Birmingham Women's

NHS Foundation Trust

The Annual Plan 2008-9

1. Past year performance

1.1 Chief Executive's summary of the year

The past year has been one of great success for the Trust, underpinned as ever by the continued hard work and commitment of our staff. Our performance continues to move from strength to strength supported by our reputation for clinical excellence, history of high performance and strong financial management. In February 2008, we were rewarded by our attainment of NHS Foundation Trust status. We have now begun a new stage in our developmental journey as Birmingham Women's NHS Foundation Trust, maintaining a focus on the safety and quality of our clinical services whilst beginning to explore the new operational and financial freedoms afforded by Foundation Trust status.

I am particularly pleased that the Trust achieved a rating of excellent for the clinical quality of its services from the Healthcare Commission based on our performance in 2006/7. We are proud to remain MRSA and C.Difficile free for the fifth year running. These successes do not make us complacent; we remain vigilant in striving for further improvements to continuously drive quality and safety improvements.

Our overall operational and financial performance has been strong. We have met all of the Government's core performance targets whilst delivering a surplus of £1.165[1]m, well ahead of our planned surplus of £0.758m. This means that we have been able to improve the care of our patients – for instance through achieving 18 weeks compliance - and at the same time generate funds for future reinvestment to maintain and develop our services.

I am aware that delivering year on year performance improvements has been challenging for our staff. The financial environment within the NHS has remained challenging in the past year, particularly given the levels of our services funded via block contracts. At the Women's we have been encouraging our staff to address productivity and efficiency. It is a tribute to our staff that they have been able to maintain such high service standards whilst looking to make efficiencies and to maintain budget discipline. As we look forward, we are concentrating on transforming services to improve productivity and efficiency rather than relying on transactional savings plans.

To further improve capacity and capability at the Women's, we have launched a major organisational development programme to ensure that we have the appropriate business skills to flourish as a Foundation Trust within the fast developing NHS environment and that the customer service we provide to patients, visitors and staff colleagues is of the highest quality. 2008/09 will see training programmes rolled out to support staff development as well as significant changes to our systems and processes, including the implementation of Service Line Reporting and Management.

We have continued to work closely with our key partners and stakeholders. The establishment of a joint clinically-led forum with South Birmingham, our host PCT, has led to close and positive collaboration on the planned development of local health services, particularly maternity. With Heart of Birmingham Teaching PCT we have been working positively to support the development of community-led clinics for gynaecology.

We have worked hard this year to agree contracts for next year's work both with our host commissioner and specialist commissioners, and have reached agreement earlier than in previous years. We are particularly pleased that 2008/09 will see a transition to a cost and

[1] This is the combined surplus for the 10 month period as an NHS Trust and the 2 months as an FT. At the time of writing it's the final result subject to audit.

volume contract for neonates, replacing a historic block contract, as well as further investment in community midwifery.

Amongst providers, we are situated within the local competitive market of Birmingham and provide specialist services to the wider West Midlands region. We enjoy positive working relationships with University Hospital Birmingham NHS Foundation Trust with whom we hold a number of Service Level Agreements for service support. In year, 2007/08 has continued to see a development of our network role for neonatal and maternity care with agreed care pathways between ourselves and providers to ensure that optimal care is provided to high-risk mothers and babies. Our regional influence has been further illustrated by our work with the Worcestershire Health Economy where we have provided an advisory role to ensure that a sustainable model for maternity and newborn care is developed.

2007/08 saw a capital programme of £6.0m, double the level of investment in 2006/07. With this money we have invested over £0.5m in equipment replacement. A major achievement was the replacement of the 40-year old obstetric theatres. We were also delighted to receive substantial funding from the Department of Health for a combined heat and power system, a project which will be completed in 2008/09 with a planned capital spend of £1.3m. Moving forward to 2008/9 will see significant investment in a decant facility for our neonatal unit and the commencement of implementation of a new Combined Heat and Power system.

As a newly-authorised Foundation Trust, we are committed to understanding and responding to the views of our members and their representatives on the Members' Council. The Trust already has a solid membership base and a developing Members' Council. Though recently created, the Council has already been involved in forward planning, commenting on and influencing the Trust's corporate objectives for the coming year and in providing commentary for the Annual Health Check. We look forward to strengthening and deepening our relationship with the Council, and finding innovative ways to interact with our broader membership.

This past year we have achieved much of which we should be proud. Our performance in 2007/08 provides a firm foundation for the continued success and development of the Women's Hospital. I would like to thank all those who have helped make this past year successful, particularly our staff and their continued commitment. I am confident that we can build on the success of this year and maintain our reputation as a high quality, patient centred provider of care.

1.2 Summary of financial performance

The Trust has had a very successful year in 2007/08, operating as a Foundation Trust for the last two months of the year. At Authorisation, the Trust received a financial risk rating of 4, the maximum achievable rating by a Foundation Trust in its first year. At year end we exceeded our financial targets, delivering a surplus of £1.165m and an EBITDA margin of 8.0%, 1.0% more than plan due to additional income received. The financial risk rating for our two months as a Foundation Trust was 4.4 and 3.9 when combined with our previous 10 months as a Foundation Trust. We were very pleased that we were able to pay back the deficit as part of the closing of the NHS Trust and achieved the greatest financial stability the organisation has seen in the last 9 years.

