followed.
As the workload continues to grow whilst the workforce reduces, the level of outsourcing will increase. There will become a time when having an internal service will become untenable leading to a fully outsourced service.	Though outsourcing is an interim solution, there is no countermeasure other than investment in Digital Pathology to create the required efficiencies to avoid full outsourcing of histopathology reporting in the future.
With the evolution of Digital Pathology nationally, there is the risk that it will reach a point when all outsourcing partners require images for reporting to be delivered digitally. This could lead to outsourcing of the full service, not just reporting.	Investment in Digital Pathology.

2.11 Constraints

Constraints, like dependencies, carry the potential to disrupt the smooth progress of any project and as such must be identified and managed proactively. The constraints identified for Option 2 - Digital Pathology are detailed in Table 6.

Table 6: Project Constraints

Constraint	Management Actions
Delivery of the project within the budget approved – NHSE (Capital), Contributing Trusts (Revenue).	Work closely with the supplier, monitoring expenditure regularly. Avoid delays by managing dependencies, issues, and risks effectively, as well as all activities on the critical path.
Availability of critical resources such as subject matter experts, Clinicians, Trust IT Teams, pathology IT Teams, supplier resources and third-party resources, at a time when multiple pathology projects are being undertaken, involving the same resource.	Work closely with all parties contributing resources. Agreements at Programme Management / Trust Executive level will be required to ensure that the project will be supported as a priority. Funding built in to backfill key roles.
Limitations around the abstraction of laboratory staff for training on the new system and equipment being implemented so as to ensure Turnaround Times are not impacted.	Coordination of staff for training will need to be managed closely by each Trust. Weekend training (will incur overtime).
Estate space to accommodate scanners in the laboratory in suitable locations, and dual screens, alongside microscopes, in the histopathologist's offices.	Scanner dimensions to form part of the solution selection process. Work with the supplier to determine where scanners should be best placed to optimise workflow based on best practice. Audit of histopathologists office space.
Buy in and subsequent adoption of the solution by the histopathologists in order to become as fully digitised as possible.	Phased deployment to histopathologists starting with the 'enthusiasts' first. Facilitate engagement with histopathologists outside of Kent and Medway who are using digital pathology.

2.12 Dependencies

Within any complex programme of work dependencies between projects and workstreams are inevitable and must be closely managed. Failure to identify and manage key dependencies will lead to cost overruns and schedule slippage. Table 7 shows the dependencies for the implementation of Digital Pathology.

Table 7: Project Dependencies

Dependency	Impact of delay or change	Key dates (as per current indicative timeline)
Dependent on the implementation of the new single LIMS system at each site to implement an interface with Digital Pathology.	Any delays will extend the amount of time for the realisation of benefits of the proposed LIMS interface, as will require manual updates in line with current process.	MTW – LIMS due to go live Aug 2024 EKHUFT – LIMS due to go live Nov 2024
Dependent on the approval of the OBC, followed by the Full Business Case (FBC) to secure the required consequential revenue.	Failure to secure the consequential revenue will mean that the project cannot proceed.	Approval of OBC planned April 2023 Approval of FBC planned Nov 2023
Dependent on the implementation of the PACS (Picture Archive and Communication System) replacement, if it is decided that this will be utilised for image storage and archiving.	Delays to the implementation of the PACS replacement could delay the deployment of the Digital Pathology solution.	PACS replacement planned to be delivered and migrated by July 2023. Required for the Digital Pathology project by Jan 2024.
Delivery of the project is dependent on the availability of some key resources that are critical to the implementation.	Successful implementation will be dependent on the ability to backfill some of the key project roles at the required time for the required duration.	IT Lead: Dec 2023 – Oct 2024 Overall Clinical Lead: Dec 2023 – Oct 2024 Biomedical Scientists x 2: Dec 2024 – Jan 2025
Dependant on sufficient network bandwidth / IT infrastructure to support the scanning technology and retrieval of images for reporting at both sites.	Insufficient bandwidth at either site will have a negative impact on efficiencies and cause the project to fail.	Any remedial works will need to be complete for when implementation commences in Dec 2023.

2.13 Network Sensitivities

It is important to recognise sensitivities to any aspects of the proposed investment that may exist across the Kent and Medway Pathology Network.

- (1) EKHUFT have already invested in a scanning solution. However, it should be noted that this is currently an outsourcing solution only, in conjunction with their outsourcing partner, and there is no internal reporting on digital slides.

(2) MTW have contracts in place, with strict SLA's, to provide the Histopathology service for Medway NHS Foundation Trust and Dartford & Gravesham NHS Trust) and another large contract is with Sussex Community Dermatology Service. Therefore, consideration needs to be given with regard to any potential impact on the service provided during the transition.

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3. Economic Case

3.1 Introduction

This section of the OBC documents the range of options that have been considered in response to the potential scope identified within the strategic case.

3.2 Critical Success Factors (CSFs)

The CSFs are the attributes essential to the delivery of the transaction against which the project success will be assessed. They have been designed to make sure that the strategic objectives, constraints and dependencies which are set out in the Strategic Case can be met.

Six critical success factors have been identified and are described in Table 8 below:

Table 8: Project Critical Success Factors

Critical success factor	Description
Strategic alignment	The preferred option will show strategic fit with the digital transformation ambitions of local, regional and national bodies for service improvements through digital innovation.
Quality	The preferred option will show improvements in qualitative standards, such as report turn-around times and staff recruitment/retention.
Costs	Over a 10-year period, the running service costs of the preferred option will be less than retaining microscopes and growing the team to absorb the increasing workload.
Supports the workforce	The preferred option will support: <ul style="list-style-type: none"> • Collaborative working • Improved workflows • Retention and recruitment of high-quality staff. • Delivery of positive patient experience by staff
Timetable	Effective project management, adherence with best practice and a sufficiently resourced implementation team will facilitate implementation to enable release of efficiencies and benefits at the earliest opportunity
Ability to meet increasing demand for pathology services	<ul style="list-style-type: none"> • A future proofed solution able to support changes in local and national demand • Enables adoption of Artificial Intelligence in the future. • Creation of efficiencies to absorb workload as it grows • Increased automation and improved workflow

3.3 Short Listed Options

None of the identified options were discounted therefore all options were taken forward to the short list.

The short-listed options are as follows:

- Option 1** This is the **Maintain Status Quo** option. Each Trust would continue to use microscopes for histopathology reporting. As workload grows, consultant histopathologists would be recruited, where possible, along with continued use of locums, bank workers and outsourcing for routine cases.
- Option 2** Investment in a **Digital Histopathology solution** for the KMPN, with equipment located at both MTW and EKHUFT, transitioning from traditional microscopy to digital images for the analysis and reporting of cases.
- Option 3** Each Trust would continue to use microscopes, with existing processes remaining as-is. As the workload volumes grow, there would be a need to rely increasingly on **outsourcing** cases to external providers.

In detail, the short-listed options are:

3.3.1 Option 1 – Recruitment of additional histopathologists as the workload grows

This is the Maintain Status Quo option. Each Trust would continue to use microscopes for histopathology reporting and recruit consultant histopathologists, where possible, to absorb workload as it grows. There would be no change to the way the service is currently delivered, and funding for additional histopathologists would be subject to annual business cases for staff and required equipment.

In reality, this is not a feasible option due to the growing national shortage of histopathologists, which is already impacting on KPMN and will impact further as the existing histopathologists retire. However, it has been retained as an option to demonstrate the significant financial investment that would be required and highlight the serious risks associated with this approach.

3.3.2 Option 2 – Investment in a Digital Histopathology solution

This option would involve the procurement and implementation of a digital histopathology solution for the sites that provide this service; MTW and EKHUFT, using capital funding from NHSE and revenue secured via this Business Case.

Moving from glass slides to digital images would, in the longer term, realise significant efficiencies to cope with the growing workload, by removing the need to physically transport glass slides both internally and externally, improving workload allocation and case tracking, and facilitating archiving and retrieval. It would also be an enabler for histopathologists to work remotely and flexibly to improve recruitment and retention, and support collaboration within the network, as well as externally. It would provide a foundation for the future use of Artificial Intelligence and other evolving technologies, thus increasing efficiencies further.

However, it should not be underestimated the cultural change that will be required to make this implementation successful, both by the histopathologists themselves and also by the teams working within the labs and supporting the service. Therefore strong change management and leadership

will be critical. Implementation will need to be phased to support the level of change and to mitigate any temporary reductions in efficiencies as the solution is adopted. It is also important to note that there will not be a quick release of benefits and efficiencies due to the nature of the transition from microscopy to digital, so this would need to be considered as a long-term investment.

3.3.3 Option 3 – Extend the level of outsourcing to support the growing workload

Each Trust would remain using microscopes, with existing processes remaining as-is. As the workload volumes and their complexity grow, there would be a need to rely increasingly on **outsourcing** the reporting of cases to external providers, with its associated risks. Whilst only routine cases are currently outsourced, over time it would be necessary to outsource the more complex cases.

Over time, as the level of digitalisation of histopathology grows nationally, outsourcing options for KMPN would reduce, meaning a choice between investment in scanning technology and image storage, or outsourcing the entire histopathology service. It should be noted that EKHUFT already have one scanner used to outsource the reporting of routine cases.

This is an investment option, with minimal benefits/efficiencies to be gained. other than to potentially maintain the existing level of service for the patients of Kent and Medway.

3.4 Benefits

3.4.1 Introduction

This section provides a detailed overview of the benefits associated with each of the selected options. Importantly, it indicates how they were identified and the main sources and assumptions.

3.4.2 Estimating Benefits

3.4.2.1 Methodology

The benefits associated with each option were identified during several workshops, with the following key stakeholders:

Dominic Chambers – Consultant Histopathologist, MTW and Digital Pathology Lead

Theresa Welfare – Lead Bio-Medical Scientist, MTW

Stuart Turner – Lead Bio-Medical Scientist, EKHUFT

Furthermore, other Trusts who have implemented Digital Pathology were also consulted, including Oxford University Hospital Trust and Leeds Teaching Hospitals NHS Trust.

A conference call to obtain a histopathologist's perspective of benefits also took place with Alyn Cratchley, Consultant Histopathologist, Leeds Teaching Hospitals Trust, who is also the clinical Lead for Digital Deployment for National Pathology Imaging Cooperative (NPIC).

3.4.2.2 Description, sources and assumptions

The benefits identified fell into the following main categories

Type	Direct to Organisation(s)
Cash releasing	These are financial benefits – for example, avoided spend, reduced cost etc.
	<i>The above are accounted for in the financial case appraisals</i>
Non-cash releasing	These are economic benefits – for example, opportunity cost of staff time etc.
	<i>All of the above are accounted for in the economic case appraisals</i>
Qualitative (or non-quantifiable)	Non-measurable – for example, quality improvements such as patient well-being, improved morale etc
	<i>Subject to weighting and scoring – see below</i>

3.4.3 Benefits Register

[Appendix D](#) provides an overview of all the benefits identified for Digital Pathology and illustrates where they are derived from. The table cross-references each identified benefit to the investment objectives. The benefits are shown as either cash-releasing (CRB), non-cash-releasing (NCRB) or Qualitative (Q).

3.4.3.1 Qualitative Benefits

Benefits, risks and potential qualitative evaluation criteria were identified during the development and analyses of each option and were discussed with histopathology stakeholders.

3.5 Risks

3.5.1 Option Risks

[Section 2.10](#) provides a high-level overview of the identified key risks associated with each option, i.e. the risks that relate specifically to an option and not the wider project.

3.5.2 Service Risks

[Appendix G](#) provides a risk assessment which lists the current key risks to the K&M histopathology service with each risk assessed for likelihood against the 3 options. The assessment was carried out by Theresa Welfare (Head Biomedical Scientist - MTW) and Stuart Turner (Head Biomedical Scientist - EKHUFT), and facilitated by Caroline Lloyd (Senior Project Manager, Digital Pathology).

3.6 Option Constraints and Dependencies

Below are the constraints and dependencies that have been identified and indicate which options are relevant to them

3.6.1 Constraints

- Available budget to deliver the change required – **options 1, 2 & 3**
- Availability of critical resources such as subject matter experts, Clinicians Trust IT Teams, pathology IT Teams, supplier resources and third-party resources. Possible cause may be other significant IT systems projects undertaken at Trust sites – **option 2 only**.
- The release of laboratory staff for training on any new system or equipment being implemented – **option 2 only**
- Ability to recruit/retain staff to the required level – **option 1 only**
- Available Estate space to house resources and / or equipment – **options 1 & 2**

3.6.2 Dependencies

- Buy-in from the histopathologists to adopt a new technology – **option 2 only**
- The timing of the LIMS replacement (Clinisys) in order to realise the benefits associated with a LIMS interface – **option 2 only**
- The management structure of the future organisation, including clinical leadership will influence the direction of each Trust in relation to histopathology – **all options**
- Appropriate, often dedicated, resources with the prerequisite skills and experience to implement digital pathology – **option 2 only**
- Ability to find a service provider that can take on the required amount of outsourced work to the service levels required – **option 3 only**
- Effective system and data architecture design will be fundamental to the success of the project – **option 2 only**.

