NORTHUMBERLAND TYNE AND WEAR NHS FOUNDATION TRUST

BOARD OF DIRECTORS

Meeting Date: 23 September 2015

Title and Author of Paper: Strategy Development Update
James Duncan, Executive Director of
Finance/Deputy Chief Executive

Paper for Debate, Decision or Information: For Information.

Key Points to Note:

This paper comprises of three parts. Firstly it provides a brief summary of the outputs of the Board Development away day in July. This session involved members of the Board and Group Triumvirates, considering a range of strategic issues, which will form the groundwork for strategic development work over the coming six months. Also attached is the timetable for strategy development outlining, the timescales, roles and responsibilities for the development of the next iteration of the Trust strategic plan. Finally attached is the draft terms of reference for the Trust Strategy Committee, which the Board are asked to approve.

Outcome required: Parts 1 and 2 for information. Part 3 for approval.

Part 1:

Summary of the Board of Directors and Group Triumvirate Development Session dated Thursday 30 July 2015

Overview

The first part of the session involved the Board only and considered the following issues:

- What does a successful Board look like?
- Consideration of social, technological, partnering and ethical issues
- What is devolution and what is it not?

The second part of the session started with an overview of delivery against the existing five year strategic plan. The Trust's original Integrated Business Plan as a Foundation Trust ran from 2009 to 2014, and has since been subject to regular update, the last version being approved in 2014. The review showed substantial delivery against all key elements identified in the strategy, which has enabled the Trust to establish itself as one of the leading mental health and disability trusts in the country, with a reputation for delivery and innovation. The meeting then went on to discuss the current position of the Trust and its constituent groups from the perspective of quality, delivery and financial sustainability, before considering the external environment and the strategic context for considering the development of our services over the medium to long term.

The group then considered a number of questions:

- What is the NTW Offer?
- What is the strategic context?
- What are our strategic priorities?

And finally the groups presented their emerging strategic priorities to the Board for discussion ad engagement. This paper presents a summary of the key outputs from the discussion.

Board Only session

What does successful Board look like?

The extensive discussion looked at how we perform as a Board and how we demonstrate success. In terms of how we perform as a Board the key elements of success were seen as: ensuring that there are no surprises; encouraging and developing an open, transparent and challenging discussion; valuing each other and our contribution: recognising the difference and the value of the Executive and Non-Executive role, but most importantly harnessing them together. On the subject of demonstrating the effectiveness of the Board the discussion focussed on developing a strategy which is clear and owned by the organisation, being seen as a system leader and a partner of choice, ensuring a balanced approach and putting in place effective measures for assessing and managing risk, including an assertive approach to positive risk.

Steeple Exercise

The Board considered the social, technological, partnering and ethical issues facing the Trust and its wider environment.

Social

The Board considered the impact of demographic changes, particularly the aging population, potential for changes in immigration, but also considered the growing inequality gap, and the impact of government policy on the local population. In the political sphere issues discussed included the devolution agenda and its potential impact on health and social care and the agenda for greater integration of services. Changes in rewards and pensions and the perception of public services were discussed as presenting a risk to recruitment retention and development of staff. Other areas discussed included the growing demand for choice, growing expectations on services, the impact of social media on reputation management, and the austerity agenda.

Technological

Issues raised included digital empowerment and enabling, control of technology versus adapting to change, opportunities arising from technological change, particularly in increasing the availability of clinical time, increasing accessibility of information, and using technology to break down organisational barriers.

Partnering

This discussion focussed on the integration agenda, developing system leadership, partnering for joint outcomes against partnership to further organisational aims, recognising the limits of partnering, the risks of immature partnerships, managing the sharing of information and balancing risk more effectively and partnering in its widest sense with users, carers and the sider community.

Ethical

The Board discussed managing needs versus time of limited resources, promoting the needs of the disadvantaged, particularly those living with lifelong conditions, the Board as an ethical campaigner for mental health rights, supporting staff through challenging times, the Trust's social responsibility, including in such issues as climate change, managing the challenges of personal freedom versus safety, and treatment versus care, and recognising our dual responsibility for promoting individual and public health.