1.2.1 Income and Expenditure

The Trust's income and expenditure for 2007/08 with performance against plan is set out in Table 1 below:

Table 1: Summary 2007/08 Income and Expenditure Outturn vs. Plan

Financial summary 2007/08			
	Plan £m	**Actual £m**	**Variance £000**
Income			
Clinical Income	58.938	59.386	448
Non Clinical Income	13.183	13.651	468
Total Income	72.121	73.037	916
Expenses			
Pay Costs	(47.479)	(48.268)	(789)
Non Pay Costs	(19.580)	(19.157)	423
Total Expenses	(67.059)	(67.425)	(366)
EBITDA	5.062	5.612	550
Depreciation	(3.002)	(3.196)	(194)
Dividend on PBC	(1.574)	(1.574)	-
Interest	0.272	0.323	51
Exceptionals	0	0	0
Net Surplus (deficit)	0.758	1.165	407

Clinical income was £448k ahead of plan, driven primarily by higher than planned activity in maternity and neonatal care as well as fertility care. For maternity, activity levels were significantly higher than planned driven by a population growth and rising birth rate across the City of Birmingham which was underestimated in our base case Foundation Trust application.

For neonatal services, we were pleased to receive some additional income to reflect over performance at year end and look forward to the new contract arrangements for 2008/9 based on a more transparent cost and volume contract.

In fertility, commissioner intentions changed from original contract arrangements with a desire to clear waiting lists. The Trust responded well to meet these requirements in the final three months of the year.

Non clinical income variances related to payments in respect of trainees within the Genetics Service. This income was not guaranteed and was received at the very end of the financial year.

Pay budgets were on the whole well controlled. However, there were some overspends in the services supporting additional activity described above where income was not apportioned to cover costs particularly in the final quarter of the year.

Non pay was also well controlled delivering slightly better than plan although in some areas, there were overspends predominantly maternity and clinical support due to increased activity levels.

Our cost and efficiency programme over achieved with delivery of £4,400k against a programme of £3,500k with 71% delivered on a recurrent basis and 98% of the cost improvement schemes were delivered.

1.2.2 Cash Flow

The Trust's cash balances were £6.6m ahead of plan with end of year balances of £9.4m. The improvement was due to the following factors:

- A late increase in the capital programme and deferral of the CHP scheme into 2008/9.
- Additional Service Level Agreement income received at the end of year.
- Ensuring the deferred income held for the hosted organisations can be repaid in full enabling the Trust to maintain financial viability under a downside scenario where the hosted organisations no longer formed part of the Trust's portfolio.
- £0.760m additional monies held in respect of the West Midlands Flu Pandemic Plans.

This improvement in cash reserves will allow the Trust to make a greater investment in capital developments in 2008/09 without the need for borrowing.

1.2.3 Capital

The capital plan of £6m was underachieved by £1.5m due to agreed slippage on projects, in particular the £1.3m for the Combined Heat and Power scheme. The outline programme for 2008/9 has been agreed by the capital development group and approved by the Board of Directors and totals £4.1m. This is made up of the following sources

- £2.1 base case funding identified in the LTFM
- £1.3m DH funding for the Combined Heat and Power scheme
- £0.3m carry forward for the Neonatal Decant
- £0.4m carry forward for other schemes
- £4.1m Total

1.3 Other major issues

In the process of becoming an NHS Foundation Hospital, we recognised the need to enhance our management and governance structures. We successfully recruited, prior to Authorisation, three new Non- Executive Directors to provide further financial, marketing and business development skills at Board level. One of these Non-Executive Directors was also appointed as Audit Chair and holds the necessary financial skills and experience to fulfil this role.

Within the organisation, we have successfully recruited three Clinical Directors as a result of one person leaving the Trust, one existing vacancy and following the third being successful in the application for Medical Director. We have also appointed to two General Manager posts further strengthening the management team.

On establishment as a Foundation Trust on 1 February 2008, the Trust has fully implemented the governance arrangements required in line with our Constitution. The Members' Council formally appointed the Chair and Non-Executive Directors and approved the appointment of the Chief Executive at its inaugural meeting in February. The Members' Council also agreed to the continued appointment of the External Auditors, KPMG, for a 12 month period.

In April 2008, the Board recommended to the Members' Council the appointment of a Deputy Chair and approved the appointment of a Senior Independent Director from our existing Non Executive Directors. The appointment of Deputy Chair has since been approved by our Members' Council in May 2008. One vacancy remains in our Non Executive Directors; a process for consideration of this post has already commenced with a recommendation from the Nominations Committee of the Members' Council to the Board of

Directors to consider the skills required for this post. The process of appointment will commence in Quarter 2 2008/9.

2 Future business plans

2.1 Strategic overview

The Trust vision, corporate plan and service development plans remain consistent with the Integrated Business Plan devised as part of the Foundation Trust application process.