3.7 Options Appraisal

On November 22, 2022 an Options Appraisal workshop was held. The purpose of the workshop was to:

- Gain a shared understanding of the options identified.
- Consider the benefits that each option would provide
- Consider the risks associated with each option.
- Consider how each option might enable the Kent and Medway Pathology Network to achieve the 5 investment objectives.
- Consider the degree to which each option complies with the agreed evaluation criteria.

3.7.1 Appraisal Criteria

Six criteria through which to qualitatively evaluate the 3 options were identified, defined, and agreed.

The agreed criteria were:

- 1 Provide a quality, safe, effective, sustainable and timely histopathology service for patients.
- 2 Improve recruitment and retention of current and future workforce to address the workforce shortage of Consultant Histopathologists within the Kent & Medway Pathology Network by making it a desirable place to train and work.
- 3 Contribute to Trust Cancer Pathway performance as workload and complexity of cases continue to grow, in order to provide the optimum result for the patient in a timely manner.
- 4 Future proofing - Provide a foundation for the introduction and exploitation of Artificial Intelligence and other emerging technologies in the future to further increase efficiencies and resilience.
- 5 Facilitate collaboration both within and outside of the network, improving patient pathway experience and collegiate working across the network.
- 6 The degree to which the option provides a good balance between risk and benefit.

3.7.2 Appraisal Panel

The invited options appraisal panel members were Pathology Clinical Directors and General Managers, Plus the ICT Directors of each Trust, or their nominated deputies specifically:

- ICT Director for EKHUFT
- Director of IT for MTW
- Director of IT Transformation for MFT
- Associate Director of Digital Transformation for DGT
- Clinical Director of Pathology for EKHUFT
- Clinical Director of Pathology for MTW
- Clinical Director of Pathology for NKPS
- MTW Pathology General Manager
- EKHUFT Pathology General Manager
- NKPS Pathology General Manager

3.7.3 Appraisal Process

14 key stakeholders across MTW, EKHUFT and NKPS were asked to participate in the options appraisal and were sent the Options Appraisal Pack (see [Appendix H](#)) to complete prior to the workshop.

Each panel member was asked to consider the option descriptions and the proffered benefits and risks associated with each; then scored the options against each of the six criteria using a scale of 1-5 where 5 = exceeds, 4 = fully meets, 3 = adequate, 2 = deficient, 1 = fails to meet the criterion. A maximum score of 30 per panel member was therefore possible.

Six appraisal packs were submitted by the panel and collated into a summary table (see [Appendix I](#)) which formed the foundation for the discussion at the appraisal workshop. There were no significant discrepancies and the highest-ranking option scored more than twice as much as the other options.

Table 9 below shows the summary appraisal scores

Table 9: Summary Appraisal Scores

Evaluation Results	Option 1	Option 2	Option 3
Total Option Score	63	126	58
Ranking	2	1	3

3.7.4 Conclusions

The option appraisal produced a conclusive decision (based on the scores provided during the appraisal procedure), that option 2 – Invest in Digital Pathology ranks first.

3.8 Economic Appraisal

3.8.1 Introduction

This section provides a detailed overview of the costs associated with each of the selected options.

Costs fall broadly within the categories of either capital or revenue / operational costs. Each identified option attracts varying capital and revenue costs, and these are detailed in Table 10 in [Section 3.8.2](#) (Net Present Cost findings). Note that no decisive unquantified costs or benefits have been identified.

Costs have been associated with each option as follows:

3.8.1.1 Baseline – Do nothing

- No costs in addition to current baseline

3.8.1.2 Option 1

- Costs for additional histopathologists – Revenue

- Costs for additional microscopes – Capital
- Costs for servicing of additional microscopes – Revenue

3.8.1.3 Option 2

- Supplier hardware, software, and implementation costs - Capital
- Pathologist workstation set up – Capital
- *Image Storage (Archive) – Capital
- Image Storage (6 month Local On-Prem) - Capital
- IT infrastructure – Capital
- LIMS interface – Capital
- Project / Implementation Team – Capital
- Supplier – Service Management / Licences – Revenue
- Storage – licencing, server rack, infrastructure – Revenue
- Legal costs for contract negotiation – Revenue (non-recurrent)
- Internal support team costs - Revenue

*These costs have been included on the basis that the storage hardware has a planned life of 5 years and are depreciated over this period; therefore, costings for a hardware replacement in year 7, has been included. Additional storage has not been included to cater for volume growth. This is expected to be addressed via a separate business case if required.}

3.8.1.4 Option 3

- Service provider outsourcing costs - Revenue

3.10.2 Estimating costs

All existing costs were obtained directly from the two Trusts. All future costs have been estimated.

Baseline – Do Nothing

All existing costs were obtained directly from the Finance teams of the 2 Trusts.

Option 1 – Recruit additional histopathologists

The number of additional histopathologists that will be required year on year were calculated by forward projecting, over a period of 10 years, the results of a workload assessment that had been carried out by MTW. The methodology was based on Best Practice Recommendations from the Royal College of Pathologists in relation to staffing and workload for Histopathology.

Workload growth was based on an assumed 5% increase in the number of slides produced per year.

While EKHUFT has approximately 36% less volume of work than MTW, EKHFT has received the same percentage increase in reporting demand as MTW over the last 6 months. Even allowing for outsourcing reporting (at least twice the level predicted in the contract) with external provider LDPath accounting for 1.5 WTE consultants and x3 consultant vacancies, EKHUFT are overspent on locum consultants and still failing to meet reporting expectations of both the Trust and the RCPATH. This is wholly representative of the capacity gap between the performance expectation and the financed establishment of reporting staff. A more complete workload analysis is pending, using the same model as used at MTW to demonstrate their reporting capacity gap and as all other factors are comparable, it is highly likely to demonstrate similar results that have resulted in additional vacancies at MTW. Regardless of whether these positions can be filled, it will demonstrate to governing bodies the scale of the shortfall in reporting staff across the whole network and justifies the financial position, in the short term, regarding locum expenditure. In the interim, it is fairly safe to assume the reporting shortfall at MTW is mirrored at EKHUFT, therefore this has been factored into the estimates of additional histopathologists that will be required to support the 5% increase in workload, and therefore the costs of option 2 for EKHUFT.

Option 2 – Digital Pathology

Supplier costs have been estimated based on indicative costs provided by 3 market-leading Digital Pathology providers, based on information collated from the Trusts and submitted to them, including current workload volumes and an anticipated growth in this workload of 5% per annum. The most expensive of the 3 proposals was used for the costs outlined in the Financial Case.

Indicative storage costs were obtained from the Kent & Medway PACS replacement provider, as there is an option to utilise this via a change control on the existing contract. Costs were also obtained from EKHUFT Trust IT as a validation.

Indicative interfacing costs were obtained from the Kent & Medway LIMS supplier, Clinisys.

Costs for the pathologist workstation set up were derived from the costs for the Home Reporting project where similar kit has been procured.

IT infrastructure costs were obtained from both Trust IT Teams, based on discussions with one of the above suppliers. It should be noted that a full solution has not been architected at this stage to determine more accurate costs, as there are a number of options around this and full engagement with the selected supplier will be required to achieve this.

The Trust-based implementation team costs were estimated by producing a high-level plan based on a proven template plan provided by NPIC (Northern Pathology Imaging Co-operative) who have supported the implementation of Digital Pathology across a number of Trusts. The high-level plan was then used to identify resource types required to undertake the work which were then costed.

It is assumed that much of the work will be completed by existing Trust staff so has been costed at the appropriate band. These costs have been included on the basis that resources will need to be released to the project for the duration and will therefore need to be backfilled on most occasions.

Where Trust-based implementation team resources are deemed specialist (Project Manager and Business Analyst) external Contractor rates were used in the cost calculations.

Ongoing internal staff support requirements (Revenue) were obtained from IT, and the Histopathology departments.

A checklist of potential revenue costs was obtained from NPIC to ensure the full scope was considered.

Option 3 – Outsourcing

The cost to outsource the additional workload per annum has been costed based on each Trust's current outsourcing cost per slide, which differ, due to EKHUFT outsourcing digital slides and MTW glass slides, to two different outsourcing partners.

3.10.3 – Assumptions

The following assumptions and bases have been used to calculate the economic impact of the proposed investment scheme:

- Base year (Year 0) is 2022/23.
- Asset life is 10 years from a 'Go Live' of October 2024 for the system.
- Asset life is 5 years from 'go live' of October 2024 and replacement in 2029/30 for archive storage.
- All system capital VAT is non-refundable and for the revenue costs, all system VAT is assumed to be non-refundable.
- Discount factor is 0.035 (3.5%).
- Effect of inflation has been excluded.
- Scheme will be funded by Public Dividend Capital (PDC) via the Digital Diagnostic investment programme.
- Revenue impact will be funded internally.
- 15% optimism bias has been added to the capital costs (excluding Trust project implementation cost) based on the Treasury green book approach.

3.8.2 Net Present Cost Findings

The undiscounted and discounted values for all options are shown in Table 10 below. The capital and revenue elements for each option are described in [Section 3.8](#) above.

Table 10: Undiscounted and Discounted values for all options:

	Undiscounted £000	Net Present Cost (NPC) £000
Baseline - Do nothing		
Capital	315	315
Revenue	164,343	135,847
TOTAL	164,658	136,162
Option 1 - In house		
Capital	1,915	1,565
Revenue	194,163	157,955
TOTAL	196,078	159,519
Option 2 - Digital		
Capital	9,394	8,649
Revenue	170,584	140,798
TOTAL	179,979	149,447
Option 3 - Outsource		
Capital	315	315
Revenue	190,468	155,215
TOTAL	190,783	155,530

There are no financially quantifiable noncash-releasing benefits therefore the only economic assessment is on net present costs.

3.8.3 Economic Appraisal Outcome

The Economic Appraisal considers revenue and capital expenditure, there are no cash-releasable benefits delivered by the options nor risk that can be financially quantified. These costs are based on the cash profile.

The Net Present Costs (NPC) was calculated for the cashflows under the three options.

Table 11 below shows that option 2 has the lowest incremental increase in cost of £15.3m compared to the baseline cost.

Table 11: Incremental Value For Money Analysis

Evaluation Results NPC Incremental impact	Revenue Cost £'000	Capital £'000	Total £'000
Option 1	29,821	1,600	31,421
Option 2	6,242	9,079	15,321
Option 3	26,125	0	26,125

3.8.4 Combined Appraisals Outcome

The results of the combined appraisals are as follows, where 1 is the highest and 3 the lowest ranking:

Table 12: Summary of total appraisal results

Evaluation Results	Option 1	Option 2	Option 3
Economic appraisal ranking	3	1	2
Appraisal ranking	2	1	3
Overall Ranking	2	1	2

The appraisal ranked option 2 – Invest in Digital Pathology as top with options 1 and 3 as joint second.

3.8.5 Sensitivity Analysis

Sensitivity analysis provides an assessment of the impact on the economic evaluation should the underlying assumptions prove to vary when the preferred option is delivered.

3.8.6 Results of Sensitivity Analysis

The below tables summarise the sensitivity analysis:

Table 13: Sensitivity Analysis – Switching

The below table shows the values (in %) at which the other options would need to change in order to equate to the value of the preferred option and thus affect ranking

Change in costs (%)	Option 1	Option 2	Option 3
Capital cost	N/A	-	N/A
Pay	10%	-	8%
Non pay	62%	-	21%
Total	8%	-	6%

Option 1 would need to decrease by 8% and option 3 by 6% to match the cost of option 2.

Table 14a – Sensitivity Analysis – Scenario planning

	Option 1	Option 2	Option 3
Sensitivities	£'000	£'000	£'000
Base NPC	159,519	149,447	155,530
All Capital costs 10% Higher	159,676	149,566	155,561
Pay 5% higher	166,347	155,242	161,253
Non pay 10% higher	161,660	151,938	159,606

Table 14b – Sensitivity Analysis – Scenario planning ranking

Option	Ranking		
Base	3	1	2
All capital 10% higher	3	1	2
Pay 5% higher	3	1	2
Non pay 10% higher	3	1	2

There would be no change to the ranking of the options as a result of the scenarios.

3.8.7 Key observations

The sensitivity analysis confirms that whilst any increase in costs would increase the cost, there is no effect on the overall ranking of the options based on the above sensitivities. *The preferred Option is option 2.*

Based on the options appraisal outcome, Option 2 is the preferred option as it ranks highest in both the economic and quality appraisal assessments. Options 1 and 3 both rank second due to the ranking of the change in ranking between the economic and quality appraisals.

4. Commercial Case

4.1 Introduction

This section of the OBC outlines the proposed approach for the procurement process relevant to the preferred option outlined in the Economic Case.

The procurement approach will be consistent with the NHSE mandated route for all digital procurements that have been nationally funded. It will be supported by the MTW procurement team.

This OBC will be reviewed by a 'Gateway Review' panel comprised of the Chief Executive Officers and the Chief Financial Officers from the four acute hospital Trusts in Kent and Medway, in order to ensure that the proposal is commercially feasible and deliverable. Furthermore prior to any procurement activities commencing, the proposed supplier contract will be reviewed by external legal advisors.