Devolution

The discussion centred on what devolution is and what it is not. The table below summarises the output:

Devolution is	Devolution is not
Putting decision making close to service users	Command and control
Empowering clinical leaders	Blame
Removing central control	Passing the buck
Clear accountability, from top to the front line	Decentralisation

Bending the rules	Breaking the rules
Clear on purpose	Accepting declining standards
Working in a framework	Free for all
Support and coaching	Directing
Managing when things go wrong first time	Micromanagement through policy
Accepting difference within a framework	Standardisation at all costs
Clarity on outcomes and objectives	Target setting
Flexible deployment	Rigidity

Board plus Group session

<u>Implication of the strategic context</u>

Wide ranging discussions took place on the challenging, fast moving and changing environment for the Trust. In the local context issues discussed included: the organisational span over multiple local authorities in the context of a locally focussed integration agenda; the threat of new organisational models and the opportunities to subvert this to look at new organisational models as an opportunity to increase the profile and representation of the people we serve; opportunities and challenges arising from new contracting models including prime provider, joint ventures, alliancing; ensuring sustainability of strategy, taking positive risks to deliver, balancing long term success versus short term expediency; supporting the sustainability of the wider system in the interest of the local population; opportunities to exploit new organisational forms to support geographical growth; relationships are critical; commercial acumen and thinking as a business in the interests of patients.

<u>NTW offer</u>

Again this signalled the opportunity for a very lively debate. A very wide range of thoughts were discussed and collected and will be collated, revisited and refined through the strategy development process.

Themes discussed were:

- NTW as an expert provider meeting complex mental health and disability needs. This represents a unique offer creating by ability to recruit and retain range of specialist expertise, providing professional support, in depth specialist knowledge.
- Opportunities for broadening offer to meet other needs in the local population. Underpinning philosophy and methodology applicable to long term physical conditions, and aligned with long term care management. Potential close affinity with GPs and social care.
- Opportunities for geographical expansion. Exploring new organisational models, chains or groups, partnering, franchising. Developing best practice model for replication in other geographies. Include troubled organisation but challenge of improving services against potential organisational drain.
- Opportunities for commercial expansion-offer to local, regional and national companies, development and sale of information solutions, development of NTW plus.

<u>Speed dating-Emerging group strategies</u>

Discussion groups were held with each of the groups exploring emerging priorities and strategic goals. Comments and discussion have been captured and will inform the next stage of strategic development.

Next Steps

A timetable has been drafted for the development of the next iteration of the Trust strategy. This will be informed by the discussions and themes that were developed on the day. Within the timetable opportunities have been created for further Board discussions within development sessions, and the newly formed strategy committee will also provide oversight on the process.

Part 2:

Integrated Business Plan 2016-2020-
The Proposed Approach

1. Background

The Trust's latest Integrated Business Plan (IBP) was approved in September 2012 and was designed to support the ongoing development of the Trust since the achievement of Foundation Trust status in December 2009. A subsequent Strategic Plan 2014-19 was developed and submitted to Monitor in June 2014.

The Trust is however now approaching the conclusion of its existing strategy and the Board has agreed that it is timely to develop, in the context of the emerging NHS, social care and financial environment a new IBP for the 5 year period 2016-2021.

At a Board Development Session in July 2015 the Board reviewed:

- The Trust's current Strategy and its delivery to date;
- The Trust's current position;
- The Strategic Context;
- Emerging Strategic Priorities;
- A broad plan for developing the 5 Year Strategy going forward.

This paper builds upon the broad plan described for developing the 5 Year Strategy going forward and provides an outline of the proposed approach to be adopted in the development of the new Integrated Business Plan 2016-2021, leading up to approval by the Board in May 2016.

2. Monitor's Tool Kit to support Strategy Development

Monitor has highlighted that:

- A clear well thought out strategy will help achieve the vision, principles and values of the NHS by sustaining safe, effective patient care;
- A sound strategic plan will help protect the clinical, financial and operational sustainability of the services that Foundation Trusts, local health economies and the wider NHS provide for their populations.

Through strategic planning, Board members can shape patient care into the future. The role of the Board includes articulating ambitions, gauging possibilities and assessing risks.

Developing strategy involves close consultation with clinical colleagues and staff across the organisation, as well as commissioners and other partners in the local health economy. It means seeking patients' views and listening to their aspirations for services.

A recent study identified the differences between successful and failing strategies across all business sectors. Successful strategies are built upon common principles and broken down into stages.

To support successful strategy formulation in Foundation Trusts Monitor has developed a seven stage strategy development framework that forms a Strategy Development Toolkit (August 2015).

The seven stages are:
- **Frame-**establishes the scope of the strategy development process by identifying the important strategic choices and decisions to be made and the criteria for making them.

- **Diagnose-**assesses the FT's current performance in detail and provides insights into what lies behind it. Performance is compared to national and local standards, peers and "best in class providers". All aspects of performance are included, quality, operational, financial and workforce.

