

Full Application for Strategic Business Unit (SBU) Status

GUIDANCE AND STRUCTURE

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- 2. Profile of The Strategic Business Unit**
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- 4. Market Assessment**
- 5. Service Delivery Plans**
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1 Executive Summary

- 1.1 Vision and strategy
- 1.2 Rationale for SBU status
- 1.3 Market assessment
- 1.4 Performance overview (historical & future)
- 1.5 Summary SWOT
- 1.6 Key risks and mitigation

OVERVIEW

The executive summary is a 1-2 page summary of the key elements of the business plan. It should provide the reader with a high level overview of the SBU, its vision, the market it operates within and the performance of the SBU, both historically and its future projections.

It should also explain why the Service is applying for Strategic Business Unit (SBU) status and how becoming an SBU will help the trust deliver its vision.

This section should link back to the detailed sections later in the business plan.

REQUIRED ELEMENTS

Vision and Strategy

- Overview of the SBU vision statement, and strategy

Rationale for SBU Status

- Why does the Service wish to become an SBU?
- How will the SBU utilise its greater freedoms?
- Culture and environment to be created.

Market Assessment - overview of local health economy, covering:

- Demographics and demand
- Competitive factors e.g. impact of private providers, IS and NHS competitors; and
- Impact of choice

Performance Overview – summary table covering historical and projected:

- Financial performance
- Non financial performance (e.g. standards and targets)

SWOT Analysis

- Summary swot analysis (see below)

Key Risks

- The financial impact on the SBU and Trust
- Any mitigating actions proposed and
- Assessment of likelihood for each risk

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2 Profile of your SBU

2.1 Overview

2.2 Range of services

2.3 Activity

2.4 Asset baseline

2.5 Finance summary

2.6 Performance summary

2.7 Summary of key relationships

OVERVIEW

This section will cover the basic details of what the SBU is, and the type of services it provides to the local population.

It should inform the reader of how these service are provided, with an overview of the key achievements in recent years

REQUIRED ELEMENTS

Overview should contain:

- The basic details of the SBU e.g. constituent service lines, management structure, staff numbers and facilities available (i.e. wards, beds, theatres, labs etc)

Range of services and activity summary table detailing:

- Range and size of activity by service line

Finance summary table providing:

- High level financial information (i.e. historic expenditure budgets and asset base etc)

Performance summary describing

- Historic performance against key national and local healthcare targets

Key relationships

- Information on main current contract lines relevant to SBU service lines as well as material non-PCT contracts and interactions (i.e. social services etc)

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3 Strategy

3.1 SBU Vision or Mission Statement

3.2 Strategy

3.3 Rationale for SBU status

3.4 Summary of outcome of stakeholder analysis

OVERVIEW

This section should provide the reader with an understanding of the SBU's plans for the future and how they intend to realise them.

For each element of the strategy, please provide rationale behind it, details of likely timeframes for realization and an indication of how success will be measured.

REQUIRED ELEMENTS

Vision – SBU vision statement

Strategy

- Rationale and the timeline of each strategic objective
- With a clear understanding of how success will be measured.
- Major risks to achievement of strategy

Rationale for SBU status

- Key reasons for application (including benefits in patient experience)
- What SBU status will mean in terms of delivering the strategy and vision of the SBU (including the cultural environment that will be created within the SBU).
- How the SBU will utilise the potential freedoms given under SBU status
- How the Units staff will be involved

Stakeholder Analysis:

Should include details of:

- Any stakeholder analysis performed and how stakeholder relations are currently managed.

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4 Market Assessment

- 4.1 Description of local health economy (LHE)
- 4.2 Illustrative map of LHE
- 4.3 Key factors driving demand (e.g. demographics, population trends, and clinical trends)
- 4.4 Objectives of LHE / Commissioners
- 4.5 Contribution of applicant's strategy to the LHE
- 4.6 Major changes in external environment/competition
- 4.7 Summary PEST analysis
- 4.8 Competitive factors i.e. impact of patient choice, other providers etc
- 4.9 How the SBU will address these factors
- 4.10 Summary of how the SBU performs against competitors

OVERVIEW

The Market Assessment section should cover high level analysis of the current health economy including details of clinical networks and other appropriate SHA based commissioning.

It should incorporate information regarding competitors (including patient choice statistics if available). Practice based commissioning analysis can also be incorporated into this element of the business plan.