4.2 Required services

The supplier will be required to provide, and support the implementation and ongoing use of, a digital histopathology solution, that is accessible to all legitimate users.

This will comprise of:

Whole slide imaging scanners - Sited within the laboratory, high throughput automated slide scanners with associated PC workstations scan high volumes of stained microscope slides.

Pathology slide/caseload software and associated licences - The software manages the clinical caseload and the digital slide images. This includes image creation, workload management, slide viewing, slide sharing, clinical annotation and measurements, report generation and case submission. The software also creates and holds audit trails relating to the activities undertaken for each case. Image analysis software can also be applied to slides to improve the effective quantitation of cell markers (e.g. HER2 in breast cases).

Interfaces - To the main laboratory information management system (LIMs), pulling information relating to patient cases and providing an ability to push any required results/ report information back when the case is complete.

Implementation support – to include supplier-side project management, installation, and training.

Service Management contract – providing hardware and software support and maintenance initially by phone, followed by a site visit where required.

Other items that may or may not be procured via the Digital Histopathology provider (TBD), and therefore may be included as optional on the tender document, are:

Information management and technology hardware - The servers (locally or remotely hosted), host the application software described below and may provide short term storage for the images. A webserver can allow image access from any web-browser- enabled PC connected to the institutional network.

Pathologist workstations – comprising of a clinical-grade screen, a standard screen, a specialist mouse, and a high-spec laptop. Installed into pathologist's offices, they allow the visualization of the slide images at high resolution. Dual monitors are used to allow simultaneous control of workflow/ case selection/ slide selection and the viewing of the chosen images

Archive database storage solution - The size of any archive storage will depend on the final agreed scope of the investment, but the system should retain the images for a sufficient period of time to enable audit and case review as well as adhere to data retention policies. Archive storage architectures would need to be agreed with the supplier as would back-up/ system resilience plans. There is the option to utilise the PACS Replacement (Sectra) infrastructure, via a change control to the existing contract.

4.2.1 Assessment of Market Interest and Offering

Over the past few years there have been various engagements between the Kent & Medway Pathology Network stakeholders and market leading suppliers to understand the impact and benefits of implementing a digital histopathology solution. In addition, webinars and meetings have been attended by key stakeholders, facilitated by NPIC (National Pathology Imaging Co-operative), a collaboration between NHS, Academic and Industry Partners, who are running a deployment programme to deploy digital pathology across over 40 hospitals in England.

A scoping exercise was carried out in Spring 2022 to obtain a proposal and indicative costs from three market-leading suppliers, in order to inform the bid to NHSE/I for Capital Funding, as well as this Outline Business Case.

4.2.2 Development of Requirements

Ahead of Procurement, an OBS (Output Based Specification) will be developed by an experienced Business Analyst, with input from laboratory staff, clinicians and other stakeholders from areas such as Trust IT, Information Governance and Business Intelligence Teams, via workshops and 1:1 meetings.

The OBS will contain the functional requirements of the Digital Histopathology Solution and will also provide detailed information to suppliers including analytical, interface, IT, and information governance requirements.

Along with on-site system demonstrations and visits to suppliers' reference sites, the OBS will be used to qualitatively evaluate the supplier's products and the provision of their services.

4.3 Potential for Risk Transfer

The general principle is that risks should be passed to 'the party best able to manage them,' subject to value for money.

This section provides an assessment of how the associated risks might be apportioned between the Network (shared responsibilities across all Trusts) and the Digital Histopathology supplier.

Table 15: Risk Allocation Matrix

Risk Category	Potential Allocation		
	Network	Supplier	Shared
1. Design risk			✓
2. Construction and development risk			✓
3. Transition and implementation risk			✓
4. Availability and performance risk		✓	
5. Operating risk	✓		
6. Variability of revenue risks	✓		
7. Termination risks	✓		
8. Technology and obsolescence risks			✓
9. Control risks	✓		
10. Financing risks	✓		
11. Legislative risks	✓		
12. Other project risks	✓		
13. Price Increase above NHS Inflation			✓
14. Contract delivery penalties		✓	

Contract clauses concerning pricing and risk transfer will enable effective mitigation of risks and the specific allocation of risks will be reviewed and agreed in conjunction with the supplier prior to contract award.

4.4 Proposed Contract Length

All costs have been produced and evaluated on the basis of an initial contract of 5 years with the Digital Histopathology supplier, with the option to extend on an annual basis up to a maximum of 5 years.

A Collaboration Agreement between the 2 Trusts in the Kent and Medway Pathology Network will be established for the duration of the Digital Histopathology supplier contract.

4.5 Personnel Implications (including TUPE)

It is not currently anticipated that the TUPE – Transfer of Undertakings (Protection of Employment) Regulations 2014 – will apply to this investment.

4.6 Procurement Strategy and Timescales

The PTOM (Target Operating Model for Procurement) is the NHSE mandated route for all digital procurements that have been nationally funded, and therefore will apply to this project. It has been developed to categorise and consolidate the multiple frameworks available and implement new

standards and governance around them, in order to simplify the process, avoid duplication and reduce costs.

It is therefore anticipated that the successful supplier will be selected from a suitable PTOM framework, via a competitive tender process, supported by the Procurement Team at MTW.

A digital histopathology strategy / brief will be developed and posted on the framework. The initial stage of the procurement will require prospective suppliers to self-assess against the strategy / brief and pre-qualifying statements. The pre-qualification process will centre on the need for suppliers to demonstrate proven experience, and examples of, implementing a digital histopathology solution, which included LIMS integration, working across organisational boundaries, within a network of more than one site/trust, in the UK.

There will be several subsequent stages. The number of suppliers taken forward to the next stage at each stage gate will depend on their responses and performance during each stage.

How each bidder is scored will be determined as part of the procurement strategy, in conjunction with the Procurement lead, and will be detailed in the Full Business Case. Scores against requirements detailed in the OBS and cost will need to be taken into account to ensure value for money.

It is anticipated that the procurement stage activities will be as detailed in Table 16. Timescales for each activity will be determined during procurement planning, once a suitable framework has been identified, and included on a plan.

Table 16: Overview of Possible Procurement Activities

Milestone Activity
Stage 1:
Digital Histopathology strategy document and mandatory questions released to suppliers
Bidders short-listed
Stage 2:
Initial Proposal (IP) Response Documents published including OBS and Service Level Agreement (SLA)
Completed IP Response Documents returned with completed OBS by bidders
IP Response and OBS evaluation complete
Stage 3:
On-site system demonstrations
Scoring of on-site demonstrations
Stage 4:
Engagement with suppliers' reference customers complete
Scoring of reference site visits/virtual demos complete
Stage 5:
Submission of supplier's Best and Final Offer (BAFO)
BAFO evaluation conclusion (FBC can now be finalised)
FBC Finalisation & Approval:
FBC complete including peer review
FBC Governance complete (Including Trust Boards' and NHSE approval)
Contract Award

It is estimated that stages 1 – 5 (above) will take 4 – 5 months, but this will be subject to detailed procurement planning. FBC finalisation and approval is estimated to take an additional 2 months, with contract award timing dependant on the level of contract negotiations required.

The system implementation time following contract award will be defined in a detailed Project Plan, which will be agreed with the contracted supplier. The Management Case of this document includes the indicative implementation milestone plan based on the template plan provided by NPIC.

4.7 Procurement Resource Requirements

The procurement exercise will require consistent and effective engagement from all Trusts involved to ensure that the best solution and provider are selected. The anticipated resource requirements, in addition to procurement support, are detailed in Table 17, again to be confirmed during procurement planning. Resources will be required on an ad-hoc basis during the process, with some tasks, such as initial proposal response and OBS evaluation, on-site demonstrations and reference site visits requiring several days to complete. Where a single resource is required to lead on a discipline or speciality area, they will be required to communicate effectively with their counterparts in the other Trusts and to ensure that all views are considered and represented.

Table 17: Procurement Resource Requirements

Resource Requirement	Quantity
Histopathology Clinical Lead	1
Histopathology Management Lead (Lead Biomedical Scientist)	1 per Trust
Quality Management Lead	1 per Trust
Pathology IT Lead	1 per Service
Trust IT Lead	1 per Trust
Business Intelligence Lead	1 per Service
Information Governance Lead	1
Procurement Lead	1
Senior Project Manager	1
Business Analyst	1
Project Support	1

4.8 Proposed Charging Mechanisms

Arrangements for payments to the Digital Histopathology supplier will depend on the final preferred solution and specific contractual terms with the supplier and will be detailed fully in the FBC. These will be based on the implementation and in agreement with the supplier on clear and realistic contractual key milestones, and delivery dates, which will be recorded within the project plan.

4.9 Proposed Key Contractual Clauses

A Service Level Agreement (SLA) schedule will form an important part of the contract. This sets out the standards to which the supplier must deliver the services, the mechanism by which Service Failures will be managed, and the method by which the supplier's performance under this agreement will be monitored. The SLA details the following:

- Service Levels and Service Credits;
- Supplier System Maintenance;
- Performance Monitoring;
- Service Incident Reporting and Recording; and
- Responsibilities Matrix

The principles of the mechanisms employed are to give a well-defined boundary of what must be delivered, together with a fair mechanism to allow the deduction of points where this has failed to occur, and a clear and well-structured process that allows all parties to determine both what has happened, and the reasons and responsibilities where it has not been in line with the expectations of the contract. The actual SLA will be developed during the Digital Histopathology tender exercise.

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5. Financial Case

5.1 Introduction

The purpose of this section is to set out the forecast financial implications of the preferred option, Option 2.

- The financial model was quality assured via internal peer review which is in line with the National Audit Office (NAO) framework. The peer review was via a ‘check and challenge’ session whose membership consisted of senior finance for each acute Trust and the ICB. Supported by the Operations lead for histopathology of the Kent and Medway Pathology Network.

5.2 Assumptions

As stated in the Economic Case, the following assumptions and bases have been used to calculate the economic and financial impact of the proposed investment scheme:

- Base year (Year 0) is 2022/23.
- Asset life of the system is 10 years from a ‘Go Live’ of October 2024.
- Asset life is 5 years from ‘go live’ of October 2024 and replacement in 2029/30 for archive storage
- All system capital VAT is non-refundable and for the revenue costs, all system VAT is assumed to be non-refundable.
- Discount factor is 0.035 (3.5%).
- Effect of inflation has been included at appropriate published rates as identified below. Non-pay inflation has been included net of a reduction of 1% for CIP.

Inflation Rates	2022/23	2023/24	2024/25	2025/26 to 2031/32
AFC pay deal	5.00%	3.00%	3.00%	3.00%
Pay and mix	2.10%	2.10%	2.10%	2.10%
Pay	7.10%	2.10%	2.10%	2.10%
Non-pay (net of 1% CIP)	2.00%	2.00%	2.00%	2.00%
Other – Tariff uplift	0.90%	0.90%	0.90%	0.90%

- Scheme will be funded by Public Dividend Capital (PDC) via the Digital Diagnostic investment programme.

- 15% optimism bias has been added to the capital costs (excluding Trust project implementation cost) based on the Treasury green book approach.
- Revenue impact will be funded internally.
- Commencement of revenue charges assumed on purchase. During procurement phased costs will be negotiated.

5.3 Source of Costs

5.3.1 Current Costs

All existing costs were obtained directly from the two Trusts. These are the recurrent costs for the running of the histopathology service in MTW and EKHUFT.

5.3.2 Estimating Costs

Supplier costs (capital and revenue) have been estimated based on indicative costs provided by 3 market-leading Digital Pathology providers, based on information collated from the Trusts and submitted to the suppliers, including current workload volumes and an anticipated growth in this workload of 5% per annum. The most expensive of the 3 proposals was used for the costs outlined in the Financial Case.

Indicative storage costs (capital and revenue) were obtained from the Kent & Medway PACS replacement provider, as there is an option to utilise this via a change control on the existing contract. Costs were also obtained from EKHUFT Trust IT as a validation.

Indicative interfacing costs (capital and revenue) were obtained from the Kent & Medway LIMS supplier, Clinisys.

Costs for the pathologist workstation set up (capital) were derived from the costs for the Home Reporting project where similar kit has been procured.

IT infrastructure costs (capital and revenue) were obtained from both Trust IT Teams, based on discussions with one of the above suppliers. It should be noted that a full solution has not been architected at this stage to determine more accurate costs, as there are a number of options around this and full engagement with the selected supplier will be required to achieve this.

The Trust-based implementation team costs (capital) were estimated by producing a high-level plan based on a proven template plan provided by NPIC (Northern Pathology Imaging Co-operative) who have supported the implementation of Digital Pathology across a number of Trusts. The template plan provided indicative timescales for each phase. The high-level plan was then used to identify resource types required to undertake the work which were then costed.

It is hoped that much of the work will be completed by existing Trust staff so has been costed at the appropriate band. These costs have been included on the basis that resources will need to be released to the project for the duration and will therefore need to be backfilled on most occasions.

Some Trust-based implementation team resources are deemed specialist (Project Manager and Business Analyst), external Contractor rates were used in the cost calculations.

