North East Ambulance Service NHS
NHS Foundation Trust

Operational Plan

2015/2016

Contents

Introduction to our plan

This is a one year plan that sets out how we intend to continue to make our Trust sustainable from 2016/17, in line with our long term strategic plan, and also the short term operational resilience plan which is critical to optimising our service provision during 2015/16 in the context of limited funding, further efficiency drives, system wide pressures and staffing shortages.

The Trust

We are one of ten ambulance services and cover the counties of Northumberland, Tyne and Wear, Durham and Teesside – an area of around 3,230 square miles. We employ over 2,700 people including our valued volunteers and serve a population of more than 2.71 million people.

We provide an Emergency Care Service and a Patient Transport Service (PTS) and respond to 999 calls for people in the North East of England. Since 2013 the Trust has been successfully delivering NHS 111 for the region and has been able to demonstrate how this service can run alongside the provision of the 999 service to provide a seamless access point for patients.

2014/15 has been a very challenging year; our first year going into financial deficit; experiencing slippage against our key emergency care response targets; further deterioration of urgent responses; additional pressure being placed on our workforce; and also the undertaking of a governance review.

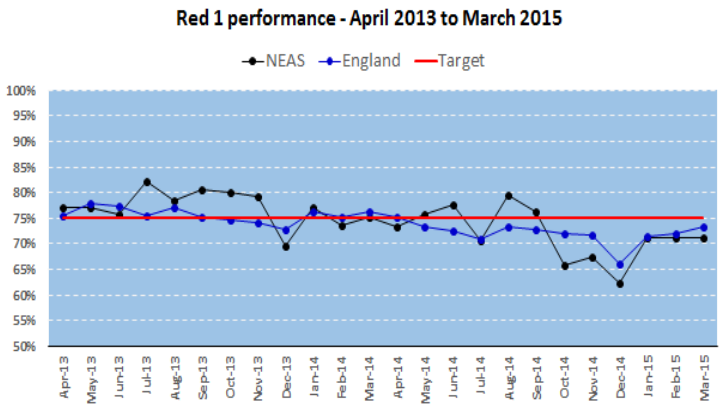
In direct contrast the Trust has brought about a number of successes, increasing our See & Treat and Hear & Treat activity, resulting in some 7,500 fewer conveyances to hospital compared to 2013/14. This change in activity profile directly contributes to the plans of our Commissioners, to ultimately reduce avoidable admissions and alleviate pressure on our acute hospitals. We have also undertaken a substantial amount of work to close out our CQC compliance action plan and work is ongoing to fully embed revised policy and procedures.

Our performance in 2014/15

For the first time ever we have found our key national targets challenging to deliver and relatively poor performance in Quarter 3 affected our end of year performance. Stronger performance in Quarter 4 was insufficient to be able to recover performance for the year.

Indicator	Target	Qtr 1	Qtr 2	Qtr 3	Qtr 4	2014/15
A8 (Red 1 and Red 2)	75%	75.98%	74.72%	69.35%	75.33%	73.76%
Category A Red 1 (8 minutes)	75%	75.41%	75.57%	65.08%	71.16%	70.00%
Category A Red 2 (8 minutes)	75%	75.99%	74.7%	69.66%	75.63%	73.95%
Category A 19 minutes	95%	95.73%	95.16%	92.72%	95.12%	94.65%

This picture of reduced performance is echoed by our ambulance trusts nationally, with Category A Red 1 being the most challenging.



A reporting change introduced from 1 October 2014 further impacted performance. For NEAS one missed Red 1 incident per day can affect the performance target by 4%.

The Trust has experienced a difficult winter and the system pressure is evident in that our acute trusts locally failed to achieve the four hour wait standard. The North East has always been commended for its high emergency performances and this is the first time in several years that performance has been so adversely affected.

The focus on achievement of Trust-wide performance has also impacted on our ability to improve rural response performance, although efforts of our transformational proof of concept are being focussed on our two most rural areas. Resilience funding and resources have also been targeted, which has contributed to preventing performance deteriorating further. Our resilience plans have included the use of the invaluable patient transport. PTS continues to play a significant part in our emergency and urgent care services and can be effectively relied upon. This service has also been stretched this year, doing a lot more same day activity to support patient flow in and out of hospital. Eligibility criteria are now in place to access the service and are providing some efficiencies and more is expected during 2015/16.