- **Forecast-**creates a clear view of what the future might look like. Projecting what will happen if current trends continue e.g. forecasting demand for services based on future needs and expectations as well as commissioner and provider plans; forecasting the corresponding income; and forecasting costs based on predicted activity levels, inflation and other factors.

- **Generate Options-**explore alternative ideas about what services the FT could provide and how it could provide them to best meet patients' needs. This can include what services might the Trust begin to provide or stop providing?
How can the Trust radically improve care quality or productivity? What technology advances could be adopted? How can the Trust collaborate with others?

- **Prioritise-**choosing which strategic initiatives to pursue and building them into a coherent strategy. These initiatives should create a strategy that combines quality care for patients with financial viability, resulting in sustainable clinical services.

- **Deliver-**creating and publicising the implementation plan, as well as allocating resources to achieve the strategy. This involves setting out the activities, milestones, measurements, key performance indicators, being clear about who will deliver what by when. At this stage any gaps in resources or systems are identified and the actions to be taken to fill them.

- **Evolve-**monitoring delivery to ensure the strategy is effective. This involves re-evaluating the strategy regularly or when unexpected changes occur, to recommit to the existing direction, refresh or recreate if necessary.

Appendix 1 shows a diagrammatic view of the seven stages.

The use of the Tool Kit is not prescriptive guidance but is intended to provide useful direction and inspiration, giving ideas on for each stage.

3. The Integrated Business Plan 2016-2021-The Proposed Approach

In progressing the development of the IBP 2016-2021 the Trust will have regard to key features in Monitor's Strategy Development Toolkit (August 2015) building upon existing work, intelligence and processes.

The Board Development Session in July 2015 served to set the scene in terms of the Trust's current position, the strategic context and emerging priorities and the Plan shown in

Appendix 2 outlines the key tasks and timeframes for progressing the development of the IBP leading up to approval by the Board in May 2016.

The Strategy Committee will support the Board in the development of the IBP by acting as a sounding Board, debating and challenging the approach, findings and draft IBP developed by the Corporate Decisions Team.
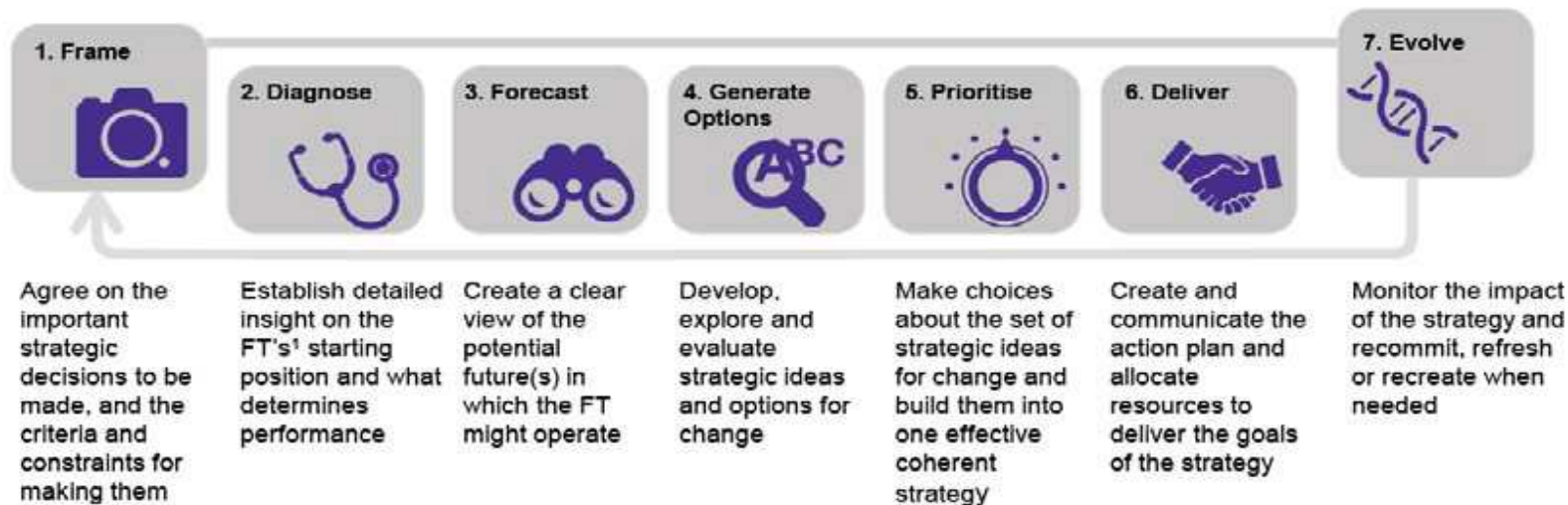

4. Recommendation

The Board is asked to note the proposed approach to the Trust's new Integrated Business Plan 2016-2021.