The Trust's vision for services is:

> *"Continue to be a leading provider of local, regional and national importance providing a specialist range of distinct, but interrelated services, delivering excellent healthcare, education, training and research, and contributing to the health and wellbeing of the people we serve."*

The Trust's strategic goals are:

1. *Continue to provide services which offer high quality access and care to our local population.*

2. *Further develop as a lead provider of specialist care.*

3. *Continuously improve the efficiency of our organisation to ensure that we make the best use of our resources.*

4. *Build upon and enhance the positive patient experience at BWHCT.*

5. *Build upon and strengthen our excellent reputation as a teaching hospital with a focus on research and development.*

This vision was widely consulted on within the organisation and discussed with external stakeholders during the Foundation Trust application process, prior to being agreed by the Trust Board.

The Trust has taken a thorough and inclusive approach to business planning for 2008/09. All staff have been encouraged to engage in developing 'bottom-up' plans, aligned with the Trust's vision and 'top-down' objectives. The Members' Council has also contributed to the development of the corporate objectives and annual plan through discussion at its inaugural meeting, with specific objectives informing the work programme of the Members' Council and its committees.

We have encapsulated within our Annual Plan, activity required to meet all existing and national core standards and the agenda described in the Operating Framework 2008/09. This national agenda draws on the 'NHS Plan' (2000) and subsequent 'NHS Improvement Plan' (2004), the Operating Framework 2008/09 and 'Our health, our care, our say'. We have also ensured ongoing compliance with our Terms of Authorisation including maintaining private patient income levels within cap.

The Trust has been proactively engaged in the Lord Darzi, Next Stage Review at a local and regional level with a focus primarily on maternity and the newborn. The review will be completed by June 2008. The Trust is actively engaged in a number of local and regional events to ensure strong clinical engagement with this review, which is being managed by the NHS West Midlands alongside the development of the Regional strategy 'Investing for

Health'. We do not anticipate any significant change to our annual plan as result of these work streams as the primary focus remains concerns regarding the sustainability of small stand-alone mother and baby units.

Reviews of healthcare service provision at a national and regional level continue. Where possible we have taken account of emerging themes and looked to understand and mitigate potential risks from these reviews. The Board of Directors also intends to undertake more detailed scenario and risk planning to inform future plans as these reviews report.

2.1.1 Trust Priorities

The Trust's corporate priorities have been revised through consultation with our staff and Members' Council and fall into 7 key categories:

1. ***Patient Experience***: To improve all aspects of the patients' experience, to continue to make the patient the centre of everything we do through a focus on consistently excellent customer care, achievement of core targets and an excellent rating for quality, and consequently to be the provider of choice.

2. ***Clinical Governance and Safety***: To ensure that the Trust continues to provide and further develop high quality, safe, clinically excellent services.

3. ***Strategy and Service Development***: To continue to develop effective partnerships with all key stakeholders, further develop models of care across organisational boundaries and promote and expand our local and regional services.

4. ***Workforce***: To be the Employer of Choice recruiting, retaining and developing the best staff.

5. ***Finance***: To make the best use of resources and achieve our financial plan.

6. ***Research, Development, Education and Training***: To further enhance our reputation for excellence.

7. ***Modern Infrastructure***: To invest in our estate and IT infrastructure to ensure that clinical service is enabled by effective support services.

2.1.2 The local healthcare environment

The local healthcare environment remains relatively stable with little change from our market assessment upon Foundation Trust application. However, 2007/08 saw the commencement of a number of key work streams within the Region that will continue to inform our future direction.

First, Investing for Health, a strategy for the NHS West Midlands, was published for consultation and considered by the Board in September 2007 and a formal response provided by the Trust. The strategy focuses on five key goals, Full Engagement, Improving Quality and Safety, Care Closer to Home, Sustainability and Organisations Fit for Purpose. As described in section 2.1, this strategy development has now been linked with the Lord Darzi review. There is no impact on service delivery assumed within our base case.

Second, 'Towards 2010', which is working toward the reconfiguration and redevelopment of Sandwell and West Birmingham Hospitals NHS Trust whilst supporting a significant shift of activity from the secondary to the primary care setting in Heart of Birmingham Teaching PCT, has begun to gain momentum. This is an opportunity for the Trust to provide care where possible close to patients' homes in community settings. We will be opening

gynaecology clinics within a Heart of Birmingham community setting in 2008/09.

Third, the potential to create a number of Academic Health Science Centres within the West Midlands Region has been proposed. NHS West Midlands have commissioned an exploratory piece of work involving all key partners to consider the impact. The opportunity to strengthen Research and Development (R&D) across the region and promote a more national and international reputation for West Midlands healthcare is an exciting opportunity and will be an important issue for ongoing discussion by the Board in 2008/9. Clearly no decision will be made regarding a future collaboration until the governance arrangements and a full risk analysis has been completed by the Board. Meanwhile, The Trust has a number of large R&D projects underway and has been successful in bidding for new work under the revised systems.

2.1.3 Relationships with stakeholders

The Trust continues to maintain and develop close working relationships with a wide range of stakeholders including patient groups, primary care trusts and specialist commissioners.