Financially the Trust planned to make a normalised deficit of -£1.519m in 2014-15. Our pre-audit forecast outturn is -£0.901m, which is an improved position following an end of year settlement agreed with Commissioners and slippage on both our Agile Working transformational programme and the implementation of the new Emergency Care Clinical Manager role. Our cash balance has reduced to £12.526m (from £13.508m twelve months ago). Commissioners have also made good a loss on income for over performance of Hear & Treat activity as we are currently incentivised financially to take patients to hospital.

In 2015/16, we are planning for turnover of £116.962m and a normalised deficit of -£3.513m. Our cash balance will reduce to £9.565m by 31 March 2016.

Whilst our financial performance and emergency care response performance has deteriorated, our clinical performance has remained strong, regularly achieving some of the best performances nationally for a number of our key ambulance quality indicators. Through our clinical audit work and patient feedback we can evidence that the quality of care that continues to be provided is of a high quality. Our most recent IPSOS mori results included:

- The vast majority of service users rate their experience highly and are likely to recommend NEAS to others
- The ECS results remain very stable but there are some minor declines in PTS scores
- Waiting times are a key driver of user satisfaction.

We also recognise that our workforce remains under pressure to deliver to such high standards, and further mounting pressures are not sustainable longer term.

The Trust's Transformation Programme set out in our strategic plan remains critical to our financial, clinical and operational sustainability and elements commenced last year however, the substance of our plan last year was to rectify the compliance deficits that were reported by the Care Quality Commission (CQC). This work is now complete, with the roll out of our front line clinical leaders being the final action to implement, which commenced in April 2015. It is expected that our most recent Well-led Governance review will lead to further improvements in control and help to embed compliance and enable us to put in place a leaner, more agile governance structure that will help us to deliver transformation at a greater pace.

Strategic and local context

The northern region has always been a high performing region but has been hard hit by austerity measures and the poorer performances we are now experiencing indicate just how great the scale and complexity of the challenge actually is.

Funding constraints nationally are now impacting locally; our acute trusts also falling into a financial deficit position; and our Commissioners also predicting shortfalls in funding.

We are seeing pockets of commissioning groups coming together through formal structures such as federations and mergers of CCGs. Our vanguard sites pave the way for health and social care system responses but the region is still some way off developing a shared vision and strategy for integrated care, consideration of multispecialty community providers or establishing primary and acute care providers. So whilst we may anticipate changes to our acute structures they are not emerging at this time.

Our local trusts are still planning for local changes to models of care. The new Northumbria Specialised Emergency Care Hospital opens its doors in June 2015. We continue to watch for a potential 'emergency care centre' development in the south of our patch and there is still nothing definitive to report in relation to the nationally challenged Wynyard development.

We continue to be engaged in a variety of commissioners planning forums. Whilst this is challenging to be able to contribute effectively due to volume and our own capacity, during 2015/16 we will support local change and our involvement will be targeted to pilots, vanguards and a smaller number of system responses to maximise the impact we can have as a regional provider.

Our Regional Urgent Care Network continues to evolve with most system resilience groups now participating and we have agreed a Regional Service Development Commissioner forum to enable us to have to engage only once. These forums will enable us to drive forward the development of our Trust as an innovative community provider, potentially empowering us to make decisions and treat more patients at scene, and also to drive the production of an effective commissioning strategy for urgent and emergency care services that has an emphasis on social value and impact.

We face a national problem to do more to **protect the health and well-being of our NHS staff**. Our staff are some of the most hard-working and dedicated people in the country and the pressure placed on them can be intense. Our sickness figures locally and our recent staff survey substantiate the national picture and we are also faced with a high level of paramedic vacancies at a time when we face a national shortfall.

Over the last 12-18 months there has been some fundamental shifts in national planning proposals and as the urgent and emergency review is coming a conclusion it is the right time for NEAS to recreate its strategy; taking a fresh look at our vision, mission and values; repositioning itself in the health and social care system; and renewing the delivery and clinical model for the future of urgent and emergency care. This will include an extensive stakeholder strategic engagement programme and a potential organisational re-brand.

Contributions to our strategic plan

Our strategic focus continues to be the refined goals, from four to three:

- We want to deliver safe, effective, caring, responsive and well-led services
- We want to modernise, transform and future proof our core delivery models
- We want to have sound financial health and grow commercial revenue streams

The work programme we set in motion last year is key to our success and will continue throughout 2015/16.