Ongoing internal staff support requirements (revenue) were obtained from IT, and the Histopathology departments respectively.

A checklist of potential revenue costs was obtained from NPIC as an assurance that nothing has been missed.

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5.4 Future Financial Requirements

The total uninflated income and expenditure for the preferred option are shown in Table 18.

Table 18: Uninflated Income and Expenditure for Option 2

UNINFLATED	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Year	Total
	0	1	2	3	4	5	6	7	8	9	10	11	12	
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	33/34	34/35 (6 months)	
Option 2	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Capital Costs														
Total Capital	315	4,949	2,036	45	0	0	0	2,050	0	0	0	0	0	9,394
Revenue Costs														
Pay	11,077	11,077	11,138	11,263	11,263	11,263	11,263	11,263	11,263	11,263	11,263	11,263	5,631	140,289
Non pay	2,069	2,340	2,389	2,389	2,389	2,389	2,443	2,443	2,443	2,896	2,443	2,443	1,221	30,295
Contingency	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Depreciation	0	0	467	940	940	940	940	940	940	940	940	940	470	9,394
Dividend	7	98	212	223	191	158	126	129	132	99	66	33	8	1,481
Total Revenue	13,154	13,515	14,206	14,815	14,783	14,750	14,771	14,774	14,777	15,197	14,711	14,678	7,331	181,460
Funded By														
Existing	13,154	13,153	13,146	13,146	13,146	13,146	13,146	13,146	13,146	13,146	13,146	13,146	6,573	164,343
New Investment	0	362	1,060	1,668	1,636	1,603	1,624	1,627	1,630	2,051	1,565	1,532	758	17,117
Grand Total	13,154	13,515	14,206	14,815	14,783	14,750	14,771	14,774	14,777	15,197	14,711	14,678	7,331	181,460

The total inflated income and expenditure for the preferred option are shown in Table 19 below.

Table 19: Inflated Income and Expenditure for Option 2

INFLATED	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Total
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	33/34	34/35 (6 months)	
Option 2	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Capital Costs														
Total Capital	315	4,949	2,036	45	0	0	0	2,050	0	0	0	0	0	9,394
Revenue Costs														
Pay	11,077	11,310	11,611	11,987	12,239	12,496	12,758	13,026	13,300	13,579	13,864	14,156	7,226	158,631
Non pay	2,069	2,387	2,485	2,535	2,586	2,637	2,751	2,806	2,862	3,461	2,978	3,037	1,549	34,143
Contingency	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Depreciation	0	0	467	940	940	940	940	940	940	940	940	940	470	9,394
Dividend	7	98	212	223	191	158	126	129	132	99	66	33	8	1,481
Total Revenue	13,154	13,794	14,775	15,685	15,956	16,232	16,575	16,901	17,233	18,079	17,848	18,165	9,253	203,650
Funded By														
Existing	13,154	13,427	14,015	13,986	14,277	14,575	14,878	15,189	15,505	15,828	16,158	16,495	8,419	185,906
New Investment	0	368	760	1,700	1,679	1,657	1,696	1,712	1,728	2,251	1,689	1,670	834	17,744
Grand Total	13,154	13,794	14,775	15,685	15,956	16,232	16,575	16,901	17,233	18,079	17,848	18,165	9,253	203,650

Table 20: Proportionate Split of Additional Revenue Costs

	WEST (£'000)	EAST (£'000)	DGS (£'000)	MEDWAY (£'000)
Annual Gross Cost	2,610,161	6,193,327	1,338,684	1,468,404
Percentage	22%	53%	12%	13%

SOURCE: East current net cost in EKHUFT. DGS and Medway/Swale current spend for service provided by MTW. West current net cost in MTW.

Applying the above proportionate percentages to the total income and expenditure position produces the following costs per Health Care Partnership (HCP).

Table 21: Proportionate Split for all HCPs for Option 2 inflated revenue

INFLATED	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Total
	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	33/34	34/35 (6 months)	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Option 2														
Revenue Investment - Inflated														
WEST	0	144	295	571	632	694	771	844	919	1109	1057	1128	603	8,766
EAST	0	342	701	1354	1499	1646	1829	2003	2180	2631	2508	2677	1430	20,799
DGS	0	74	152	293	324	356	395	433	471	569	542	579	309	4,496
MEDWAY & SWALE	0	81	166	321	355	390	434	475	517	624	595	635	339	4,931
Total I&E Impact	0	642	1,314	2,539	2,809	3,085	3,428	3,754	4,087	4,933	4,701	5,019	2,680	38,992

Should the project not progress to the implementation stage, sunk costs, which have already been incurred would need to be written off.

5.5 Overview of Non-recurrent Costs

There is just one non-recurrent revenue cost – £20K in legal costs in 2023/24 to support contract negotiation.

5.6 Sensitivity Analysis

No sensitivity analysis has been conducted as the costs will be firmed up when procured and the capital assumptions already include optimism bias. Accounting Treatment – Impact on Balance Sheet

The scanners will be fixed assets and be on the Trust balance sheets of EKHUFT and MTW who provide the histopathology service. MTW is also contracted to provide the service to DGT and MFT.

It has not yet been determined if a single supplier contract will be held by a Host Trust on behalf of the Kent and Medway Pathology Network (KMPN) or that EKHUFT and MFT will hold a separate contract that has been procured by the Network. This will be agreed as part of the procurement and the outcome of the KMPN collaboration discussions.

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6. Management Case

6.1 Introduction

This section of the Outline Business Case (OBC) addresses the 'achievability' of the preferred option. Its purpose, therefore, is to set out in detail the actions that will be required to ensure the successful delivery of the project in accordance with best practice.

6.2 Deliverability

The implementation of a Digital Pathology solution across two Trusts will present a significant challenge, both technically and operationally, and will require strong transformational management and governance, that should not be underestimated.

From a technical perspective, there will be a significant image storage implication with archiving capability, to adhere with data retention policies, as well as image-sharing considerations to enable collaborative working and resilience between the two Trusts. There will also be a requirement to interface with the new single LIMS system, WinPath Enterprise, which is being implemented in parallel. Sufficient network bandwidth from an infrastructure perspective must also be in place to ensure optimum solution performance for the histopathologists when retrieving images. The end technical solution will need to be architected jointly by Trust IT departments, in conjunction with the supplier, to ensure it meets Trust IT Department's requirements and principles.

From an operational perspective, strong change management is essential as this will represent an unprecedented change to the way cases are currently analysed and reported by the histopathologists, as well as adding an additional step into the existing lab process, to accommodate the scanning of the slides. Therefore, in line with best practice, a phased deployment approach will need to be taken to reduce the impact on workflow and efficiencies and to encourage buy-in from the histopathologists and laboratory staff (see [Section 6.3](#) – Deployment Strategy). Early and ongoing engagement and involvement of histopathologists and laboratory staff will be critical.

There are also potential estate-related implications to house the scanners and other components of the solution. The extent of this cannot be fully established until a supplier has been selected, due to the varying sizes and number of scanners being proposed by the suppliers. Criteria around the size of the scanners will need to form part of the solution selection process. Furthermore, the scanners will need to be located so as to not interrupt the workflow and create inefficiencies. Another estates-related consideration will be the medical grade screens, which will need to be located alongside the existing microscopes in the histopathologist's offices, during the transitional period.

The selection of the supplier and the approach to deploying Digital Pathology must consider the complexity of delivery. Stage 1 of the procurement will ensure that suppliers can demonstrate having successfully deployed a single Digital Pathology solution across a Network. The procurement process will also consider prospective suppliers' proposed approach to deployment in order that the Network can be satisfied that it is appropriate and fits in with local Trust implementation methodologies.

Excellent clinical leadership, effectively supported from the very highest levels of Trust, network and programme governance, will be required to drive this change through.

6.3 Deployment Strategy

The deployment strategy defines the adoption of the solution by the histopathologists once the solution is live. In line with best practice, a phased deployment approach will need to be taken for the following reasons:

- To identify any issues in relation to processes/workflow and alleviate these before rolling out further
- To reduce impact of transition on efficiency/workflow and therefore Turnaround Times (TaTs)
- To demonstrate the benefits whilst minimising operational impact
- To allow time to adapt and therefore encourage buy-in from histopathologists and laboratory staff

There are a number of ways to phase the deployment, but following consultation with the clinical stakeholders from MTW and EKHUFT, current thinking is that the proposed deployment strategy would be as follows:

- Both sites would look to phase by groups of histopathologists, onboarding the 'enthusiasts' (early adopters) first, with the 'sceptics' i.e. those more resistant or unsure of the change, later. The groups and sequencing will be decided by the clinical leads from each Trust and will need to be cross-speciality. Surveying the consultant body to identify likely early adopters may be beneficial, as well as use of the network stakeholder analysis template.
- It is likely to be divided into 3 – 4 deployment phases at each site, with the timeframe per phase to be defined during implementation planning.
- The majority of histopathologists are cross speciality (up to 4 specialisms) so there is likely to be secondary phasing of speciality by pathologist, enabling each speciality to be signed off following a period of validation.
- National Pathology Imaging Co-operative (NPIC) have advised, from experience, that for 'enthusiast' pathologists, a 2-month WTE period is generally enough to have covered the depth and breadth of cases encountered in real world pathology reporting. For those that are uncertain, 3-4 months may be more realistic, but if after 2 months they have identified parts of their work they are comfortable to do solely digitally, they could sign off their validation for these classes of specimen, then continue to validate other types of specimens on glass for a longer period.

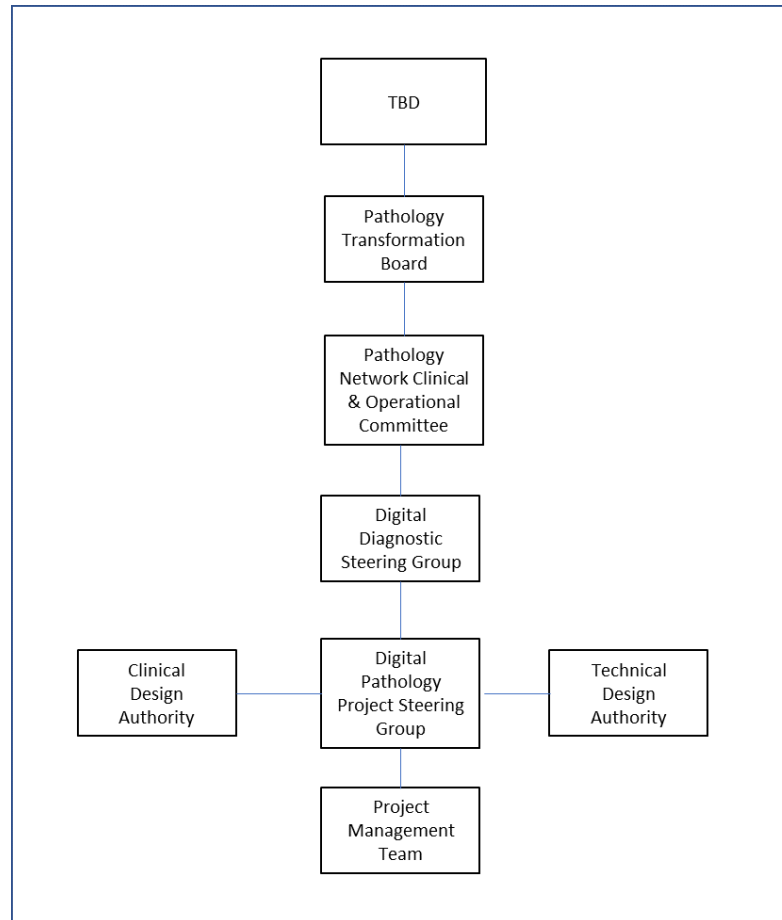
6.4 Programme Management Arrangements

The project is an integral part of the Digital Diagnostic programme, which in turn is part of the Kent and Medway Pathology Transformation Programme, which comprises a portfolio of projects for the delivery of pathology initiatives.

The Programme will be managed within the Kent & Medway Pathology Network.

Figure 1 shows a possible arrangement for the Programme's high-level governance

Figure 1: Possible Programme Governance Arrangements



6.4.1 Technical and Clinical Design Authorities

Given that this project will impact more than one Trust, decisions on clinical and technical aspects that would otherwise be sovereign to a Trust will need to be delegated to a body that has representation from both Trusts.

As the name implies the Clinical Design Authority would focus on the standardisation of pathology services, the harmonisation and optimisation of processes and workflow, adherence to the required clinical standards and the development of a single Quality Management System.

The Technical Design Authority would consider all aspects of the system architecture and data flows. Each body would maintain a change control process to ensure that no unforeseen and undesirable outcomes arise from uncontrolled changes to agreed diagnostic methods or system configurations. The Clinical and Technical Design Authorities would advise the Project and Programme Boards as required.

The Design Authorities will additionally maintain an overview of all significant IT and Clinical projects and initiatives being undertaken across the whole health economy in order to ensure that risks and issues do not arise from aspects such as resource clashes and IT change freezes etc.

