

**NORTHUMBERLAND, TYNE AND WEAR NHS FOUNDATION TRUST**

**BOARD OF DIRECTORS MEETING**

**Meeting Date:** 27 April 2016

**Title and Author of Paper:** Operational Plan 2016/17

James Duncan, Executive Director of Finance/Deputy Chief Executive :Lisa Quinn,  
Executive Director of Commissioning and Quality Assurance

**Paper for Debate, Decision or Information:** Information

**Key Points to Note:**

- The Board approved the final Operational Plan 2016/17 in March 2016, subject to delegated authority being given to the Chief Executive and Deputy Chief Executive to approve any final adjustments required to the Plan, leading up to submission of the Operational Plan 2016/17 to Monitor.
- The Trust subsequently received some minor comments from Monitor regarding the draft Plan narrative submitted in February ie for reference to timing risks regarding the outcome of Deciding Together to be included and a little more detail on the LD Transformation Programme.
- The final Operational Plan 2016/17 has now been submitted to Monitor and a copy of the final Plan is attached. The final Plan reflects the proposed 2016/17 Budget & Financial Plans and agreed contracts. Membership numbers as at the 31<sup>st</sup> March 2016 have also been added.
- The Board is asked to note the final Operational Plan 2016/17.

**Outcome required:**

Board to note the submission of the Operational Plan 2016/17 to Monitor.

# Northumberland, Tyne and Wear NHS Foundation Trust

## Operational Plan 2016 / 17

April 2016

### 1 Introduction

Northumberland, Tyne and Wear NHS Foundation Trust (the Trust) was authorised as an NHS Foundation Trust on the 1st December, 2009. The Trust provides a wide range of Mental Health, Learning Disability and Neuro-rehabilitation Services to 1.4 million people in the North East of England across the six geographical areas of Northumberland, Newcastle, North Tyneside, South Tyneside, Gateshead and Sunderland. We are one of the largest mental health and disability organisations in the country with an income of circa £300 million and over 6,000 staff. We operate from over 60 sites and provide a range of Mental Health and Disability Services.

This Operational Plan (the Plan), for the period 2016 / 17, sets out how the Trust intends to continue to deliver high quality, cost effective and sustainable services for our patients over the period of the Plan. Whilst this Plan is based on the Trust's existing five year Strategic Plan 2014 - 2019 we are currently reviewing this in the light of the ever increasing challenging environment in which we now work namely the NHS shared challenge of closing the three gaps in health care: the health and wellbeing gap, the care quality gap and the funding and efficiency gap.

This one year Plan reflects:

- The NHS - Five Year Forward View (2014);
- Closing The Gap: Priorities For Essential Change in Mental Health (2014);
- The Dalton Review (2014);
- Transforming Care for People with Learning Disabilities (2015);
- Five Year Forward View Time to Deliver (2015);
- Delivering the Forward View: NHS Planning Guidance 2016/17 - 2020/21;
- The Government's mandate to NHS England 2016 / 17, where the deliverables apply to the Trust and its services.

The Trust's vision for the future, developed following consultation with our partners, staff and users and carers, is as follows:

**'We will improve the wellbeing of everyone we serve through delivering services that match the best in the world'**

Our vision is underpinned by our mission statement:

**"We will strive to provide the best care, delivered by the best people, to achieve the best outcomes".**

### 2 The Strategic Context - changes in the external environment

#### 2.1 National Policy Drivers

In view of the extensive range of services provided by the Trust a significant number of National Strategies and Policies relate to our services, the most notable National Strategies and Policies underpinning the Trust's strategic direction over the next five years include the following:

- **The NHS - Five Year Forward View (2014)**

The NHS - Five Year Forward View sets out a vision for the future of the NHS Services and articulates why change is needed, what that change might look like and how it can be achieved. It acknowledges that “one size does not fit all” and describes various models of care which could be provided in the future, defining the actions at local and national level to support delivery.