Operational sustainability

Our Integrating Care and Transport (ICaT) pilot is continuing to gather momentum. ICaT is transformational for NEAS and a positive evaluation will be critical to our sustainability.	Eight of the eleven Advanced Practitioners are in post delivering advanced clinical care within our pilot areas. Work has started on delivering the first phase of a Demand Planning and Resource Optimisation (DPRO) tool which will enable us to more accurately predict resource requirements and performance outcomes.
The workforce plan is set to deliver optimal staffing; minimising the use of third parties over time.	Recruitment plans are extensive and recognise the short to medium term shortfall of paramedics until we receive the first tranche of graduates on three year degree programmes. The corporate bank will go live early 2015/16. Graduate, national and international recruitment plans will be finalised early in 2015/16 to impact early Summer.
Whole system demand management.	There are several aspects to this programme of work including; use of improved patient care plans; access to special patient notes; a regional communications campaign; local innovation programmes.
Efficiency programme	The Trust has a number of internal efficiencies to make to maximise direct patient care time during an operational shift. Efficiencies are also being planned from whole system changes that will reduce time spent travelling to divert patients and time spent queuing at hospitals.

Clinical sustainability

Roll out of the Emergency Care Clinical Managers (ECCMs) providing front-line visible management and clinical leadership	The Trust has recruited 54 of the 56 ECCM posts. 16 were operational from April 2015. The remainder will be phased during 2015/16 to minimise the impact on the front-line. As ECCMs take up post, the former Team Leaders will become operational full time. A training and development programme is in place to support managers take up the new role and support delivery of high quality patient care, through their effective leadership. They will champion communications as well as promote clinical advancements and efficiency drives.
Quality Strategy	Focus on the quality strategy measures and quality report priorities are key to ensuring resources and effort is directed appropriately to ensure services are safe and effective and patients have a positive experience. Priorities include improvement targets of our national Ambulance Quality Indicators (AQIs). The strategy will be embedded throughout 2015/16.
Continue to achieve and implement advancements in clinical care and promote and undertake research.	The Trust has a strong track record for advancing national changes to care. The Trust's research programme is extensive and includes the new multi centred Paramedic2 trial which is looking at Adrenaline verses a placebo for cardiac arrest management as well as the rescu-pod trial looking at an impedance device for cardiac arrests. The Trust continues to operate the Cardiac Arrest Response Unit trial in Newcastle as well as the advancement of new drugs within JRCALC.

Financial sustainability

Payment reform is a high priority. The Trust is financially rewarded for conveying patients to hospital.	The work the Trust is doing to upskill the workforce will enable front-line crews to care and treat patients on scene or in their own home, avoiding the need to take a patient to hospital and avoiding hospital attendance and potential admission costs. To maximise the potential of our clinical mobile workforce the Trust requires investment and is working with Commissioners to seek agreement to redirect a proportion of the savings that can be made on expensive acute care to us, to enable further upskilling and delivery of large scale shifts in activity – away from our acute hospitals. Local reform work is due to conclude during 2015/16 and our plan assumes a payment structure that will enable financial recovery from 2016/17.
The Trust's Transformational programme is set to deliver quality benefits and also release savings.	The Trust's cost improvement programme and transformation programme are now one and the same. Savings of nearly £19m in the last four years has exhausted many of our cost improvement schemes. To continue to achieve savings of £4-5m per annum requires significant transformational change. The CIP target for in 2015/16 is set £6.856m, which is inflated due to recurrent savings not being achieved in 2013/14 and 2014/15.
Commercial plans to be reenergised for 2015/16	The Trust underperformed on commercial income targets last year due to resources being redirected to support core business. Three new appointments have since been made to the commercial team and income targets for 2015/16 are set at £0.852m (£0.170m contribution). The team will operate as our core 'Innovations Hub'. The team will also focus on commercial training sales.

To support our plans for long term sustainability we have in place:

- **Organisational Development (OD) Strategy and Refreshed Plan**. It is fully acknowledged that the pressure placed on our workforce, both front-line and support services is not sustainable. We have OD champions now in our workforce. The plan sets out to improve staff survey scores, put compassion into practice and make NEAS a great place to work. It is our ambition to achieve high NHSLA standards and the Investors in People standard. We will use a range of techniques to engage with our diverse and geographically dispersed workforce to work to achieving a common culture that is one where staff: are empowered to improve service, be open and transparent; care for each other as well as our patients; detect problems and can take action promptly; are accountable; actively learn and progress with high positive levels of motivation.
- **Transformation Board.** To maintain focus on our transformational programme we have established a Transformation Board governing: the development of the new electronic patient care record (e-PCR), drug/stock control, ICaT, DPRO, Agile working, Estate optimisation and the 12 months schemes for sickness absence, downtime and efficiency and workforce establishment. These schemes are described in more detail in our section on Transformation. We will also convert our successful Programme Management Office into our Transformational Programme Office where service improvement becomes an integral component. This Board will ensure resources are focused to reflect these organisational priorities, delivery at pace of transformation and also in realising the expected financial savings to be made as a result.
- **Working in partnership.** Working with our CCGs we will seek to:
  - Agree and refine our transformational programme of work to ensure it falls into line with regional planning for urgent and emergency care as it is developed.
  - Develop regional forums to minimise attendance to maximise effective contribution
  - Collaboratively address poor performance and performance management of the whole system to achieve the necessary system reform to benefit patients and our staff.
- **Additional funding streams.** Whilst our Commissioners are unable to commit to payment reform in 2015/16 that rewards us for delivering benefit to the system, we are receiving some additional income that:
  - partially addresses the Hear & Treat tariff differential with the national comparator;
  - secures payment up-front for patient transport provision;
  - enables the roll out of MERIT (A Medical Emergency Response Incident Team);
  - funds for additional staffing to support clinical telephone triage; and
  - we have the potential to access up to £1million to support transformation and innovative pilots.