James Duncan
Executive Director of Finance/
Deputy Chief Executive
September 2015

The seven-stage framework of strategy development for foundation trusts

Contact us via email | strategydevelopment@monitor.gov.uk   Page 3

The seven-stage framework of strategy development for foundation trusts

The seven stages of strategy development are introduced in more detail below

1. Frame	2. Diagnose	3. Forecast	4. Generate Options	5. Prioritise	6. Deliver	7. Evolve
Agree on the important strategic decisions to be made, and the criteria and constraints for making them	Establish detailed insight on the FT's[1] starting position and what determines performance	Create a clear view of the potential future(s) in which the FT might operate	Develop, explore and evaluate strategic ideas and options for change	Make choices about the set of strategic ideas for change and build them into one effective coherent strategy	Create and communicate the action plan and allocate resources to deliver the goals of the strategy	Monitor the impact of the strategy and recommit, refresh or recreate when needed
What questions do you need to answer?	What determines your performance?	What futures do you need to plan for?	Where and how could the FT change?	What is the best strategy for your FT?	How can you support making your strategy a reality?	How can your FT learn and adapt when the world changes?

1 Here and throughout the Executive Summary, foundation trusts are referred to as FTs

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| The seven-stage framework of strategy development for foundation trusts | What is strategy and why is it important? | How to use this toolkit | The complete contents of the strategy development toolkit |

| Executive Summary | How to Get This Done | 1 | Frame | 2 | Diagnose | 3 | Forecast | Generate 4 | Options | 5 | Prioritise | 6 | Deliver | 7 | Evolve | Testing the Strategy |

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INTEGRATED BUSINESS PLAN 2016-2021
TIMETABLE

Month	Task	Lead	Output	Stage
October 2015	Corporate Decisions Team Briefing	Deputy Chief Executive	Agreement on important strategic decisions to be made and components of IBP. Framework/process agreed for development of Group and supporting strategies.	FRAME
October 2015	Board Development Session	Chief Executive/Deputy Chief Executive	Review/agree Strategic Objectives. Agree strategic decisions to be made, criteria and constraints. Review/agree strategic options, given models being tested in localities, and agree work to be taken forward.	FRAME
October 2015	Establish detailed insight on the FTs starting position including performance, benchmarking data and market position.	Corporate Services Teams	Existing performance compared to others collated and shared with Groups.	DIAGNOSE
October 2015	Assess forecast demand for services based on future needs and commissioner strategies.	Corporate Services Teams/Groups	Understanding of forecast demand for services based on future needs and commissioners strategies collated and shared with Groups.	FORECAST

October 2015-November 2015	Work on Group strategies including engagement with staff, service users and stakeholders.	Director of Nursing and Operations/Group Triumvirates/Corporate Services Teams	Identification of emerging strategies for each Group.	GENERATE OPTIONS
End November 2015	Presentation of emerging strategies to the Board Strategy Group.	Director of Nursing and Operations/Group Triumvirates	Debate and challenge the Groups findings and emerging strategies. Test against core strategic objectives and review.	GENERATE OPTIONS
December 2015	Further refinement of Group strategies	Group Triumvirates	Refinement of Group strategies.	GENERATE OPTIONS
January 2016	Board Development Session	Deputy Chief Executive/Director of Nursing and Operations	Review of Group strategies and recommended priorities.	PRIORITISE
January 2016	Draft Group and main components of IBP	Corporate Services Team	Draft Group strategies Draft IBP (Trust-wide Strategy).	PRIORITISE
January-February 2016	Work on supporting strategies	Executive Directors	Draft supporting strategies.	PRIORITISE
February 2016	Presentation to Council of Governors on proposed Trust-wide Strategy	Chief Executive/Deputy Chief Executive	Review and challenge by Council of Governors.	PRIORITISE
February 2016	Presentation of Group strategies to Strategy Committee. Sign off by Board.	Director of Nursing and Operations		

February 2016	Communication of proposed Trust-wide Strategy to staff.	Chief Executive	Review and challenge by staff.	PRIORITISE
February 2016	Communication of proposed Trust-wide Strategy to stakeholders.	Chief Executive	Review and challenge by stakeholders.	PRIORITISE
March 2016	Presentation of final draft IBP and supporting strategies including delivery plan to the Board (Development session).	Chief Executive/Deputy Chief Executive/Director of Nursing and Operations	Debate and challenge the IBP/Trust-wide Strategy and supporting strategies, including delivery plan.	PRIORITISE
April 2016	Refine IBP, supporting strategies and delivery plan.	Corporate Services Team	Final IBP, supporting strategies and delivery plan.	PRIORITISE
May 2016	Board approval	Chief Executive/Deputy Chief Executive	Approval of IBP, supporting strategies and delivery plans.	APPROVAL