The Forward View covers areas such as disease prevention; new flexible models of service delivery tailored to local populations and needs; integration between services; and consistent leadership across the health and care system. It therefore starts the move towards a different NHS, recognising the challenges and outlining potential solutions to the big questions facing health and care services in England and defines the framework for further detailed planning about how the NHS needs to evolve over the next five years.

In terms of mental health, The Forward View recognises that physical and mental health are closely linked - people with severe and prolonged mental illness die on average 15 to 20 years earlier than other people - one of the greatest health inequalities in England. The strategy states that over the next five years the NHS must drive towards an equal response to mental and physical health and towards the two being treated together the ambition being to achieve genuine parity of esteem between physical and mental health by 2020.

- **Closing the Gap: Priorities for essential change in mental health (2014)**

The report highlights that people who use Mental Health Services, and those that care for them, continue to report gaps in provision and long waits for services. It also highlights that there is still insufficient support within communities and that there is as yet little impact on the enormous gap in physical health outcomes for those with mental health problems.

The report identifies 25 aspects of mental health care and support where government, along with health and social care leaders, academics and a range of representative organisations, expect to see tangible changes in the next few years.

- **Examining new options and opportunities for providers of NHS Care-The Dalton Review (2014)**

The Dalton Review highlighted that assuring the clinical and financial sustainability of the provider sector requires a wider range of options for both providers and regulators, and these must be embraced by leaders across the sector.

The evidence of the Review identified a number of organisational forms which have the potential for wider adoption across NHS providers: federations, joint ventures, service level chains, management contracts, integrated care organisations and multi-service chains or Foundation Groups. In the future it suggests, organisations are likely to operate more than one organisational form for their service portfolio. As a catalyst to creating new ways of delivering care that are better suited to modern health needs and more productive across Northumberland, Tyne and Wear a number of new organisational forms are in the process of development with the aim of developing and implementing the new models of care outlined in the Forward View (see Section 7.6).

- **Transforming Care for People with Learning Disabilities - Next Steps (2015)**

The Government and leading organisations across health and social care are committed to transforming care for people with learning disabilities and / or autism who have a mental illness or whose behaviour challenges services. The report produced by Sir Stephen Bubb outlines how to accelerate the transformation of these services including developing a clearer model for health and care services, describing outcomes and associated performance indicators.

As the provider of a comprehensive range of services for people with learning disabilities and / or autism the Trust is working with stakeholders to review and, where appropriate, reshape services (see Section 7.4).

- **Delivering the Forward View: NHS Planning Guidance 2016/17 - 2020/21**

The Spending Review included an £8.4 billion real term increase by 2020 / 21, which is front loaded. With these resources the NHS is now required to close the health and wellbeing gap, the care quality gap, and the finance and efficiency gap. Having regard to this the Government's Mandate to NHS England 2016 / 17 includes a clear list of national priorities for 2016 / 17. It is also highlighted that local NHS systems will only become sustainable if they accelerate their work on prevention and care design. Priorities for 2016 / 17 therefore include delivering on the Mandate to NHS England (see Appendix 2) and for local systems to go faster on transformation in a few priority areas, as a way of building momentum (see Section 7.6).

## **2.2 Local and National Commissioning Strategies and Plans**

The local health economy consists of eleven NHS Foundation Trusts in the North East of England. This includes eight Acute Hospital Trusts, one Ambulance Trust and two Specialist Trusts providing Mental Health and Disability Services, including this Trust. The main Commissioners for the Trust in 2016 / 17 are as follows:

- Five Clinical Commissioning Groups across Northumberland, Tyne and Wear;
- Cumbria, Northumberland, Tyne and Wear Area Team which is the local area Team of the National Commissioning Group;
- CCGs out of area plus Scottish, Welsh and Irish health bodies who commission on an individual named patient contract basis; and
- Local Authorities.