  We will also plan resilience schemes subject to evaluation of schemes from 2014/15 utilising confirmed national funding of £0.966million, with a further £0.6million potentially sourced locally from CCGs reinvesting part of the Trust's 1.6% efficiency deflator.

  It is not confirmed whether additional funding will be required or available for us to support delivery of the eight high impact areas that have been identified nationally.

Commissioners recognise this year as being transitional, to enable us to further evidence our ability to support them in reducing avoidable admissions and commit to payment reforms from 2016/17.

Our plans for 2015/16

Our transformational programmes are key to long term success and must continue at pace, however to ensure service provision is optimised throughout 2015/16, focus will be maintained on our corporate objectives, our quality strategy and our quality report priorities.

Corporate objectives

- To have an effective workforce plan that includes the development of skill mix, clinical enhancement and career progression, and one that achieves full establishment levels by September 2016.
- To deliver a programme of cultural change that generates an improvement in staff morale, engagement, evidenced through an improved FFT score, staff survey results and the cultural barometer by March 2016.
- Achieve successful CQC accreditation at good or above through the delivery of our Quality Strategy by March 2016, ensuring we deliver safe, effective care and a positive patient experience
- To develop a comprehensive evidence base for a single operational model through the Integrated Care and Transport pilot that would support full roll out of the model from April 2016.
- To have an effective and responsive Information Technology infrastructure by March 2016 that provides quick access to business intelligence to drive performance improvement activity.
- To improve the level of core income to ensure a sustainable future for NEAS with an established funding structure that incentivises the reduction of hospital conveyances to operate from 1 April 2016.
- To achieve recurrent cost improvement targets through the transformation strategy, waste reduction and application of lean methodology to reduce the impact on the 2016/17 target.

Our **Quality Strategy** will retain focus on:

- Safe services
  - Medicines are managed effectively and in line with national guidance and legislation
  - Medical equipment is fit for purpose, regularly maintained and vehicles are stocked appropriately
  - Vehicles are clean and staff abide by IPC policies and procedures
  - Safeguarding policies and procedures are robust and aligned to national guidance and statutory responsibilities
  - A culture of openness and transparency evidenced through reporting, duty of candour and learning
  - Risks are managed
  - Clinical staff are appropriately trained in safe practices and the quality of training and competence and continued professional development of measured
  - Safe staffing
- Effective services
  - AQIs are above the national average
  - Clinical audit programme is place to monitor quality of care provided
  - Record keeping is of a high standard and meets national requirements
- A positive patient experience
  - Feedback is welcomed and informs the Trust's service improvement and strategic plans

Our specific draft **Quality Report Priorities** are still in consultation:

- Achievement of national targets: Category A Red 1 and 2 and Category A 19.
- Where appropriate, improve the use of alternative treatment other than conveyance to an Emergency Department. We will set out to undertake an increased proportion of Hear & Treat

and see and treat activity. See, Treat and Convey currently accounts for 62.7% of our activity. We will aim to reduce this by a further 2%.

- Improve the average hospital turnaround time at target hospitals.
- Put our staff and their welfare at the heart of patient care.
- Embed systems in the Trust to demonstrate all compliance and regulatory requirements are being met that could impact on the safety of patients and staff.
- Take a lead in transforming pre/out of hospital care for those patients with long term conditions to make sure they receive the appropriate care in the most appropriate place to meet their needs.

The quality concerns that were reported in 2013/14 by the CQC have been resolved. Focus on compliance against the fundamental standards has been actively addressed, ensuring drug audits are completed satisfactorily, there is effective management of controlled drugs, new processes have been put in place for the Disclosure and Barring Service checks and there is now timely review and close out of complaints. The governance review was completed and many changes have and continue to be made. Changes to front-line leadership were introduced from April 2015 with our new ECCMs mobilising and this will be embedded during 2015/16.