Part 3-Draft Terms of Reference-Strategy Committee

Purpose
The Strategy Committee will:

Support the Board, overseeing the development of the Trust's Integrated Business Plan (IBP)/Strategy by acting as a sounding board, debating and challenging the approach, findings and strategic on the draft IBP/Strategy developed by the Corporate Decisions Team;

Provide a strategic forum for environmental and horizon scanning and a review of intelligence to inform and input into the IBP/Strategy and the Trust's decision making;

Consider and provide direction to the Board on the best way for the Board to actively engage with its partners and stakeholders to maximise the Trust's influence and promote the interests of the Trust and those that need its services locally, regionally and nationally.

Oversee the implementation of the IBP/Strategy and its effectiveness including the processes through which it is reviewed and refreshed.

Membership
Chair: Trust Chair
Non Executive Director x 2
Chief Executive
Deputy Chief Executive and Director of Finance
Executive Directors x 2
Executive Director of Workforce
Group Triumvirate Director Representation (3)
Director of Estates & Facilities
Director of Informatics

In attendance:
Corporate Planning Governance and Assurance Manager

Quorum
2 Non Executive Director
2 Exec Director

Deputies
Deputy Chair by prior agreement with the Trust Chairman

Key Outputs

- Quarterly report to the Board on its activities regarding its consideration of the intelligence and the strategic environment making recommendations to the Board on strategic priorities and initiatives
- Review of delivery of the agreed IBP/Strategy and strategic implications
- Providing assurance on process regarding development of the IBP/ and associated supporting strategies
- Recommend strategy for Board engagement with strategic partners, politicians, regulators, national leaders to raise the profile of the Trust, influence the local, regional and national agenda, and forward the interests of the Trust and those who use our services

Time, Frequency & Duration

- Quarterly, 3rd Friday of the month following quarter end.

Support Arrangements

Venue: Board Room
Secretary: Corporate Planning Governance and Assurance Manager
Minutes: Draft by one week after meeting

Linkages to other meetings & groups
- Trust Board (verbal report to Board)
- Sub-committees
- CDT
- Operational Groups

Governance, rules and behaviours
- Papers should not be tabled at the meeting, all agenda items to be agreed by Chair two weeks before meeting.
- Papers to be kept to a minimum to enable focus on strategic discussion - where papers presented they should be concise with the purpose clearly articulated
- All members are expected to attend – absenteeism is an exception
- Meetings will start and end on time
- Papers to be presented should be concise with the purpose clearly articulated.
- Authority to cancel meeting: Chair

Standing Agenda

1. Apologies for absence
2. Minutes of the previous meeting
3. Matters arising not included on the agenda
4. Chair's business
5. Review of external environment-current and potential developments
   - o National Developments in NHS and Social Care
   - o Political
   - o Partnerships
   - o Regulatory and Legal
   - o Commercial/Market Intelligence
6. Strategic Impact from current performance
7. Strategic Response
8. Assurance and Delivery
9. Recommendations to Board
10. Date and time of next meeting

Key Responsibilities:

The Committee will

- assess developments in the external environment and intelligence in which the Trust operates, the opportunities and threats they present, and their implications for the Trust on behalf of the Board.
- Consider the strategic implications arising from internal performance of the Trust and its inherent and emergent strengths and weaknesses
- Consider emerging and potential scenarios in the external environment on behalf of the Board-horizon scanning
- Review the effectiveness of delivery of the current IBP/Strategy and its supporting strategies
- Provide assurance on the process for developing updating and maintaining the Trust IBP/Strategy
- Act as a sounding board on behalf of the Board for testing strategic concepts ideas, proposals and commercial opportunities
- Recommend an Engagement Strategy for the Board to enable the Board to maximise influence and promote the interests of the Trust and those that need its services including on the development of local, regional and national policy and direction
- Recommend policy and strategic initiatives to the Board
- Produce a quarterly report to the board on its activities

Sub-groups

The Committee will be responsible for reviewing and authorising both standing and time limited sub-groups and their agendas.

Monitoring

The Committee will review its performance annually against its Terms of Reference.
Date reviewed by the Strategy Committee: October 2015.
Date approved by Trust Board: September 2015
Annual assessment against Terms of Reference: February 2015
The Committee may meet using a conference telephone call if required.