6.4.2 Other Authorities

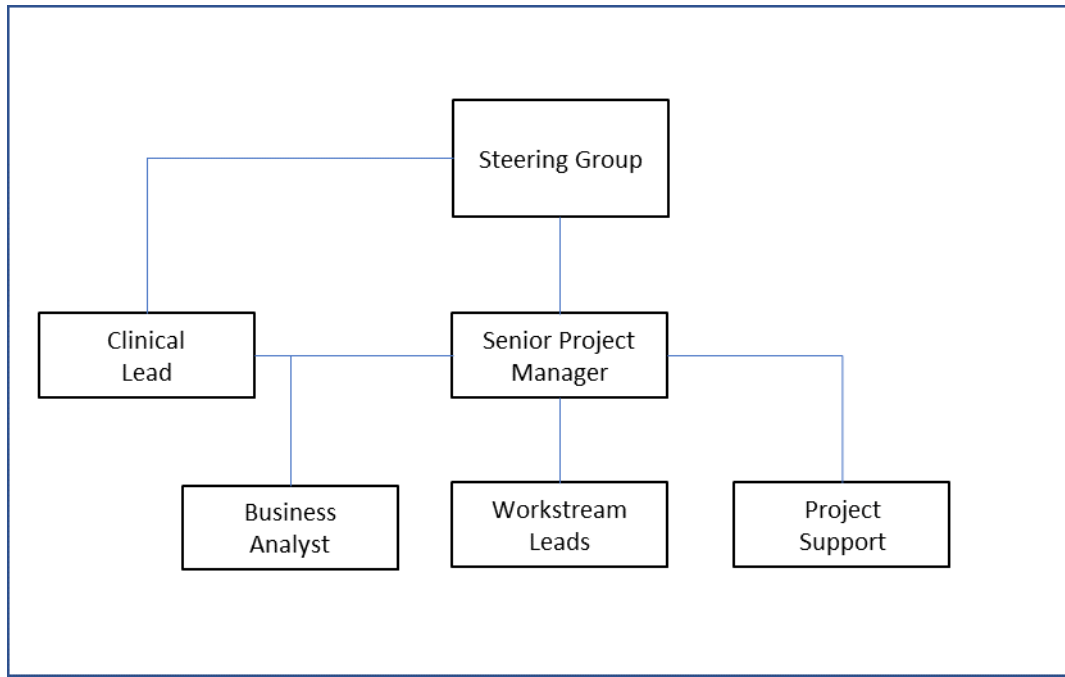
In addition to the Technical and Clinical Design authorities, specialist knowledge from both trusts will be required on an ad-hoc basis and will be accessed at every level from Programme Board to Project Team. For example, advice and guidance on Information Governance.

6.4.3 Project Management Arrangements

The project will be managed in alignment with PRINCE 2 methodology. Appropriate strategies and plans will be developed to ensure that the project is managed and controlled effectively with specific focus placed on quality, schedule, and cost.

6.4.3.1 Project reporting structure

Figure 2: Project Governance Arrangements



6.4.3.2 Project Roles and Responsibilities

6.4.3.2.1 The Pathology Transformation Board

The Pathology Transformation Board contains executive representation from all trusts including:

- Clinical, strategic, operational and finance management
- Pathology Clinical Directors and General Managers
- ICB leads
- PMO Directors

The Pathology Transformation Board has overall responsibility for the delivery of Kent & Medway's programme of pathology projects and the single accountable person will be the Programme's Senior Responsible Owner (SRO), the Chief Executive Officer of MTW, who chairs the Pathology Transformation Board.

In relation to this project, the main function of the Pathology Transformation Board will be to:

- Act on behalf of the Trusts and stakeholders within the Kent and Medway Pathology Network.
- Monitor progress on quality, cost, and time against baselined plans for all projects.
- Approve or reject change requests that have been escalated by the Steering Group.
- Provide the final point of arbitration and support the management of escalated risks.

- Monitor progress of any benefits scheduled to be realised during the life of the project.
- Monitor and approve progress against the strategic objectives.
- Facilitate the flow of information to and from the constituent trusts and other senior stakeholders.

6.4.3.2.2 The Steering Group

It is proposed that the Steering Group will contain representatives from the two Trusts - MTW and EKHUFT - from clinical, scientific, and operational management fields, including IT and Finance.

The Steering Group will retain overall responsibility for the delivery of the project and the single accountable person will be the Project Executive, who will chair the Steering Group. The main function of the Steering Group will be to:

- Monitor progress on quality, cost, and time against baselined plans through regular highlight reports containing performance against agreed indicators.
- Authorise progression to the next project stage when required.
- Approve or reject change requests.
- Ensure that risks are proactively managed and that all risks have an owner and meaningful mitigating actions are identified and implemented.
- Support the management of escalated risks and escalate higher and/or wider, through other governance bodies as required.
- Monitor progress of any benefits scheduled to be realised during the life of the project.
- Facilitate the flow of information to and from the Pathology Executive Team.
- Act as critical friend to the Project Management Team, provide advice and guidance but hold them to account for the successful delivery of the project.

A Terms of Reference (ToR), which will include the definitive membership for the Digital Pathology Steering Group will be developed in preparation for the Full Business Case (FBC), in which it will be provided as an appendix.

6.4.3.2.3 The Project Team

A largely dedicated, full-time, project team will be required for the implementation and key roles are detailed in the following paragraphs. It has been assumed that the team will include back-filled subject matter experts from the operational and clinical teams, as well as new specialist resources brought in to support the deployment. The estimated implementation team cost, included within the capital costs shown within the Financial Case, is £1,229,623 spread over 5 years. This includes capital totalling £315,000 already agreed by CFO ICB group in 21/22 for a scoping document and 22/23 for the development of the OBC.

[Appendix E](#) provides the breakdown of the Trust-based implementation team costs for 3 years from 2023/24.

6.4.3.2.4 The Senior Project Manager

As illustrated in Figure 2, the project will be led by an experienced Senior Project Manager, who will be full time and in post for the duration of the project. The Senior Project Manager will have day-to-day responsibility for the successful delivery of the overall project and will report to the Steering Group. They will be the main point of contact for the Steering Group and will represent the Project Management Team on the Steering Group. The Senior Project Manager will be PRINCE2 qualified to ensure that they can deliver the project aligned to these standards and will have extensive experience of working within the NHS and/or partners, managing major projects, preferably within the pathology arena.

6.4.3.2.5 Clinical Lead

The overall Clinical Lead will be a Histopathologist, who will likely be backfilled via outsourcing, part-time. It has not yet been determined which Trust will provide this resource, but this individual will perform the role on behalf of both Trusts and must ensure all interests are represented. They will work closely with the Senior Project Manager, and be responsible for making decisions, managing risks, and resolving issues from a clinical and operational perspective. In addition, they will manage senior clinical stakeholders to ensure that the strong leadership that is required is in place.

6.4.3.2.6 Workstreams

The work of the project team will be managed and completed within focussed workstreams. Each workstream will be led by an appropriately skilled manager who will have the necessary experience and knowledge to ensure that all work undertaken by the workstream meets the required quality criteria. Work will be described in detail within work packages, following detailed planning, in which system users and workstream leads will be fully involved. The work packages will contain all necessary information including quality expectations, reporting arrangements, agreements on timescales and risk management thresholds. Workstream Leads will be responsible for all the work within the workstream and will agree the work packages on behalf of the workstream. Workstreams will include IT, Testing & Validation and Training & Organisational Change. These are likely to be dedicated to the project (either full or part time), as required, but will not necessarily be required for the whole project duration.

6.4.3.2.7 Leadership Responsibilities

As with any significant project, success or failure is dependent on multiple factors. Strong and supportive leadership is required by senior clinical and management representatives to oversee the delivery, who must accept their role willingly and demonstrate the values that will enable a successful implementation. Descriptions for each of the key leadership roles will be developed as part of the FBC.

6.4.4 Project Planning and Timescales

Given the nature and complexity of the project, the implementation will be delivered over a number of stages. A Project Initiation Document (PID) will be developed during the Project Initiation stage which will detail the approach to managing the project and the controls that will be in place. It will also contain the various management strategies, such as Communications Strategy, Risk and Issues Management, Configuration Management and Benefits Management.

To save time during implementation, work can be done in the laboratories ahead of implementation to optimise processes, as well as improve the quality of slides, to reduce any operational impact on performance once the solution goes live.

Given the scale and complexity of the implementation project, any tasks on the critical path will be very closely monitored. Any task on the critical path that has slipped will be reported as an Issue to the Project Steering Group.

Detailed planning for the implementation stage of the Digital Histopathology Project will be undertaken by the project team, and in partnership with the Digital Histopathology provider, following authorisation to proceed into Project Initiation.

However, to provide an indication of the possible timescales, NPIC has produced a Deployment Activity and Duration Plan based on their experience and best practice of implementing digital histopathology across a number of Trusts. This can be found in [Appendix F](#).

The below milestone plan has been produced based on the NPIC Deployment Activity and Duration Plan. It is currently assumed that implementation at both sites can happen in parallel.

It is currently anticipated that the project will commence in December 2023. This is based on approval of the OBC by end of April 2023 and FBC/award of contract by end of November 2023.

Table 22: Milestone Plan

In the table above, month 0 is defined as the month in which the FBC is approved, and a contract is awarded.

Milestone Activity (Tasks are not all sequential, many are concurrent)	Month No.
Preferred bidder identified	-3
FBC complete	-2
FBC approved, contract awarded	0
Project Initiation complete	1
Site Engagement complete	1
Clinical Readiness complete	6
Technical Readiness complete	6
Testing complete (System (HL7) inc OAT, Integration, UAT)	11
Training complete – IT, Lab testers (System Admin, PACS, Scanner)	11
Go Live preparation complete	11
Phase 1 – Go Live	11
Phase 1 – Commence Support / Training and Validation (Histopathologists, Lab staff)	11 onwards
Phase 2 – Deployment commences	15
Stabilisation and project closure	17 - 19

6.4.5 Implementation of Lessons Learnt

Lessons from other Trusts who have implemented Digital Pathology will be investigated, documented, and shared, ahead of implementation, and will be detailed in the Full Business Case. This will include consultation with NPIC, who have extensive experience in implementing Digital Pathology across NHS Trusts in the North-East of England. There is also a wealth of information and publications available on-line.

Some of the key lessons learned, that have already been collated specifically in relation to Digital Pathology, are as follows:

- The implementation of Digital Pathology must not be underestimated, being both transformational, in terms of significantly changing the way things are done, as well as having huge IT implications – both need equal emphasis when planning and resourcing the project.
- Pathologist engagement from the outset and training is absolutely key to the success of Digital Pathology
- For the reasons highlighted in [Section 6.3](#) – Deployment Strategy, best practice is to adopt an incremental phased deployment.
- Pre-imaging factors (such as slide quality and careful calibration) are as important as the imaging itself.
- Digital Pathology will reap benefits in the longer term, but is not a quick fix - expectations across the organisation need to be managed accordingly
- Individual validation by each pathologist is essential as it allows them to decide which cases they are confident to diagnose digitally, and which need more practice or workflow modifications to ensure a confident and safe diagnosis.

In addition, key lessons identified for projects of similar size and complexity include:

- Governance arrangements must be established and fully integrated into respective Trusts governance structure to ensure key decisions and actions are discharged in a timely manner.
- There is a need to map as-is and to-be operational processes and data flows at a detailed level, including those impacting other service users.
- Proactive clinical leadership is critical, with a single accountable clinical lead.
- Adequate project resources must be allocated (and backfilled where required) across all required workstreams

Lessons identified during the course of the project will be captured in a lessons log and will be reported via the Project Highlight Report. During the project closure stage, a lessons learned report will be compiled.

6.4.6 Outline Arrangements for Change and Contract Management

The approach to Change Management will be fully detailed within a Configuration Management Strategy, which will be developed during the Initiation Stage of the Project in accordance with the PRINCE2 methodology.

In principle however, the approach to Change Management can be described as follows:

6.4.7 Project Products

Any formally approved project product e.g. Project Plan, Project Initiation Document etc. must be subjected to a formal change control process. The Project Board will be responsible for the change control processes.

6.4.8 Systems Design

Any formally approved systems artefact, e.g. design/configuration specification, interface specification etc must be subjected to a formal change control process. The Technical Design Authority will be responsible for the change control processes and will advise and inform the Project Board of decisions.

6.4.9 Clinical Design

Any formally approved clinical artefact, e.g. Workflow specifications, standard operating procedures, testing & validation method etc must be subjected to a formal change control process. The Clinical Design Authority will be responsible for the change control processes and will advise and inform the Project Board of decisions.

6.5 Contracts Management

The Procurement Department of MTW, who have agreed to lead, will be responsible for the establishment and initiation of any supplier agreement or contract.

Contract monitoring arrangements will be included within the supplier agreements and are likely to consist of quarterly review meetings at which supplier and system performance will be reviewed and any corrective actions agreed.

Changes to any contractual agreement will be managed by the Procurement Department in accordance with any pre-established contract change notification procedure.