The Trust has signed all contracts for work in 2008/9 and agreed quality performance indicators as part of these. These local targets include the number of women who book for maternity care by 12 weeks of pregnancy.

Our stakeholder relationships will continue to develop in a number of ways. First, in an advisory capacity, the Trust is supporting the development of plans for maternity and neonatal services across the region. Potential reconfiguration is unlikely to impact in a negative way on the Trust, as the focus remains on the reduction in smaller, less sustainable units.

Second, the Trust is working closely with the Specialist Commissioners to ensure that a comprehensive regional strategy for genetics is developed and the benefits of this innovative speciality is fully realised to public health and primary, secondary and tertiary care.

Third, as a newly formed Foundation Trust, 2008/09 and beyond will see a focus on developing the interface between the Trust and its communities via the Members' Council. We believe this relationship will add great value to the organisation and assist in the future development of our services.

Finally, the Trust continues to enjoy productive relationships with its partner Universities, including University of Birmingham, Birmingham City University and Aston. We are an important hub for both undergraduate and postgraduate teaching for the region and hope to continue to develop this relationship into the future.

2.2 Service development plans

Key service development plans are outlined below mapped against our corporate priorities. We do not anticipate any changes to our mandatory services as outlined in Schedule 2 of our Authorisation or compliance with Schedule 4, the Private Patient cap.

2.2.1 Modern Infrastructure

The Trust will begin implementation of a Combined Heat and Power system in 2008/09 for which funds of £1.3m were provided by the Department of Health. This will reduce our reliance on shared services and result in cost improvements to the organisation.

An outline business case to replace the Trust's aging Neonatal Unit facility has been considered by the Board of Directors. Capital investment in 2008/9 of £0.7m has been included in our plans to provide a decant facility maintaining current capacity. Phase 2 of the business case requires a longer term investment strategy for a new facility with increased

capacity. It is likely that this will be partly funded though a charitable appeal. Our base case assumptions have been incorporated into our Long Term Financial Model. The Trust is working closely with the West Midlands Specialist Commissioners and Southern West Midlands Newborn Network to ensure this longer term plan for redevelopment is supported. However, in the meantime the Trust is clear that the planned decant facility will strengthen our existing service to guarantee continued safe and high quality provision and reduce risks.

The Trust is considering a potential opportunity to bring forward the next stage of implementation of the National Programme for Information Technology (NPfIT). This potential service development has not yet been built into our financial projections, however if a Board decision is made in Quarter 1 2008/9 the inclusion of the income and costs associated with the delivery of the programme would be a variation from plan.

2.2.2 Service Development and Strategy

The Trust has initiated a number of specific income generation schemes for delivery in 2008/09 in relation to laboratory genetics, fertility and Down's Screening. For this work, contracts have been secured and appropriate costs (where above the baseline) included in projections. The formation of a Business Investment and Opportunities Group, chaired by a Non-Executive, will ensure that the Trust considers the potential benefits from the commercial development opportunities of being a Foundation Trust.

The Trust has a successful record of delivering income generation. During 2008/9 work will continue to build up detailed income generation plans for future years. At this stage we are confident of continued growth in this area in particular for those services where there is little competition within the market for example genetics. Within our other services, the real growth above our original projections in the birth rate will drive activity levels currently not being met by competitors.

The Trust is exploring options to support the strengthening of community services by further extending services beyond our hospital walls, particularly for gynaecology. This is not a new development, but if we are to fully support the Government's agenda for care closer to home, we will need to find innovative and replicable models which make best use of the expertise of our staff. We do not anticipate that this service transfer will impact on our financial projections as the model is already working well for a number of gynaecology and clinical genetics clinics. Services in the community will continue to be owned by the Trust.

Not included within our baseline projections at this stage is potential over performance in maternity services within 2008/9. The Board of Directors have planned a strategic debate at the end of May 2008 to reconsider future activity levels within maternity. This may lead to an in year variation in activity, income and associated costs for maternity as well as a revised future plan. At present, the financial and activity projections are based on our agreed contract levels with our PCTs. However, demand continues to outstrip capacity, a phenomenon affecting the whole of Birmingham. Under PbR guidelines we will continue to receive income for over performance. Activity is a regular item for discussion with our PCT colleagues at contract review meetings.

2.2.3 Workforce - Organisational Development

The Trust has commenced the implementation of Service Line Reporting and Management throughout the organisation. This will be supported by an extensive Organisational Development programme to strengthen the skills and expertise of key staff in management under the Foundation Trust regime as well as to support the continued development of customer service.

By April 2009, we will have launched Service Line Reporting across the organisation, providing a clear and transparent financial reporting mechanism. The Trust have engaged

external consultants to advise on effective management systems for the implementation of Service Line Reporting and this project will commence with organisational wide engagement in June 2008.

2.2.4 Patient Experience

The Trust has successfully achieved the 18 week milestones for 2007/8 and is forecast to achieve the targets in December. In late 2007/8 the Department of Health announced the inclusion of clinical genetics services within the 18 weeks but has not yet devised the rules and regulations regarding clocks stops and starts within this complex speciality. The Trust is working closely with the Specialist Commissioners and the Genetics Department of the Department of Health to agree these measurables. We are confident that the December 2008 target will be met; however, there will a reduction in our percentage achieved figures within Quarter 2 2008/9.