REQUIRED ELEMENTS

Local Health Economy – provide details of:

- Assumption on future demand growth
- Any external factors impacting upon the current levels of demand within the local health economy.
- Include factors such as demographics, aging analysis, population migration statistics and clinical trends which provide a useful context in which to view the local health economy plans

Objectives of LHE – describe how:

- The SBU's strategy will contribute to the overall objectives of the Trust & LHE.
- The SBU's activity assumptions are consistent with Trust & LHE objectives.

PEST – provide:

- Summary PEST analysis

Competitive Factors: provide details of:

- Patient choice statistics to date and an overview of how patient choice is factored into the overall plans for the SBU. It is important to link choice into the implementation of Practice Based Commissioning (PBC).
- Impact of same services provided by other Trusts (including independent sector) in the LHE

SBU performance:

- Provide any benchmark data which is used by the SBU to compares its relative performance with competitors, e.g. waiting times, ALOS, capacity, readmission Rates, etc

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5 Service Development Plans

5.1 Internal capability assessment/SWOT Analysis

5.2 Commentary on SWOT analysis

- Building on strengths
- Addressing weaknesses
- Exploiting opportunities

5.3 Summary of future initiatives

5.4 Summary of activity projections

5.5 Resource implication of activity plans

OVERVIEW

This section of the business plan is intended to cover any service development plans the Trust anticipates impacting upon its "business as usual" over the next 5 years. A service development plan may cover:

- a) Significantly altering the level of activity undertaken by the SBU (& Trust)
- b) Significantly altering the type of activity undertaken by the SBU (& Trust)
- c) Significantly altering the patient pathway by modernising existing facilities, undertaking extensive refurbishment, relocating services
- d) Significantly altering any non clinical capability of the SBU i.e. increasing the Education / Training facilities, building a Pharmacy Manufacturing Unit, providing GP services.

For **each** heading opposite, please provide details of each service development planned by the SBU.

REQUIRED ELEMENTS

SWOT Analysis: should cover the detailed SWOT analysis and how SDP links to the outcomes of the SWOT

Summary of future initiatives: For each SDP, provide:

- A high level analysis of the strategic drivers behind the plan i.e. to deliver cost improvements, to increase the level of service quality, to improve staff morale, to enhance patient choice opportunities, fit with LHE objectives, to improve patient safety etc.
- A high level cost / benefits analysis, indicating likely capital investment required, the duration of the SDP and the likely benefits to be derived.
- Quantitative benefits of the SDP, as well as the qualitative benefits.
- Details of stakeholder analysis if relevant to the success of the SDP

Activity projections: For each SDP, provide:

- Information on the impact upon existing activity levels
- The type of activity likely to be affected.
- Impact on achieving SBU specific healthcare targets.
- Best, base and worse case scenarios for all overall activity

Resource implications: For each SDP

- How capital investment required will be funded
- describe impact on staff resources and actions to be taken to ensure delivery.

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6 Financial plans

6.1 Historical performance analysis

6.2 Income and expenditure

6.2.1 Current year forecast financial performance against budget

6.2.2 3 year projections (to reflect SDP)

OVERVIEW

This section will detail the financial plans for the SBU in the next 3 years. It should provide the reader with a clear understanding of the key assumptions behind the plans and the likely trajectory of the SBU's income & expenditure.

Key items for inclusion will be the assumptions behind the Service Development Plans and the cost improvement plans (if applicable).

REQUIRED ELEMENTS

Historical performance Analysis (prior 2 years – 05/06 & 06/07):

- Performance against budget (see Annex 1 for example)
- Provide a historical bridge chart (see Annex 2 for example)
- Summary on trends and explanations behind material/unusual movements
- Detailed CIP analysis for historic achievement (see Annex 3 for example) split between recurring and non-recurring

Income & Expenditure

Current year performance (07/08)

- Current year summary budget and forecast actual with commentary on the key issues
- Bridge chart with commentary (from financial model – Annex 2 for example)
- Provide detail on all CIP's (include full details of each plan, the prior year budget, risk assessment of achievement and details of how success will be measured (see Annex 4))

3 year projections (08/09 to 10/11)

- 3 year summary I&E with commentary on the key assumptions and trends for the main line items
- 3 year projected bridge chart with commentary (from financial model – Annex 2 for example)
- Provide detail on the first year's CIP. This should include full details of each plan, the prior year budget, risk assessment of achievement and details of how success will be measured (see Annex 4)
- Ensure that the impact of any Service Delivery Plan's (including best and worse case scenarios) are correctly reflected in the financial projections
- If applicable provide details on capital expenditure plans

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7 Risks

7.1 Summary of key business risks

- Strategic
- Operational
- Finance
- IT
- HR

7.2 Commentary on mitigation

7.3 Sensitivity analysis

OVERVIEW

This section should cover the high level risk analysis performed by the SBU. It covers both financial and non financial risks.