6.6 Outline Arrangements for Benefits Realisation

The approach to Benefits Realisation Management will be fully detailed within a Benefits Management Strategy, which will be developed during the Initiation Stage of the Project in accordance with the PRINCE2 methodology.

In principle however, the approach to Benefits Realisation Management can be described as follows:

6.6.1 Benefits Identification

In the economic case of the document, various options were discussed and high-level benefits and risks of each were identified.

Identified benefits specific to the preferred option, once agreed following the procurement stage, will be recorded and detailed in the Benefits Register, which builds on the outline information contained in [Appendix D](#). The proposed template for Benefits Register can be found at [Appendix J](#). The Benefits Register will be used to associate each benefit with specific Investment Objectives, establish how benefits will be measured, the owner of the benefit and, for measurable benefits, any current baseline performance data. Once baseline data is known, improvement targets can be set and associated with the relevant benefit.

Benefits can be identified at any stage of a project and a significant number are often defined during the business change analyses, where current processes are investigated in detail. The benefits register will be updated as emergent benefits arise.

6.6.2 Benefits Reporting

The Benefits Register details measurement points to evaluate progress against the target. As measurements are taken, reports will be submitted by the Benefit Owner to the relevant governance body. During the lifetime of the project, 'in-flight' benefits reporting will be to the Steering Group. Arrangements will be made as part of the project closure to ensure Benefits Realisation Management remains a key focus of the operational management team. It is best practice for benefits to be owned

by an Operational Manager from the point of identification, to ensure ownership and to embed the benefits management approach.

6.7 Outline Arrangements for Risk Management

Risks will be managed in accordance with the Programme-level risk management strategy.

In principle, the approach to Risk Management can be described as follows:

- The Senior Project Manager will be responsible for the identification, assessment, and management of risks within the project.
- Risks are recorded in a project risk register and evaluated using agreed Probability Vs Impact matrix to derive a risk priority number. The scale of the risk, determined by the risk priority number, will determine the actions required regarding escalation. Aspects such as proximity (when will the risk most likely occur) and opportunities to manage the risk will be established. [Appendix G](#) is the current project Risk Register for Digital Pathology.
- All risks will be assigned an Owner and one or more actions will be assigned to actionees. The Risk Owner will be responsible for ensuring that mitigation actions are completed in accordance with the management plan.

6.8 Outline Arrangements for Post Project Evaluation

During the closure stage of the project, arrangements will be made to transfer the system and all related artefacts such as the open risk register to the operational management team.

The project closure stage will be planned as per any other project stage; and such plans will include the approach to be taken to evaluate the performance of the project against the agreed success criteria, the benefits realisation plan and business case.

The project closure stage will include the completion of a final lessons report, which will compile all lessons identified throughout the life of the project and can be shared as required within and across the organisations.

It is anticipated that the project will be closed 3 – 6 months after the completion of the last Trust/lab deployment, after the final stabilisation period has come to an end. Prior to project closure, review milestones projected forward will be agreed within a post project review plan, which will also include benefits realisation reviews.

6.9 Contingency plans

In the event that this project fails, the following arrangements are in place for continued delivery of the required services and outputs.

- Microscopes will be retained for sufficient time for the consultants to fully transition to digital images. Business continuity will be maintained.
- Immediately following the point at which the project is deemed to have failed and has been stopped, an urgent review of the reasons for failure will be ascertained. Depending on the cause and how far the project has progressed, appropriate actions will be taken. Action might include:
 - A review of the business case to establish if a viable project remains and if so, what remedial action is required to bring the failed project back on track.
 - Decisions to change the project's scope and or approach.

- The approval of additional funding if deemed appropriate.
- The appointment of additional or replacement project management resources.
- A further review of the original options to ascertain if anything has changed since the decision to proceed with the preferred option was made.

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7. Appendices

7.1 Appendix A: Letter to NHSE Re KMPN Maturity Assessment and Next Steps

See separate document: Appendix A - Letter to NHSE Re KMPN Maturity Assessment and Next Steps

DRAFT

7.2 Appendix B: Excerpt from 2022/23 Priorities and Operational Planning Guidance v3, 22 February 2022

See separate document: Appendix B - Excerpt from 2022_23 priorities and operational planning guidance

DRAFT

7.3 Appendix C: MTW Histopathology Workload Assessment v0.1

See separate document: Appendix C - TW Histopathology Workload Assessment v0.1

DRAFT

7.4 Appendix D: Benefits Register

See separate document: Appendix D - DP Benefits Register v0.2.

DRAFT

7.5 Appendix E: Implementation Team breakdown v0.2

See separate document: Appendix E -Imp Team breakdown v0.2

DRAFT

7.6 Appendix F: NPIC Activities and Duration v0.1

See separate document: Appendix F - NPIC Activities and Duration v0.1

DRAFT

7.7 Appendix G: Risk Log

See separate document: Appendix G - Risks v0.1

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7.8 Appendix H: Options Appraisal Pack

See separate document: Appendix H - Options Appraisal Pack_v0.3

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7.9 Appendix I: Options Appraisal - Collated Scores

See separate document: Appendix I - Options Appraisal - Collated Scores

DRAFT

7.10 Appendix J: Benefits Register Template

See separate document: Appendix J - Benefits Register Template v0.1

DRAFT

**To approve a Business Case for Trust Staff
Accommodation**

**Director of Strategy, Planning and
Partnerships**

The Board is asked to recommend the Business Case for approval at the Trust Board meeting in March 2023 in order to proceed with the lease extension and full refurbishment on the four houses in Springwood Close and sign contracts by the end of March 2023 to comply with financial regulation around IFRS 16.

Which Committees have reviewed the information prior to Trust Board submission?

- Executive Team Meeting, 21/02/23
- Finance & Performance Committee, 28/03/23

Reason for submission to the Trust Board (decision, discussion, information, assurance etc.) ¹

Decision - To approve the Business Case for Trust Staff Accommodation.

¹ All information received by the Board should pass at least one of the tests from 'The Intelligent Board' & 'Safe in the knowledge: How do NHS Trust Boards ensure safe care for their patients': the information prompts relevant & constructive challenge; the information supports informed decision-making; the information is effective in providing early warning of potential problems; the information reflects the experiences of users & services; the information develops Directors' understanding of the Trust & its performance

Summary of the report

Background

- A number of options have been explored over the past two years to increase accommodation capacity, with particular attention on opportunities close to the Tunbridge Wells Hospital.
- At present there are no viable options but we continue to work with Mercure and the councils.
- The delay of the accommodation adjacent to the Kent and Medway Medical School has resulted in an increased number of medical students requiring accommodation from July 2023, as well as the ongoing need to accommodate increasing numbers of international recruits.
- The only remaining option that is cost effective and meets the demand is to further extend the lease on the four buildings in Springwood Close for 20 years with a variation to include a phased modernisation programme for all 4 blocks.

Analysis / conclusions

- The proposal that will meet 2023 IFRS16 criteria is to extend the current contract, due to expire on 21st June 2023, with the variation to start with effect from 25th March 23, legalities allowing, for the next 20 years to cover costs of a modernisation programme
- The known level of demand, as a result of KMMS, means we will not be able to free up houses to undertake significant modernisation works until early 2024.
- Over the lease period demand is unknown and therefore the contingency to offset financial risk, should it be needed, is to work with one public estate to offer key worker and possible student accommodation to other public body organisations. This will require more robust accommodation management.

Recommendation/s

- Agree to proceed with the lease extension and full refurbishment on the four houses in Springwood Close and sign contracts by end March 2023 to comply with financial regulation around IFRS 16.

Introduction / background

- One of Maidstone and Tunbridge Wells NHS Trust (MTW) strategic themes is People with a goal of achieving a Trust wide vacancy level of 9% over three years.
- The Trust has made significant recruitment progress through international campaigns employing over 360 people, reducing Registered Nurses & Midwifery vacancies 281.40 wte (13.6%) by March 2023.
- There is a plan to recruit a further 264 Registered Nurses & Midwives and at least 24 Allied Health Professionals in 2023/24. This level of international recruitment is expected to maintain if not increase for the next three years to meet this target.
- From July 2023 MTW will welcome 187 medical students as part of the Kent and Medway Medical School (KMMS) programme.
- A number of unforeseen issues have resulted in lengthy delays with the KMMS build requiring alternative arrangements to be made for students arriving in July/August 2023.
- At the end of 2022 an extensive review of the accommodation market was undertaken and a number of opportunities identified, see appendix 1. As was reported to ETM in January 2023, the potential viable options were the older Springwood blocks in Maidstone and a partnership with Mercure.
- Currently the Mercure option is not financially viable and we do not have enough accommodation to house the medical students and therefore a solution is required.
- The only remaining option that is cost effective and meets the demand is to further extend the lease on the four buildings in Springwood Close with a variation to include a phased modernisation programme.

Analysis and conclusion

- The proposal that will meet 2023 IFRS16 criteria is to extend the current contract, due to expire on 21st June 2023, with the variation to start with effect from end March 23, legalities allowing, for the next 20 years to cover costs of a modernisation programme.
- This will be a phase programme of modernisation taking six months per block to complete and fall within the national procurement thresholds. The landlord would manage any capital expenditure works to modernise the properties which include:
 - new fixtures & fittings throughout (kitchens, flooring, tiling, redecoration), including new fire doors boilers & electrics where required, etc and removal of asbestos.
 - The bathrooms would converted to provide additional shower rooms.
 - The metal fencing would be removed and provision of new hedges providing individual garden areas to the ground floor units.
 - The ground floor unit lounge windows would be replaced with patio doors providing access to private gardens.
 - Additional car spaces and a cycle store would be provided.
- As this is an extension and variation of the current lease there are no procurement issues to consider. The extensive review of the accommodation market included room rental, self contained flats, Council Owned rentals, student accommodation and the use of the Mercure Hotel.
- The 140 accommodations units planned adjacent to KMMS will be available from early 2024 which will enable MTW to use this accommodation to support any increased recruitment, support staff who have had challenges securing alternative accommodation within their lease period
- There is also potential to support our system colleagues within the NHS and wider public sector organisations with staff accommodation through the award winning national One Public Estate Programme.

Appendix 1: Jan 23 ETM outcome and update

- It is recommended that we pursue the collaboration with Tonbridge and Malling Council and a business case developed promptly on leasing the 2 houses on Pembury Road to meet approval requirements prior to 31 March 2023. [On further review T&M council withdrew the offer and are using the 2 houses for homeless accommodation.](#)
- It is recommended to keep leasing between 50 and 60 rooms of accommodation around the Maidstone area (likely to be Rowan House and Hawthorn House) to support the development of the Tunbridge Wells longer term options. [This option is expanded in the attached paper](#)
- To support further negotiation with Mercure around a long term collaboration. [Dialogue is ongoing however we do not yet have a financially viable solution](#)
- To support further engagement on a collaborative project with other Key Worker organisations to develop a longer term plan. [This has continued and is included in the paper](#)
- To explore the potential opportunity to develop a long term accommodation solution on land close to Tunbridge Wells hospital. [We are in dialogue with private developers and the local council however no short term solutions are possible.](#)

Current Accommodation Provision

MTW currently lease a total of 314 units for staff accommodation.
This is split between Maidstone, 274 units and Tunbridge Wells, 40 units.

Maidstone

- There are two new buildings with 160 units in total on a 30 year lease which opened mid 2022.

	Available accommodation
Barming House	60
Kirkland House	100
	160

- There are four buildings with 114 units in total on a year lease until June 2023 which have aged and need full refurbishment.

	Available accommodation
Birch House	30
Chestnut House	30
Hawthorn House	30
Rowan House	24
	114

Tunbridge Wells

- At Tunbridge Wells there is one House of Multi-Occupancy (HMO) with 40 units, 2 of which are held as on-call rooms. These are leased for a year by trainee doctors from August - July and remain occupied unless the doctors find alternative accommodation.

	Available accommodation
32, High Street	40
	40

- The Kent and Medway Medical School (KMMS) build will open 140 accommodation units in June 2023 with low occupancy (80 students, as per year 2 of the business case). This accommodation must be used for staff in recognised training and only so international recruits would only be eligible for an average of 4-8 weeks until they pass their OSCE.

Average Rental Income

The Trust sets the level of rent to provide affordable accommodation when compared to local housing costs and will include all relevant accommodation costs including council tax, utilities, insurance and maintenance costs.

- Students do not pay for their accommodation.
- For internationally education nurses the rent is subsidised by the Trust for 3 months to allow them to qualify in the UK and become Band 5.
- The average rent detailed below is based on the lease expiry reports provided by the Accommodation Team.

Maidstone:

	Average Rent per unit
Barming House	£650
Kirkland House	£650

	Average Rent per unit
Birch House	£500
Chestnut House	£500
Hawthorn House	£500
Rowan House	£550*

*currently being let to families unable to find alternative accommodation and let for £1500

Tunbridge Wells

	Average Rent per unit
32, High Street	£650

Do nothing

- **Description:** Allow the lease for the four buildings to expire in June. This would mean the Trust loses 114 accommodation units and would not be able to provide accommodation for between 50 and 60 international recruits or the majority of the medical students coming in July/August.
- **Key activity and financial assumptions:** This will displace nearly 70 staff residing in the 114 units up to the end of June 2023. Fourteen staff are due to leave these resident by the end of June but here is no guarantee they will have found accommodation elsewhere in this time. We are expecting 17 international recruits to arrive in June, assuming the previous cohorts have arrived as planned. July 2023 is the month our student cohorts leave and arrive, with at least one weeks overlap.
- **Strengths /Opportunities:** The costs for accommodation provision would reduce
- **Weaknesses/ Threats:** We would not be able to accommodate the new medical students and would displace a significant number of our staff currently in accommodation.