For gynaecology, our work moving forward will focus on reaching the December 18 week referral to treatment target and continuously improving and enhancing the patient pathway to ensure that this level of work can be sustained.

2.2.5 Directorate Specific Plans

In addition to these developments, each Directorate has developed its own specific objectives for 2008/09, aligned with the Trust's priorities.

2.3 Operating resources required to deliver service development

Table 2 below shows the planned income and activity for the three planning years, in comparison to 2007-08.

Table 2: Summary 3-Year Income and Activity Plans

Clinical Income				Current Plan	
£m	**Plan 2007/8**	**Actual 2007/8**	**2008/9**	**2009/10**	**2010/11**
Elective	5.354	5.461	5.362	5.720	6.087
Non-elective	17.089	17.078	16.841	17.378	17.915
Outpatients	10.759	10.918	11.781	12.210	12.641
Other activity	24.727	24.891	25.582	26.835	27.838
Private Patients	1.010	1.038	1.015	1.047	1.078
Total Clinical Income	58.939	59.386	60.581	63.190	65.559

Clinical Activity				Current Plan	
	Plan 2007/8	**Actual 2007/8**	**2008/9**	**2009/10**	**2010/11**
Elective	3,863	3,879	4,002	4,208	4,416
Non-elective	12,049	12,058	11,845	12,006	12,168
Outpatients	90,519	92,058	94,685	96,261	97,849
Other activity	100,201	101,069	82,904	83,305	83,710
Total Activity	**206,632**	**209,064**	**193,436**	**195,780**	**198,143**

Other Income				Current Plan	
£m	**Plan 2007/8**	**Actual 2007/8**	**2008/9**	**2009/10**	**2010/11**
	13.183	13.651	13.418	13.473	13.741

The Trust has agreed all contracts with commissioners for 2008/09 and these include a number of price changes secured plus an increase in activity that will need to be delivered in 2008/09 in order to meet the sustained 18 week target and commissioner requirements.

With commissioners we have also agreed some recurrent developmental monies in both genetics and community midwifery that is not attached to increased activity levels. In genetics, these developmental monies are to support recurrent growth realised in 2007/08 and to continue to enhance the service. For community midwifery, the additional resource will assist in achieving a midwife to patient ratio of 1:110.

Little change is expected in activity levels from outturn 2007/08 although activity levels are higher than those forecast in our FT application, principally as the planned reduction in gynaecology activity from achieving the 18 week target will not be realised. Activity within the financial model remains in line with commissioning intentions; however we anticipate some over performance in maternity activity. Commissioners will fund over-performance.

The Trust plans to maintain private patient income to current levels of 1.7%, well below our private patient cap of 2.2%.

Operating Expenses and Cost Improvement Plans

Table 3 below shows a high level summary of the operating expenses and cost improvement plans for the 3 year planning period.

Table 3: Summary 3-Year Operating Expenses and Cost Improvement Plans

Operating Expenses			**Current Plan**		
£m	**Plan 2007/8**	**Actual 2007/8**	**2008/9**	**2009/10**	**2010/11**
Pay	(47.479)	(48.268)	(50.135)	(51.674)	(52.777)
Non Pay	(19.580)	(19.157)	(18.250)	(19.136)	(20.064)

Efficiency Programme			**Current Plan**		
£m	**Plan 2007/8**	**Actual 2007/8**	**2008/9**	**2009/10**	**2010/11**
Cost Improvement	2.215	2.132	1.648	1.265	1.176
Income Generation	1.555	2.033	0.851	0.759	0.785
Total	3.770	4.165	2.499	2.024	1.961

Pay costs will increase by 2.75 % in 2008-09, in line with the recently announced three year pay deals. The pay line also includes increased staffing levels in maternity to move towards the Birth-rate Plus investment and additional staffing funded via the Community Midwifery contract.

Drug costs have been uplifted by 9.0% in 2008-09 activity and by similar levels thereafter in line with assumption made in the LTFM;

Other operating costs are based on forecast outturns within the Directorates for 2007/8 with reduction in spend associated with cost improvements.

The Efficiency Programme for 2008-09 totals £2.5m, which is 3.7% of operating expenditure and 3.4% of turnover. Of this target all plans have been identified in full and most are considered to be low and medium risk. The Efficiency Programme is split into cost improvements totalling £1.6m and income generation at £0.9m. The annual Cost

Improvement Programme reduces to £2.0m in 2009-10 and £1.9m in 2010/11. These are respectively 3.0% & 2.8% of operating costs and 2.7% & 2.5% of turnover.

Table 4 below shows the full planned income and expenditure for 2007/08 through to 2009/10.