Key quality risks and our plans to address them

Limited focus on compliance with the fundamental standards as a result of operational pressures to maintain service provision	The Trust's Quality Strategy, training programmes, communications and the programme to refresh the Trust's mission, vision and values will help retain focus on the fundamental standards and the provision of a safe and effective service.
A low staff morale with ultimately impact on the quality of patient care	The Trust's organisational development programme and planned changes to support staff to remain at work and healthy at work is extensive and is also dependent on delivery of the workforce plan to minimise the pressures being placed on our people.
Unable to sustain optimal staffing levels and skill mix to deliver transformational care. Failure to recruit, attract and retain staff leading to resources being reduced further and dilution of skill-mix ultimately impacting on patient care	A national review of ambulance staffing and skill mix is underway. We have a safe staffing project group and recruitment activity is wide ranging, however the recruitment pool is limited therefore it is difficult to enhance the skill mix risk as core staffing levels continues to be supplemented with overtime and third parties. Incentive packages will be designed to attract graduates, national and international candidates.
Cost improvement requirements and operational pressure reduces our ability to invest in the front-line, placing national Emergency Care response targets at risk	The Trust has invested in the ECCM role and will continue to develop and train this pivotal group of staff. The management essentials training programme that has already commenced will continue to maintain momentum recognising efficiencies are reliant on effective management. The risk therefore becomes more financial in nature.
Unable to dampen acuity of growth in relation to the Trust's red rate, leading to pressures affecting performance of back-up transport, GP Urgent requirements and our low priority work (as emergency resource is deployed to higher priority emergency activity).	ICaT is being funded through CQUIN in 2015/16 and will go some way to mitigate poor response performance to lower acuity incidents. Priority will continue to be placed on reaching those patients in life threatening situations. We are eagerly awaiting the outcome of the national pilot to dispatch following triage as opposed to dispatch on address as there is early indication the South West pilot is proving beneficial by enabling a more appropriate resource being deployed.

Pressures throughout the system continue and reduce our resource availability which can contribute to an increase in the number and severity of serious incidents	The divert policy is soon to be agreed which will enable a more timely implementation of a divert should it be required. Support is increasing for NEAS to have oversight of the whole system through the use of a 'flightdesk' to enable proactive diversions to avoid delays to patients. It is expected contractual penalties will be applied to acutes for diverting and NEAS will be financially compensated.

We will continue to monitor key metrics to be assured on quality and to safeguard patients.

Operational requirements

Emergency care

The Trust will continue to utilise third party resources during 2015/16. The activity profiles set out in our commissioning plan are set to further increase Hear & Treat and See & Treat activity.

	2014/15 outturn*	2015/16**	Movement
Calls	484,156	486,725	+0.53%
Hear & Treat	18,102	22,008	+21.58%
See & Treat (A)	81,861	83,841	+2.42%
See, Treat & Convey (B)	301,992	294,404	-2.51%
Neonatal (C)	620	614	-0.97%
Total incidents (A+B+C)	384,473	378,859	-1.46%

*March validation
**CCG offer

The activity is proposed but is set within an agreed block contract with Commissioners. The Trust will control resource input through effective deployment of third party, use of overtime and utilisation of bank workers.

Investment is being made to improve the extension of clinical triage within the Contact Centre and will largely contribute to achieving a further 2% reduction in See, Treat and Convey activity, 4% in total since 2013/14 (or c12,000 incidents).

The Trust is not planning to make any adjustment to its front-line establishment staffing except for the roll out of the ECCMs. Strategic workforce planning is however underway to determine the future workforce for the Trust.

The Trust is planning investment in a new electronic patient care record system. The design phase will take place early during 2015/16 with investment not expected until 2016/17 and beyond.

The national Urgent & Emergency Care Review is unlikely to impact in year due to the potential funding implications i.e. further upskilling the workforce, providing mobile healthcare, but will be a key topic of service development discussion in preparation for 2016/17. Similarly, plans for implementing the recommendations from the Mental Health Crisis Concordat will need to be agreed and commissioned.

Patient Transport Services

Patient transport activity has reduced during 2014/15 following the introduction of eligibility criteria which was phased in from October. Further criteria is to be applied to hospital booked transport in 2015/16 which is expected to further impact and reduce activity. PTS is delivered through a block contract arrangement, although activity thresholds are in place. All efficiencies being obtained through eligibility are being retained to enable financial recovery, attainment of locally set quality standards and to support future investment in service changes to work towards seven day working.