This option is **Rejected**

Partial Lease

- **Description:** Allow the lease for the two of the four buildings to expire in June. This would mean the Trust loses circa 60 accommodation units and would not be able to provide accommodation for either international recruits or some of the medical students arriving in July.
- **Key activity and financial assumptions:** This will displace nearly 70 staff residing in the 114 units up to the end of June 2023. Fourteen staff are due to leave these resident by the end of June but here is no guarantee they will have found accommodation elsewhere in this time. We are expecting 17 international recruits to arrive in June, assuming the previous cohorts have arrived as planned. We have circa 180 medical students arriving with accommodation for 38 in Tunbridge Wells. The rest will need to be accommodated in Maidstone.
- **Strengths /Opportunities:** The long term costs for accommodation provision would reduce.
- **Weaknesses/ Threats:** We would not be able to accommodate either all of the new medical students or support international recruitment until early 2024 and would displace a significant number of our staff currently in accommodation.
- The owner is reluctant to enter into a partial arrangement with us as the specification for commercial apartments vs key worker or student accommodation is different. He is keen to utilise the blocks for a single purpose.

This option is **Rejected**

Full lease

- **Description:** To renew a long term lease all four blocks. This would secure the Trust requirement for the level of accommodation needed to support the long term recruitment plan and also the short term need of the medical students.
- **Key activity and financial assumptions:** The overall net present cost using a 5% interest rate produces a capitalised cost of £7.4m which is well within our 22/23 remaining resource for residences (£8.7m) so we have enough capital resource if the contract is varied to include the extension with refurbishment before the end of the month.
- **Strengths /Opportunities:** The long term costs for accommodation provision would reduce.
- **Weaknesses/ Threats:** We would not be able to accommodate either all of the new medical students or support international recruitment until early 2024 and would displace a significant number of our staff currently in accommodation.

This option is **Recommended**

Financial implications

- The Trust has already included staff accommodation on the list of possible IFRS 16 schemes.
- The overall net present cost, using a 5% interest rate, produces a capitalised cost of £7.4m which is well within our 22/23 remaining resource for residences (£8.7m) so we have enough capital resource if the contract is varied to include the extension with refurb before the end of the month.
- We have no agreed IFRS 16 resource yet for 23/24. The guidance for final plan submission still says that HMT have not yet agreed IFRS 16 resource with DHSC. The current figure in the plan for next year was based on a 10 year rather than 20 year and that will be amended in plan we submit next week to ICB to cover that possibility.

Refurbishment options

- **Description:** There are broadly 2 options for refurbishment which are detailed in the attachment. In summary, one is a like for like light touch refurbishment and the second is a more substantial refurbishment with new kitchens and bathrooms.
- **Key activity and financial assumptions:** Both options are affordable under IFRS 16
- **Strengths /Opportunities:** The current accommodation is very dated and, in some cases, in poor repair/state. The like for like option would not endure the lease term and be very limited in terms of value added for tenants. The second option would not only refurb the block but also modernise them for future use and bring the quality in to line with the new accommodation opened last year.
- **Weaknesses/ Threats:** Full refurbishment will take longer at approximately 6 months per block. Each block will not be habitable while the works are carried out and therefore accommodation availability will be reduced for 2 years on a rolling basis of circa 30 rooms (one block). This can easily be managed once KMMS is open.

Full refurbishment is **Recommended**

Financial Summary

		Year 1 (1/7/23)	Year 2	Year 3	Year 4	Year 5	Year 6	Year 20	Total
Income - Room rental		487,350	525,825	571,140	810,540	840,465	844,740	844,740	16,117,605
Total Income		487,350	525,825	571,140	810,540	840,465	844,740	844,740	16,117,605
Pay	WTE								
Domestics	2.90	56,781	75,708	75,708	75,708	75,708	75,708	75,708	1,514,155
Total Pay	2.90	56,781	75,708	75,708	75,708	75,708	75,708	75,708	1,514,155
Non Pay									
Water		14,850	19,800	19,800	19,800	19,800	19,800	19,800	396,000
Sewerage		15,300	20,400	20,400	20,400	20,400	20,400	20,400	408,000
Electricity		89,687	119,583	119,583	119,583	119,583	119,583	119,583	2,391,660
Gas		78,408	104,544	104,544	104,544	104,544	104,544	104,544	2,090,880
Rates		50,250	67,000	67,000	67,000	67,000	67,000	67,000	1,390,250
Cleaning Materials		13,500	18,000	18,000	18,000	18,000	18,000	18,000	360,000
TV Licence		13,595	18,126	18,126	18,126	18,126	18,126	18,126	362,520
Furniture		50,000	50,000	50,000	50,000				400,000
General Refurbishment		20,000							40,000
Total Non Pay		345,590	417,453	417,453	417,453	367,453	367,453	367,453	7,839,310
Cost of Capital									
IFRS 16 Depreciation		277,314	369,752	369,752	369,752	369,752	369,752	369,752	7,395,041
IFRS 16 - Interest Charges		274,589	356,311	344,578	332,245	319,280	305,652	22,625	4,317,919
Total Cost of Capital		551,903	726,064	714,330	701,997	689,032	675,404	392,377	11,712,960
Total Expenditure		954,274	1,219,224	1,207,491	1,195,157	1,132,193	1,118,565	835,538	21,066,425
Net (- = Deficit, + = Surplus)		-466,924	-693,399	-636,351	-384,617	-291,728	-273,825	9,202	-4,948,820

Summary

- There is a forecasted loss of £4.9m over the 20 year lease term.
- In 2023/24 there is a loss of £467k

Key Assumptions:

- Rental charges have been included based on IFRS charges (depreciation and interest)
- Monthly rental income is based on £500 per room increasing to £650 per room when fully developed.
- Room occupancy has been based on 95% throughout the 20 year lease term
- Domestics service of 4.5hours per block for 5 days per week has been included

Financial Summary - increased rental income

	Year 1 (1/7/23)	Year 2	Year 3	Year 4	Year 5	Year 6	Year 20	Total
Income - Room rental	604,314	651,510	704,520	937,080	1,034,550	1,039,680	1,039,680	19,787,094
Total Income	604,314	651,510	704,520	937,080	1,034,550	1,039,680	1,039,680	19,787,094
Pay	WTE							
Domestics	2.90	56,781	75,708	75,708	75,708	75,708	75,708	1,514,155
Total Pay	2.90	56,781	75,708	75,708	75,708	75,708	75,708	1,514,155
Non Pay								
Water	14,850	19,800	19,800	19,800	19,800	19,800	19,800	396,000
Sewerage	15,300	20,400	20,400	20,400	20,400	20,400	20,400	408,000
Electricity	89,687	119,583	119,583	119,583	119,583	119,583	119,583	2,391,660
Gas	78,408	104,544	104,544	104,544	104,544	104,544	104,544	2,090,880
Rates	50,250	67,000	67,000	67,000	67,000	67,000	67,000	1,390,250
Cleaning Materials	13,500	18,000	18,000	18,000	18,000	18,000	18,000	360,000
TV Licence	13,595	18,126	18,126	18,126	18,126	18,126	18,126	362,520
Furniture	50,000	50,000	50,000	50,000				400,000
General Refurbishment	20,000							40,000
Total Non Pay	345,590	417,453	417,453	417,453	367,453	367,453	367,453	7,839,310
Cost of Capital								
IFRS 16 Depreciation	277,314	369,752	369,752	369,752	369,752	369,752	369,752	7,395,041
IFRS 16 - Interest Charges	274,589	356,311	344,578	332,245	319,280	305,652	22,625	4,317,919
Total Cost of Capital	551,903	726,064	714,330	701,997	689,032	675,404	392,377	11,712,960
Total Expenditure	954,274	1,219,224	1,207,491	1,195,157	1,132,193	1,118,565	835,538	21,066,425
Net (- = Deficit, + = Surplus)	-349,960	-567,714	-502,971	-258,077	-97,643	-78,885	204,142	-1,279,331

Summary

- There is a forecasted loss of £1.3m over the 20 year lease term.
- In 2023/24 there is a loss of £350k
- An increase in charge per room improves the financial position

Key Assumptions:

- Rental charges have been included based on IFRS charges (depreciation and interest)
- Monthly rental income is based on £620 per room increasing to £800 per room when fully developed.
- Room occupancy has been based on 95% throughout the 20 year lease term
- Domestics service of 4.5hours per block for 5 days per week has been included

Financial Analysis

	Year 1 (1/7/23)	Year 2	Year 3	Year 4	Year 5	Year 6	Year 20
Average cost per Room (if 100% Occupied)	930	1,129	1,198	874	828	818	611
Occupancy Analysis and impact on cost per room							
	Average cost per room based on occupancy						
Occupancy %	Year 1 (1/7/23)	Year 2	Year 3	Year 4	Year 5	Year 6	Year 20
75%	1,240	1,505	1,597	1,165	1,104	1,090	814
80.0%	1,163	1,411	1,497	1,092	1,035	1,022	763
85.0%	1,094	1,328	1,409	1,028	974	962	719
90.0%	1,033	1,254	1,331	971	920	909	679
95.0%	979	1,188	1,261	920	871	861	643
100.0%	930	1,129	1,198	874	828	818	611

- The above table calculates the cost per room is £930 per room in year 1 rising to £1198 in year 3 (due to the increase in rental costs for refurbished rooms).
- In order to achieve a breakeven position and assuming the occupancy rate is 95% the rental costs will need to be £979 in year 1 rising to £1,261 in year 3. The proposed charge is £650 per month.

Springwood Close Lease Proposal 2023



OVER 30 YEARS RESIDENTIAL & MIXED USE DEVELOPMENT EXPERIENCE

PARTNERSHIPS

DEVELOPMENT MANAGEMENT

BESPOKE STRUCTURED FINANCE SOLUTIONS

Existing Accommodation

Rowan House

8 x 3 bedroom flats
Separate lounge & kitchen
1 x bathroom
1 x wc

Hawthorn House

6 x 5 bedroom flats
Separate lounge & kitchen
1 x bathroom
1 x wc

Chestnut House

6 x 5 bedroom Flats
Separate lounge & kitchen
1 bathroom
1 wc

Birch House

6 x 5 bedroom flats
Separate lounge & kitchen
1 x bathroom
1 x wc

Proposed Refurbishment Works - Option 1

- Like for like refurbishment with new fixtures & fittings throughout (bathrooms, kitchens, flooring, tiling, redecoration), including new fire doors
- Additional car spaces provided
- Removal of asbestos