Table 4: Summary 3-Year Income and Expenditure

	Financial summary £m				
	2007/8 Plan	**2007/8 Actual**	**2008/9**	**2009/10**	**2010/11**
Income	72.121	73.037	73.999	76.663	79.300
Pay Costs	(47.479)	(48.268)	(50.135)	(51.674)	(52.777)
Pay as a % of income	65.8%	66.1%	67.8%	67.4%	66.6%
Non Pay Costs	(19.580)	(19.157)	(18.250)	(19.136)	(20.064)
EBITDA	5.062	5.612	5.614	5.853	6.459
Depreciation	(3.002)	(3.196)	(3.641)	(3.691)	(3.741)
Net Interest	0.272	0.323	0.371	0.392	0.453
Dividend	(1.574)	(1.574)	(1.759)	(1.603)	(1.448)
Exceptionals	0	0	0	0	0
Net Surplus /(deficit)	**0.758**	**1.165**	**0.585**	**0.951**	**1.723**
EBITDA margin					
Total Efficiency Programme	3.770	4.165	2.499	2.024	1.961

The Trust is planning to achieve a surplus of £0.585m in 2008-09 increasing to £0.951m in 2009-10. The surpluses generated will allow the Trust to invest in capital spend outlined in section 2.4 below.

2.4 Investment and disposal strategy

The Trust plans to utilise the surpluses that have been generated in 2007/08 towards the future capital programme. 2007/08 saw major capital investment and although the level will not be as high this year, it will ensure that our estate remains fit for purpose. The Trust also has two significant development projects which require capital investment. The key projects include:

- Energy conservation improvements and the implementation of a new Combined Heat and Power system.
- Decant facility for the neonatal unit

Table 5 Our capital investment strategy.

	Capital £m				
	2007/8 Plan	**2007/8 Actual**	**2008/9**	**2009/10**	**2010/11**
Investment in fixed assets (Non maintenance)	4.189	3.071	2.800	1.250	1.250
Investment in fixed assets (maintenance)	1.773	1.403	1.300	0.750	0.750
Investment in other assets	0	0	0	0	0
Asset disposals	Non planned	-	-	-	-
Protected asset declassifications	Non planned	-	-	-	-
Protected to unprotected	Non planned	-	-	-	-

The Trust has no plans to dispose of any assets or to have any protected assets declassified.

2.5 Financing and working capital strategy

Birmingham Women's NHS Foundation Trust will be adhering to its current working capital facility of £5.5m. This is a committed working capital facility and is set up in compliance with all appropriate regulations. The Trust had agreed an overdraft facility of £5.5m for the period from Authorisation to January 2010. This facility will be renewed each year to provide the Trust with a £5.5m facility over the full three year planning cycle. The overdraft facility was not used during 2007-08 and the cash flow forecast for the next 24 months does not anticipate utilising the facility.

The Trust has liquidity headroom of £8.8m for 2008-09. The liquidity headroom calculation is derived from both cash at bank of £3.3m and the unused committed working capital facility of £5.5m at the end of 2008-09.

The prudential borrowing limit was set at £16.2m for 2007-08 is not anticipated to change significantly for 2008/09.The Trust is projected to be well within this and is not planning to exercise it this limit during this planning period. .

2.6 Summary of key assumptions

<u>Inflation and Cost Pressures</u>

The annual income uplift for 2008-09 is based on the Operating Framework and stands at 2.3%. For 2009/10 this has been reduced to 2.1% with a further reduction to 2.0% in 10/11. Actual percentage will be modelled when announced by the DH later in the year.

Drug costs are expected to increase by 9.0% in 08/09 and at the same levels thereafter. Clinical Supplies and Services inflation has been set at 2.75% p.a. with all other non pay costs inflated at 3.35% p.a.

Other cost pressures built into the financial plan include:

- Agenda for Change incremental drift has been modelled at 0.5% taking account of staff turnover. Over time the incremental drift for Agenda for Change is expected to reduce as individuals reach the top of their pay bands.
- Consultant Contract incremental drift has been calculated based on actual increments of the current consultant staff.
- Meeting the European Working Time Directive for Junior Doctors during 2009/10.

- Additional midwifery and midwifery posts associated with Board approved plans to improve the staffing to patient ratio are included in 2008/9 with additional investment to support a small growth in maternity activity in future years.

Activity
Activity projections have been modelled according to contracted activity levels and income generation plans.

Costs associated with additional activity
The financial plan includes additional costs in 2008/09 required to meet the income generation plans and activity associated with increased baseline activity.

Additional costs have been included in future years to support the ongoing business growth of 1% of clinical income, delivering a contribution level of approximately 30%.

3 Risk analysis

3.1 Governance risk

No significant risks to governance have been identified within our forecasts. Our proposed risk rating for 2008/9, based on self assessment, is Green. The Trust's position on key governance areas is set out below.

3.1.1 Governance Commentary

Legality of constitution
The Constitution meets the Terms of Authorisation and is compliant with Schedule 7 of the NHS Act. The Trust is not planning at this stage, any variation within its Terms of Authorisation or Constitution. However, we will fully engage our Members' Council in ensuring that our Constitution remains appropriate to enable productive ongoing governance arrangements. If changes are required, they will be made in accordance with the Monitor guidance *Variance of the Terms of Authoirsation.*

Growing a representative membership
The Trust is committed to continuing to develop a representative membership and has initiated work in collaboration with the Members' Council Membership Management Sub Committee to ensure that our membership continues to grow and flourish. This is set out in detail as part of the future membership strategy in section 5.