The activity forecast for 2015/16 seeks to further reduce overall demand.

	2014/15 outturn*	2015/16**	Movement
Total	877,407	800,741	-8.74%

*March validation
**CCG offer

Contact Centre

An effective retention strategy is critical to the sustainability of the Contact Centre. Staff recruitment and training is costly and impacts on our ability to perform consistently. Recruitment expertise and team capacity has been enhanced for 2015/16.

The NHS 111 Futures schemes, will dominate the development work programme for our NHS 111 service during 2015/16. The schemes have attracted ring-fenced funding of £0.239million. The schemes are:

- Telehealth pilot scheme in Durham Dales, Easington and Sedgefield CCG area
- Telehealth pilot in Northumberland CCG area
- Pilot for direct GP appointment bookings

Support services

The Trust has invested approximately £0.66million in the following support services for 2015/16:

- Risk and regulatory service team to improve areas around risk and incident management, health and safety and patient experience.
- Human resources to develop more robust systems, develop a wider corporate Bank, maximise the use of the Electronic Staff System (ESR) and deliver a vision for HR to make it the strategic partner; offering robust advice and guidance and the necessary support to managers to ensure sound decisions are made.
- Recruitment team resource has been increased to manage the volume of recruitment. A new Graduate Recruitment Advisor will be recruited to ensure focus is placed on attracting graduates – short and long term.
- Training department. Additional trainers and driving instructors will be recruited to support volume recruitment in achieving delivery of the workforce plan.

Technology services

We are in the final year of a three year IM&T Strategy to equip our workforce with technologies to support their working requirements. This includes the development of Agile working and associated software, hardware and infrastructure with a focus on integration and streamlining business processes.

Our input to regional developments

Vanguard sites

Our vanguard sites in the North East could help transform how we plan, design and deliver future healthcare. The following sites are in the first wave and we are actively engaging in all of them.

Northumberland. This vanguard is an Integrated Primary and Acute Care System (PACS) model set out to help communities live long and healthy lives. It is being supported through the new specialist emergency care hospital and will extend primary care to create 'hubs' of primary care provision across the county seven days per week.

Sunderland. This is a Multispecialty Community Provider (MSP) model being led by the CCG and City Council. The vision for Better Health in Sunderland is set to transform out of hospital and in hospital care, and help to enable self-care and sustainability.

Gateshead. This is a site working to enhance health in care homes – offering older people better, joined up health, care and rehabilitation services.

Integrated Personal Commissioning (IPC)

Stockton on Tees. This is one of eight IPC sites: Organisations will work with older people with long-term conditions. Their aim is to develop a model for the management of long-term conditions for the older people. Effective promotion of self-management will be at the heart of their new care model.

Financial planning

The Trust's underlying financial position at the 2014/15 year-end is a strong cash balance of £12.526m, although this has reduced from £13.508m. The normalised deficit in 2014/15 was -£0.901m, which was an improvement on our planned position due to an end of year settlement agreed with our Commissioners.

Historically, our relative cost base has always been low in comparison to other ambulance trusts. In 2013/14, Ambulance Service reference costs ranged from 85 (NEAS being the lowest for the last eight years), with the next closest being 96, up to 111. This has a significant bearing on our cost improvement programme leading to us having the highest CIP target in the ambulance the ambulance sector based on draft plans benchmarking.

The deficit was planned for, taking account of investments being made in service provision, including the commencement of or agile working programme and the appointment of 56 Emergency Care Clinical Managers.

The end of year agreement included reinvestment of financial penalties that were incurred for failing our three national targets. There was also an accumulation of penalties incurred amounting to £0.227 million for NHS 111 performance.

These pressures are reflected in our financial plan for 2015/16.

Financial planning assumptions

Inflation

The NHS income deflator - is assumed to be -3.5%. Fixed price contracts deflator is -1.6%.

Pay inflation – a net cost of living increase of 0.90%, reflecting application of latest pay guidance that incorporates the 1% uplift for some staff. Additionally, our incremental drift of 0.46% accounts for no increments being awarded for pay bands 8a and above for this year only. Overall, pay inflation pressure in 2015/16 is therefore 1.36% in total.

Non-pay inflation – assumed at 3.59%, due to the impact of expected fuel price increases

Future tariff development

The assumptions set out in our strategy are consistent with our current work on Payment reform. These would not impact until 2016/17.

Agency spend

During 2015/16, we have planned for continued use of agency staff, in the short-term at least within the Contact Centre, with £0.342m set aside for this purpose. It is the intention to withdraw from agency use as we recruit to our establishment levels.