* The above works can be phased on a block by block basis

** An element of the above or other specified works could be agreed upon

Proposed Site Plan - Option 2



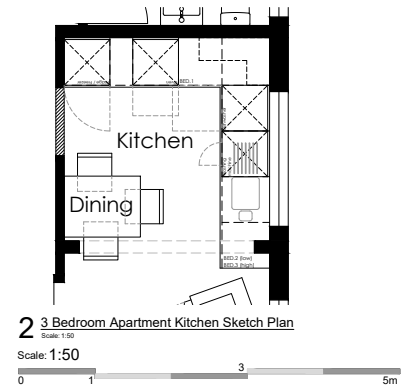
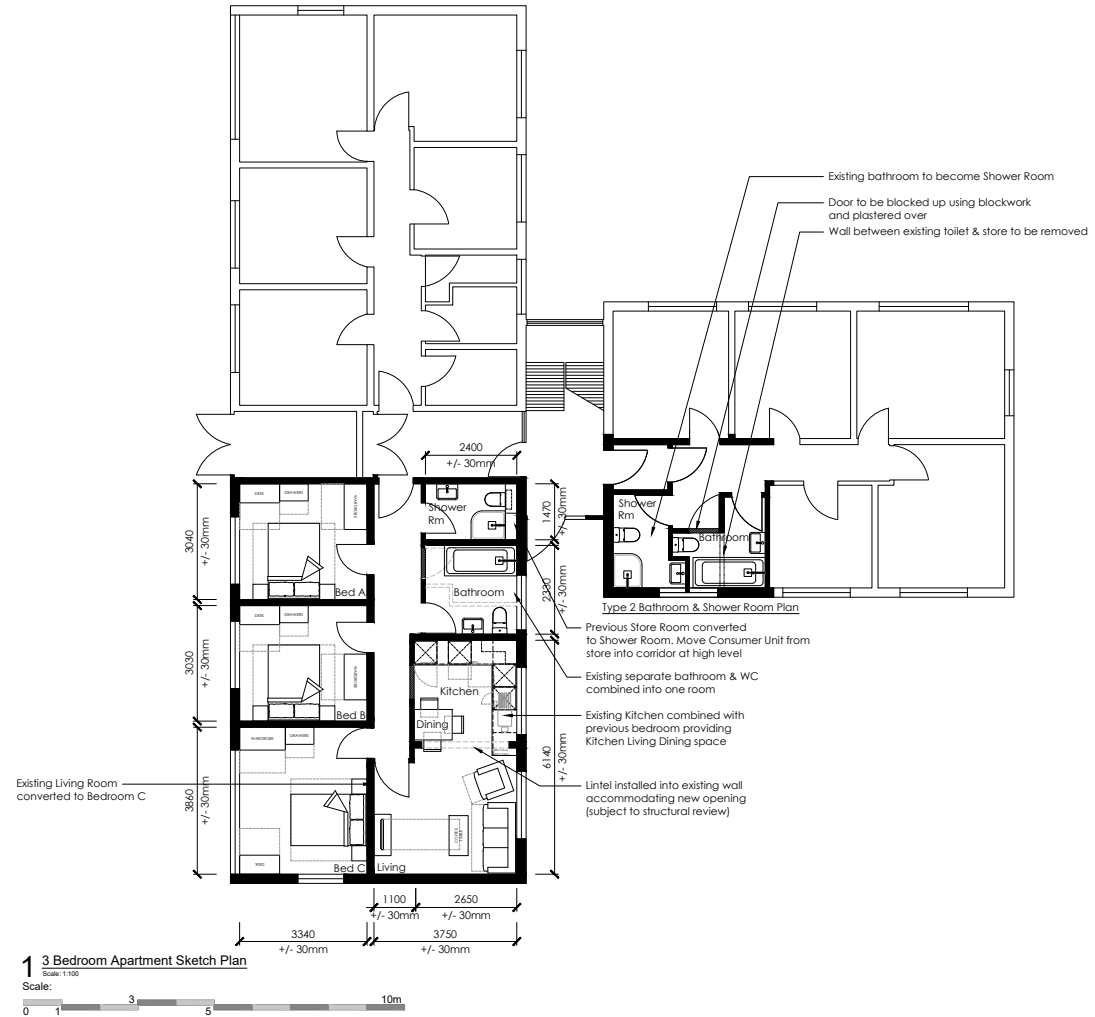
Proposed Refurbishment Works - Option 2

- Refurbishment with new fixtures & fittings throughout (bathrooms, kitchens, flooring, tiling, redecoration), including new fire doors boilers & electrics where required, etc
- Additional shower rooms provided
- Creation of a large kitchen diner area as opposed to a separate kitchen and dining room, by amalgamating 2 rooms
- Removal of metal fencing and provision of new hedges providing individual garden areas to the ground floor units
- Ground floor unit lounge windows replaced with patio doors providing access to private gardens
- Additional car spaces provided
- Cycle store provided
- Removal of asbestos

* The above works can be phased on a block by block basis

**See Typical 3b & 5B Plans Below (subject to design change)

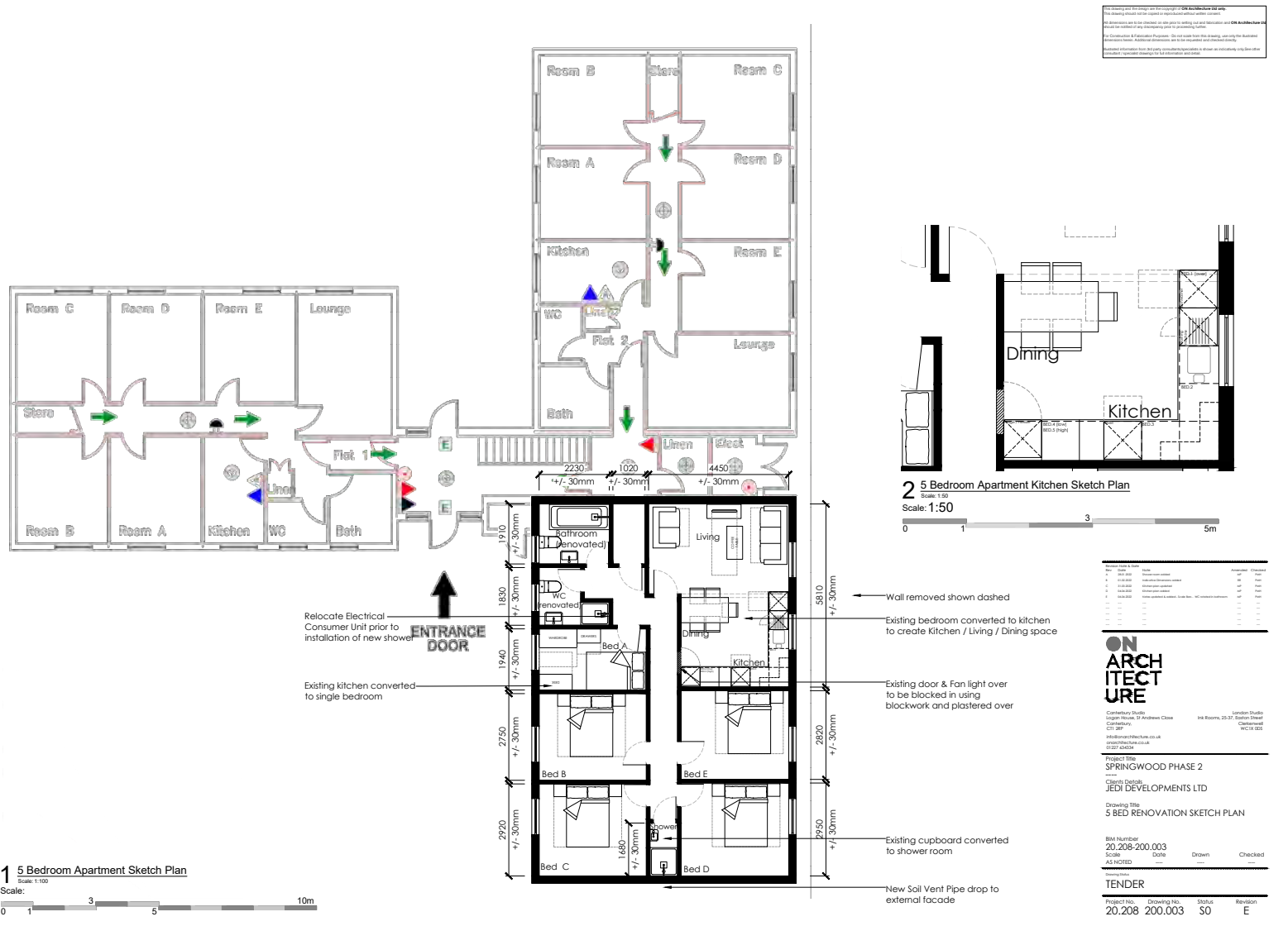
The drawings and the design are the property of ON Architecture Ltd only.
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 All dimensions are to be checked on site prior to any work and variations are ON Architecture Ltd's responsibility and shall be agreed in writing.
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Rev	Date	Description	Author	Checked
1	10/10/20	Issue for information	AS	AS
2	10/10/20	Issue for information	AS	AS
3	10/10/20	Issue for information	AS	AS
4	10/10/20	Issue for information	AS	AS
5	10/10/20	Issue for information	AS	AS
6	10/10/20	Issue for information	AS	AS
7	10/10/20	Issue for information	AS	AS
8	10/10/20	Issue for information	AS	AS
9	10/10/20	Issue for information	AS	AS
10	10/10/20	Issue for information	AS	AS

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Project Title:
 SPRINGWOOD PHASE 2
Client:
 JEDI DEVELOPMENTS LTD
Drawing Title:
 3 BED RENOVATION SKETCH PLAN
BM Number:
 20.208-SK200.001
Scale: AS NOTED
Drawn: AS NOTED
Checked: AS NOTED
TENDER
 Project No. Drawing No. Status Revision
 20.208SK200.001 S0 D



Financials

Proposed Rents Per Room Per Callender Month

Existing Condition

Lease Length 'Years'	Per Room	Per 5 Bed Block	Per 3 Bed Block	Training Area
1 - 5	£330 pcm	£9,900 pcm	£7,920 pcm	£990 pcm
30	£310 pcm	£9,300 pcm	£7,440 pcm	£930 pcm
40	£300 pcm	£9,000 pcm	£7,200 pcm	£900 pcm

Rent Increases

The above is based on annual RPI, with an appropriate switch clause to CPIH + 80 bpts post 2030 and a 1 - 5% cap & collar.

Proposed Rents Per Room Per Callender Month

Refurbished Units Option 1

Lease Length 'Years'	Per Room	Per 5 Bed Block	Per 3 Bed Block	Training Area
10	£445 pcm	£13,350 pcm	£10,680 pcm	£960 pcm
20	£385 pcm	£11,550 pcm	£9,240 pcm	£945 pcm
30	£375 pcm	£11,250 pcm	£9,000 pcm	£930 pcm
40	£365 pcm	£10,950 pcm	£8,760 pcm	£900 pcm

Rent Increases

The above is based on annual RPI, with an appropriate switch clause to CPIH + 80 bpts post 2030 and a 1 - 5% cap & collar

Detailed specification of works available upon request.

Proposed Rents Per Room Per Callender Month

Refurbished Units Option 2

Lease Length 'Years'	Per Room	Per 5 Bed Block	Per 3 Bed Block	Training Area
20	£445	£13,350 pcm	£10,680 pcm	£945 pcm
30	£435	£13,050 pcm	£10,440 pcm	£930 pcm
40	£425	£12,750 pcm	£10,200 pcm	£900 pcm

Rent Increases

The above is based on annual RPI, with an appropriate switch clause to CPIH + 80 bpts post 2030 and a 1 - 5% cap & collar

Detailed specification of works available upon request.

Trust Board meeting – 30th March 2023

Confirmation of the outcome of the Trust’s ‘going concern’ assessment	Deputy Chief Executive / Chief Finance Officer
<p>Trust Management are required to consider each year whether the Trust’s annual accounts for 2022/23 should be prepared on the assumption that the Trust is a “going concern”. The principles applying in the NHS to a going concern judgement are set out in the DHSC Group Accounting Manual each year.</p> <p>The Trust meets the criteria for preparing the accounts under the going concern principle, as set out in the accompanying paper.</p> <p>The Trust Board is asked to review the paper and formally conclude that the accounts should be prepared under the going concern principle.</p>	
Which Committees have reviewed the information prior to Board submission? Executive Team Meeting, 07/03/23, Finance and Performance Committee, 28/03/23	
Reason for submission to the Board (decision, discussion, information, assurance etc.) ¹ Decision	

¹ All information received by the Board should pass at least one of the tests from ‘The Intelligent Board’ & ‘Safe in the knowledge: How do NHS Trust Boards ensure safe care for their patients’: the information prompts relevant & constructive challenge; the information supports informed decision-making; the information is effective in providing early warning of potential problems; the information reflects the experiences of users & services; the information develops Directors’ understanding of the Trust & its performance

Going Concern

The DHSC Group Accounting Manual requires the management of the Trust to consider the following public sector interpretation of IAS 1 in respect of applying the going concern assumption when preparing its accounts. In paragraph 4.18 it states:

“For non-trading entities in the public sector, the anticipated continuation of the provision of a service in the future, as evidenced by inclusion of financial provision for that service in published documents, is normally sufficient evidence of going concern. DHSC group bodies must therefore prepare their accounts on a going concern basis unless informed by the relevant body or DHSC sponsor of the intention for dissolution without transfer of services of function to another entity. A trading entity needs to consider whether it is appropriate to continue to prepare its financial statements on a going concern basis where it is being, or is likely to be, wound up”

The Trust is planning to compile the 2022/23 accounts on a “going concern” basis following consideration of the following:-

- There has been no expectation raised in the public arena that healthcare services will not continue to be provided from the two hospital sites. There are no plans to dissolve the Trust or to cease services without transfer to any other NHS body.
- National NHS Provider/Commissioner Planning guidance has been published by NHSE that outlines the process and framework for funding arrangements within which NHS Commissioners and Providers will operate during 2023/24.
- The Trust will be submitting a 5-year capital plan to the ICB which manages the overall resource level within the patch with final plans expected to be submitted in March 2023 (draft plan submitted Feb 2023).
- The Trust is an active participant and fully engaged in financial planning with both ICS/ICB designate leads as well as locally within the West Kent Health and Care Partnership (HCP) locality.
- The Trust will have signed contracts in place for the provision of healthcare services in 2023/24. The Trust contracts will be held with the local commissioning bodies for patient care in Kent & Medway, Sussex, Surrey Heartlands and South East London. In addition, regional contracts for Specialised Commissioning, Public Health and Health and Justice will be agreed, signed and effective from April 2023 with NHS England. The planned financial regime provides certainty for income and cash flows for the full financial year 2023/24.
- The Trust has no working capital loans and is not anticipating requiring support in 2023/24.
- The Trust does not consider that there are any material uncertainties to the going concern basis.

For these reasons, the Trust is proposing to prepare its Accounts using the going concern basis in line with the GAM guidance.

The Executive Management Team are asked to consider the proposal and agree its application for the 2022/23 Accounts.