Appropriate board roles and structures
The Board have reviewed their governance arrangements pre and post Authorisation to ensure that they remain fit for purpose for future years. There is the opportunity for two new Non Executive appointments in 2008/9 as we look to fill a vacancy and the term of office of the Deputy Chair comes to an end in December 2008.

The Board will continue to review its governance arrangements in 2008/9 in particular to consider revisions to the Scheme of Delegation and the structure and roles of the various Board sub-committees.

Service performance (targets and national core standards)
The Trust has in place effective processes for devising plans to deliver targets and national core standards, and then monitoring and delivering performance against these plans. This is borne out by the Trust achieving all its external service performance targets in 2006/7 and 2007/8.

However, in common with all NHS Trusts, BWNFT faces a challenge in sustaining and improving our delivery of the December 2008 18 week target. Robust measurements of the total time taken from referral to treatment are in place as are programme management

arrangements to ensure that capacity can match forecast demand. The related 18 weeks project team continues to facilitate work across the Trust to deliver the 18 weeks target.

The late inclusion of clinical genetics in the 18 week pathway from April 2008 was a matter of concern for the Trust. However, proactive management of this issue has led to an agreed way forward with the Specialist Commissioners, 17 West Midlands PCTs and Department of Health. Our overall 18 week performance will dip in the first part of the year; however we are confident in meeting the target by December 2008. The Board of Directors will monitor our 18 week performance for gynaecology and genetics as separate entities as well as the overall Trust position to ensure this issue is thoroughly performance managed.

The Trust is expected to continue to deliver no reported cases of MRSA and C.Difficle. However, as a Trust we remain firmly committed to combating healthcare acquired infections and have in place a Trust-wide strategy to ensure our excellent track record is maintained. Self certification in relation to this issue is supplied in section 4.

Clinical quality
The Trust will continue to deliver high quality health care as evidenced by our rating of excellent by the Health Care Commission in 2007/8. A key priority within the work programme of our new Medical Director is to ensure ongoing focus and scrutiny of the Clinical Governance agenda.

Effective risk management
The Board has in place a continuous programme of risk analysis in accordance with its risk management policies and systems. Evidence of this can be supplied to support our self certification if required.

3.2 Mandatory services risk

Our proposed risk rating for Mandatory Services for 20098/9 is Green.

3.2.1 Commentary on mandatory services risks
There are no anticipated changes to the Trust's mandatory services outlined in Schedules 2 and 3

3.2.2 Significant risks
There are no new significant risks to the Trust in 2008/9.

3.3 Financial risk
The financial risk rating is expected to be 3.5 for 2008/9 rising to 3.9 the following year.

3.3.1 Commentary on financial risks
The Trust carried out a comprehensive assessment of risks to the financial and service development plans as part of its application to be a Foundation Trust. This risk assessment has been updated for the new planning period and key risks are set out below:

- Business risks - shift of work to community settings not owned by the Trust, 18 weeks.
- Income risks - tariff increase less than planned, changes to the Market Forces Factor.
- Cost Improvement Programme's – greater non-recurrent elements and non-delivery of schemes
- Unplanned increase in expenditure

For each of these risks, the following steps have been taken:

- Where appropriate, mitigating actions have been identified to minimise the likelihood of the risk being realised

  The downside financial impact of the risk has been estimated

  Corrective actions have been identified which the Trust could initiate to offset this downside risk

  Control systems are in place to ensure robust performance management.

The Board is therefore confident that strategies are in place to handle these risks.

3.4 Risk of any other non-compliance with terms of authorisation

We do not anticipate there will be any other significant risks of non-compliance with the terms of Authorisation in the coming year. We remain within the private patient cap.

4. Declarations and self-certification

4.1 Board statements

The Board of Directors self certification is included in Appendix 1.

5 Membership

Membership report

This report provides details of Birmingham Women's NHS Foundation Trust's past and planned Membership by constituency. The following tables outline the profile of our membership from the our date of Authorisation (1st February 2008) and projected membership numbers for 2008/9

Membership size and movements

Table 6. 2007/8 actual and 2008/9 proposed membership

Public Constituency	**2007/8**	**2008/9 proposed**
At Authorisation	1735	1725
New members	0	1320
Members leaving	10	120
At year end (March 31)	1725	2925
Staff Constituency		
At Authorisation	1475	1464
New members	28	240
Members leaving	39	220
At year end (March 31)	1464	1484
Patient Constituency		
At Authorisation	498	511
New members	13	650
Members leaving	0	60
At year end (March 31)	511	1101

Table 7. Analysis of current membership

Public Constituency	Number of Members	Eligible Members[2]
Age		
0-16	12	1,233,117
17-21	24	269,785
22+	1689	3,764,406
Ethnicity		
White	1299	4,674,296
Mixed	1	73,225
Asian or Asian British	182	385,573
Black or Black British	106	104,032
Other	631	30,182
Socio Economic Groupings		
ABC1	1186	1,913,858[3]
C2	0	685,541
D	409	794,461
E	130	700,084
Gender		
Male	147	257,511
Female	1578	2,692,197
Patient Constituency		
Age		
0-16	0	1,233,117
17-21	7	269,785
22+	504	3,764,406

No elections have been held since our Authorisation as a Foundation Trust on the 1st February 2008.