Cost improvement plan

The Cost Improvement Plan complements (CIP) the strategic transformation programmes of work. It is set to deliver savings of £6.855 million.

	2015/16 £'000	%
Low risk	**1,356.4**	**19.8**
Medium risk	**3,408.2**	**49.7**
High risk	**1,040.3**	**15.2**
Very high risk (unidentified)	**1,051.0**	**15.3**
Totals	**6,856.0**	**100**

In the last three years the Trust has delivered c£18.363 million savings and increased recurring revenue by £2.426 million. This has amounted to 2.9% recurring CIP and 0.7% recurring revenue generation.

The Trust's key schemes for 2015/16 include.

- ECCM Role roll out
- PTS Strategy continuation
- Emergency Care Overtime Reduction
- Vehicle Insurance
- DUCT Contract Renewal
- Closure of Scotswood House
- Contact Centre Overtime Reduction

In addition to the key schemes, there remain a number of other pay and non-pay schemes planned over the next four years to help deliver the levels of savings expected. As part of the existing schemes, the Commercial Development Team is now in place and will support the Trust's agenda by focusing on increasing income generation contributions to the CIP.

Transformational programme

The Transformation agenda for the Trust has recently been established and is expected to deliver the greatest savings to support our longer term financial sustainability. These are described in more detail below and are referred to the 'strategic initiatives' set out in the financial template supporting this Plan.

Initiative	Detail	Stage of development
1. Sickness Absence Reduction (12 months)	To decrease the current levels of sickness absence in particular for front line services. To also look at the system and processes by which we manage sickens absence from April 2016 onwards. This initiative links closely to reduced downtime and the full establishment work to achieve its aims. This will also reduce reliance on overtime. ***Likely impact: direct savings, increased productivity, reduced front line pressure***	Programme of work developed and underway. Benefits expected in 2015/16 on reduced overtime.
2. Reduced downtime (12 months)	To reduce downtime across front line services. This will include ePRF completion, handovers at hospitals and may include looking at how meal breaks are taken. Benefits will be increased efficiency reducing pressure on the overall service. ***Likely impact: direct savings, increased productivity, reduced front line pressure***	Scoping of work required is underway. Benefits likely to be 2016 onwards
3. Workforce to full	To reduce the reliance on overtime and use of agency	Programme of work developed

establishment (12 months)	staff. Links closely with other initiatives around improving efficiency and reducing pressure on front line services. ***Likely impact: direct savings, increased productivity, reduced front line pressure***	and in place. Benefits already part of CIP for 2015/16.
4. Integrated Care and Transport	Emergency Care and PTS are currently commissioned separately. An integrated transport solution could bring about operational efficiencies and increased productivity through intelligent dispatch of an appropriate resource. Front-line Paramedics to be more available to offer Enhanced CARe skills. Utilisation of more appropriate back up transport rather than commit a double crewed ambulance to transport a patient on every occasion. ***Likely impact: increased productivity and savings to health economy***	Proof of concept live with ongoing evaluation. CQUIN funding in place for 2015/16. This year will look at sustainability.
5. Demand Prioritisation Resource Optimisation (DPRO)	The work is complementary with our ICaT programme and is focussed on matching the most appropriate resource to demand, offering routine modelling to support the development of a more flexible workforce and allocation of resources. ***Likely impact: productivity and performance improvements, direct savings***	Project manager appointed. Project to move into scoping stage.
6. Agile working	Optimal estate utilisation through increased home working/alternative more cost effective base solutions. The programme is also focused on ensuring staff have all the tools to do their job regardless of their location. Part of this will also look at system integration and a reduction of the overall systems used. ***Likely impact: direct savings, increased productivity, environmental benefits***	Programme will be delivered in several stages. Some stages are already in delivery and will contribute to the next two years CIP.
7. Replacement EPRF	The national e-PRF solution ceases in July 2016. The Trust is looking at an alternative solution which will be cost effective and meet all requirements. It will also look to reduce the downtime associated with completing the e-PRF and consider the consolidation of multiple mobile devices. ***Likely impact: increased productivity and efficiency in process***	Project is in initiation phase however timescales are challenging so rapid progress is expected over the next 3-6 months.
8. Medicines Management	The Trust is progressing with an automated drugs management system. This will be for both controlled and non-controlled drugs but can also be used for other stock management. This will provide a robust audit trail to support the whole audit process. This will also enable an improved drugs ordering and management process with potential cost benefits. ***Likely impact: increased productivity and efficiency in process, direct savings***	Project is well developed and is expected to move into delivery stage within the next 6 months.
9. Ambulance Operational Models	The Trust currently operates its core services from HQ and 61 stations throughout the North East. Alternative models are in place elsewhere in the country and there are potential benefits. These need to be considered further in advance of developing a plan. ***Likely impact: direct saving, productivity benefits, reduced downtime***	Initial research. Decision on whether to progress to scoping stage will be made this year.