High level information should be provided on the existing risk management structure & systems and the key personnel involved in the risk management within the Trust for the SBU.

REQUIRED ELEMENTS

Risks: Summary of:

- Key risks impacting the trusts plans – including assessment of likelihood
- Mitigating actions to address the risks
- Details of financial and non financial impact

Sensitivity analysis: include:

- A table of assumptions underpinning the base case (most likely case) e.g.
 - Volumes (e.g. inpatient, day case, outpatient etc)
 - Capacity (e.g. bed days available, theatre sessions available etc)
 - Efficiency/productivity (e.g. staff/patient ratios, throughput etc)
 - Tariffs
 - Unit costs (e.g. salaries by staff type, drugs costs, consumables costs)
 - Inflation (e.g. tariff uplifts, wage inflation, drug costs inflation etc)
- A scenario analysis which describes the best and worst outcomes for each of these assumptions. The sensitivity analysis should assess the financial impact in I & E and cash terms of each case on the base case financials.
- Include the impact of controllable mitigating items in the worst case assessment. Further guidance on sensitivity analysis is provided in the business plan sourcebook.
- Conclusion on the financial position in the projected period after a reasonable set of downside risks.
- Conclusion on financial position under a reasonable set downside risks

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8 Leadership & Workforce

8.1 Management arrangements

8.2 Workforce KPI's

8.3 Agency and recruitment arrangements

8.4 Recruitment hotspots and actions to address

8.5 Workforce and Organisational development

OVERVIEW

This section is intended to cover an overview of the leadership, the management structure of the SBU and its staff.

It should provide the reader with a high level understanding of how the SBU operates and its attitude towards its workforce

REQUIRED ELEMENTS

Management arrangements:

- An overview of the management structure (including how the GM / CD partnership works) and how this structure ensures key competences are met

Workforce KPI's – include historic details of:

- Staff numbers
- Turnover
- Sickness
- Absence
- Bank & agency usage

(Benchmarking data may be added if applicable)

Recruitment hot-spots:

- Provide an overview of how these issues impact the SBU

Workforce and Organisational development:

- 3 year workforce plan
- Evidence of how staff engagement and involvement has been achieved and will continue to be effectively developed going forward.
- Indication of how talent will be developed and retained within the SBU.
- Indication of how the pay modernisation tools of Agenda for Change and the Consultants Contract will most effectively be used.

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9 Governance arrangements

9.1 How stakeholder interests will be represented

9.2 Corporate governance & management

9.3 Risk management

9.4 Performance management reporting framework

9.5. Decision Rights and Financial controls

9.6 Compliance Framework

OVERVIEW

This section of the business plan is intended to cover how the applicant SBU currently ensures it is sufficiently well governed.

Governance can be defined as the process whereby organisations make strategic decisions, determine who is involved and ensure accountability is maintained.

This will encompass formal mechanisms such as the risk management strategy of the SBU, and informal means.

REQUIRED ELEMENTS

Stakeholder interests

- Summary of stakeholders and their interests
- How the stakeholders will be utilised within the SBU for the development of future service delivery.
- How the SBU will enable empowerment within a framework of accountability and managed risk.

Corporate Governance and management

- Complete the Governance Checklist (if relevant to SBU)

Risk management:

- A summary of how risks are managed throughout the SBU
- Comment on RPST and CNST achievement (where appropriate)

Performance Management

- include details of balanced scorecard and how systems will be utilised to facilitate its completion and reporting to the Trust's Performance Committee

Decision Rights

- demonstrate how financial control will be maintained within Trust's revised Scheme of Delegation

Compliance Framework

- provide details of how the SBU will ensure compliance with the Trust's monitoring regime