5.2 Membership Commentary

5.2.1 Constituencies

There are three constituencies of membership at Birmingham Women's NHS Foundation Trust. The make up of each constituency is outlined below.

The public constituency comprises those members that live in one of three public classes: South Birmingham, the Heart, East, North of Birmingham and the wider West Midlands Region We have seen relatively high levels of leavers since in the year leading up to our Authorisation as a Foundation Trust, a phenomenon that has been noted by the Electoral Reform Service as common to maternity services. Eligibility for public membership is based on the population statistics for the West Midlands Region.

The public constituency for the Heart, East, and North of Birmingham is the hardest of the three constituencies in terms of recruitment. 2008/9 will see pro-active plans to target this geographical area.

We hope to increase our public membership by at least 100 members per month throughout 2008/9 in line with our membership strategy to reach 5000 public and patient members by

[2] Based on Government neighbourhood statistics for the West Midlands Region.

[3] Eligible membership by socio-economic grouping is lower than the total eligible for membership by age, gender and ethnicity. All under 16s are excluded from the socio economic analysis whereas potential eligible members between 14-16 are included in other categories.

April 2009. We will focus in particular on gaining additional members under the age of 21 and over 45. Our current membership tends to focus around women of child bearing age, and whilst this is an important and significant group of the population we serve, we wish to continue to develop a public membership more representative of the population as a whole.

The patient constituency comprises members who are patients, or carers of patients, who have attended the hospital during the last three years at the time of application for membership. The patient constituency has shown good levels of applications for membership and a committed membership. The numbers eligible for patient membership is calculated on the basis of the total number of patients treated within the past three years.

We hope to increase out patient membership by at least 50 members per year throughout 2008/9.

The staff constituency is divided into five classes: Medical, Midwifery, Nursing; Clinical Support and Non Clinical Support. All staff automatically become members unless they choose to opt out. The staff membership has remained fairly stable with only staff turnover affecting membership levels.

5.2.2 Our Current Membership

The Trust has been successful in developing a diverse membership with good representation from the Black and Minority Ethnic (BME) groups and from the more deprived socio-economic groupings. Areas of under-representation include the under 21 population and members of the public from the Heart, East and North Birmingham class. Plans to address this are described below.

5.2.3 Building a Diverse Membership: Past and Future Plans

The Membership Management sub-committee of the Member's Council have been proactive in considering our future plans for membership development. This includes plans in 2008/9 for

- Recruitment drives through our Corporate Brochure planned for publication in Quarter 2 2008/9.
- Revised membership application forms to simplify the process and support 'Governor Get member' and 'member get member' schemes.
- Active management of our membership database to keep us apprised of our membership makeup and inform our on-going recruitment efforts
- Membership posters and recruitment leaflets being displayed around the Trust
- Initiatives to attract local student population and younger members
- Initiatives to attract younger members
- Face to face recruitment within the Trust
- A membership newsletter being sent out at least once per year to inform existing members which encourages new joiners as it is available throughout the trust
- Membership recruitment to be included in corporate induction
- Improved web site information for current and future members

The Membership Management Sub-Committee of the Members' Council meet quarterly and are advised by the Foundation Trust secretary who holds managerial responsibility for membership recruitment and management, the Director of Development and Marketing, and two Non Executive Directors.

The Board of Directors consider membership numbers on a monthly basis as part of the Integrated Performance Dashboard to ensure a Trust focus on achieving forecast membership levels for the year ahead.

The Trust aims to achieve a total membership of at least 5000 public and patient members by April 2009.

5.2.4 Membership Engagement

The Trust has engaged with the wider membership during 2007/8 through regular updates on our journey to become a Foundation Trust. Upon Authorisation, all members were provided with a copy of 'Women's Progress', a publication aimed at communicating our Authorisation as a Foundation Trust and to introduce the membership to the Board of Directors and Members' Council.

Ongoing communication with our membership will occur through our planned re-development of our website to enable up to date information to members, and to enable Governors to have a facility to communicate with the people they represent.

Members will all receive a written publication, as a minimum once a year and be invited to attend the Annual General Meeting scheduled for September 2008.

As part of the process to update our membership application form, we will be asking new members to outline any particular areas of interest with the Trust in order to target communications and membership engagement.

5.2.5 Election of Council Members

No Elections have been held for Governors since the Trust Authorisation in February 2008.

Table 8 Election turnout (pre Authorisation)

Date of election	Constituencies involved	Election turnout %
2nd October 2007	Public Wider West Midlands Public Patient and Carer Staff Doctors	10.7% 19.7% 27.9%
7th December 2007	Public South Birmingham Staff Non Clinical Support Staff Nurses	13.2% 38.3% 40.2%

Two bi-elections are planned for 2008/9, for replacement Governors in one public constituency and one staff constituency.