The Transformation programmes are all expected to be fully developed in the next 12 months with clear contributions to the cost improvement and service improvement agendas. The short term programmes already have deliveries planned into the 2015/16 CIP. Those linked to other schemes will be developed as they are defined and benefits identified.

Delivery of both tactical and transformational schemes is critical to the financial success of this plan.

As the most efficient ambulance trust in the country, without the introduction of variable efficiency targets appropriately set to account for both small and efficient trusts, the cost improvement programme will continue to be the area of greatest challenge and also risk for us.

Cash balances and capital expenditure

The Trust maintains a five year capital programme, which plans to fulfil the following requirements; i) ensure appropriate replacement of assets in line with designated asset lives, ii) enable delivery of transformation programmes through providing resources for investment in new development assets, and iii) retain contingency sums to ensure that any new statutory requirements can be fulfilled. The Trust's capital programme comprises the following types of assets; i) Vehicles and associated equipment, ii) IM&T and iii) Estates.

The Trust's Finance Committee maintains the forward plan, and monitors the expenditure that is generally committed by the Trust's Fleet, IM&T & Estates Managers respectively on behalf of the range of services within the Trust.

In 2015/16 our capital plans provide for expenditure of £9.593 million. This is approximately £1.164million above the cash financing expected to be available.

2015/16 is the second year of our Agile working programme and the roll out of clinical leadership did not commence until April 2015. As planned we will continue to draw on our cash reserves to fund these programmes of work. Based on the assumptions contained in the plan and that our plan is still to break even by 2016/17, the cash balance position is set to remain close to £9.6 million at the end of 2015/16.

Continuity of Service Risk Rating (COSRR)

Despite the deficit and reduction in cash balances across the planning period, the overall COSRR and individual liquidity and debt service cover ratings remain at a score of 4 for the life of the plan. The Trust has no long-term loans or significant long-term liabilities and the amount of cover we have against our debt in the balance sheet is significant due to the level of assets we carry.

Our debtor days start to reduce significantly and in 2015/16 we will have 8.3 days cover, however this does not significantly affect our risk rating. If our cover reduced to less than zero days our rating would reduce to 3. Our Capital Service Cover (CSC) remains at 3.59.

Service development plans

Our ambitions to adopt wide spread use of telehealth and other technologies are starting to take shape in the form of local pilots being funded though NHS 111 Futures. The appetite to undertake this work with NEAS at scale is still not evident but we now have the opportunity to deliver 'proof of concept' and generate interest. We will receive additional income of £0.239million to support our pilot activity.

Commercial training growth will progress this year with associated income targets. The Trust's recent appointments into the commercial team will ensure our 'Innovations Hub' flourishes and commercial activity starts to gather momentum in 2015/16.

Financial risks to our plan

Due to the volatility of the current environment and the major transformational programmes needing to take place across our region, our strategic plan is inherent with risk which translates into the following risks to us this operational year.

The top four key risks that would destabilise us financially are:

- The significance of our CIP value at £6.855 million
- We continue to plan for and deliver a shift in See, Treat & Convey to See & Treat activity and Commissioners do not invest in NEAS and support development of the current tariffs to support our financial sustainability from 2016/17.

- Whole system and process efficiencies are not achieved and increases in activity cannot be operationally or clinically sustained without additional resource.
- Commercial revenue streams are not secured to financially support the organisation and reinvest in areas of patient care and staff health and well-being.

A number of mitigating cost improvement schemes have been identified to mitigate against financial risk:

- Cessation of staff protection
- Increased use of stand-by to enable property disposal
- Purchase of some finance leased properties
- Reduction in corporate staffing
- Reduction in planned contingency spend.

To minimise risk our strategy is focussed on the development of our core business, making it more fit for purpose and economical and very much aligned to our Commissioners plans to reduce avoidable admissions.

Financial downside scenario

The Trust's routinely models potential downside scenarios to highlight the plan sensitivities and associated risk. Should the Trust not deliver on any of our very high risk cost improvement target and only achieve 50% of the schemes categorised as high risk and our contractual position reduces by £1.2million our financial deficit by 31 March 2015 would grow to -£4.553million. This excludes further mitigation from reducing the level of planned contingency spend identified above.