Currently 87% of the Trust's patient care income is covered under block contract arrangements and the remainder is commissioned through cost and volume and cost per case contracts for named patients. Approximately 19% of the Trust's patient care income is attributable to Specialist Services commissioned by NHS England.

The Trust expects to agree all of its main contracts for 2016 / 17, in line with national deadlines.

The Trust analyses Commissioning Intentions and their relevance to the Trust's services and plans annually and the key themes have informed this Plan. Local Commissioners continue to tender services and the Trust's Strategy is to continue to assess each opportunity on its merits and respond appropriately.

Most notably from the Trust's perspective is NHS England's intention to re-commission Personality Disorder and Medium Secure Forensic Services and review the Eating Disorder Model. The National Strategy for commissioning Specialist Services is also still emerging and given the level of the Trust's income attributable to these services the uncertainty this creates makes it difficult for the Trust to make any definitive plans going forward except to ensure that the Trust's existing services are of the highest quality and competitive.

## **2.3 Local Responses to the Dalton Review**

Across Northumberland, Tyne and Wear leaders have embraced the identification of organisational forms, as recommended by the Dalton Review, with the aim of achieving solutions to local challenges.

These include:

- Sunderland-Vanguard Model;
- South Tyneside-Pioneer and Integration Model;
- Newcastle Gateshead
  - Gateshead Care Partnership;
  - Newcastle Integrated Care partnership work and proof of concept;
- North Tyneside-Accountable Care Organisation;
- Northumberland-Vanguard (Integrated Primary and Acute Care System);

- North East Urgent and Emergency Care Vanguard.

Given that the Trust provides services across five Clinical Commissioning Groups the different approaches being adopted across the localities provides the Trust with both opportunities and challenges (see Section 7.6).

### **3 The Trust's Strategy 2014 - 2019**

In November, 2014 the Board reviewed:

- The progress made in delivering the Trust's Strategy 2014 - 2019, including individual Service Developments and performance in terms of the Finance Strategy / Financial Delivery Plan;
- The Trust's performance, including quality performance;
- The factors influencing the future direction of the Trust, including the policy direction, national strategies and financial environment together with the likely impact on the Trust's Strategy and plans going forward.

As a consequence of this review the Board reaffirmed the Trust's existing Strategy 2014 - 2019 going forward, as agreed in May, 2014, and the continued focus on three core areas:

- Completion of the Trust's existing programme of service transformation, including the implementation of new models of community care and the consolidation of in-patient and specialist services, focusing on quality of outcomes and value for money;
- Development of the integration agenda and the development of "place based services". Including promoting the benefits and opportunities from the integration of pathways across physical and mental health and social care;
- Identifying and exploiting opportunities for growth, including geographical expansion.

Whilst this one year Plan is based on the Trust's existing five year Strategic Plan 2014 - 2019 the Board are in the process of reviewing the five year Strategy going forward in the light of:

- The Trust nearing the end of its existing community and local mental health inpatient transformation programme;
- The emerging organisational forms and care models locally and the need to promote and achieve an equal response to mental and physical health and towards the two being treated together, and as a part of this;
- NHS England's future commissioning intentions for our Specialist Services and the Trust's strategic response;
- The impact of the national Transforming Care for People with Learning Disabilities Programme and the North East and Cumbria implementation plans;
- The need to support high quality sustainable services going forward in an ever increasing challenging environment.

### **4 Our Approach to Activity Planning**

The Trust works actively with its Commissioners regarding activity and capacity planning. Detailed schedules of activity exists for all services and teams, and are included within our contracts. The Trust has also agreed improvement trajectories with Commissioners and discussions are focussed on aligning activity, capacity and performance

The Trust is currently looking to move to cluster based contracts for clusters 1 - 21 covering Non-specialist Adult Services. This has been run in shadow form for two years for most of our Commissioners, with one moving to a cluster based contract in 2015 / 16. A number of workshops have been held with Commissioners to plan this process, which will also include the transition to outcomes based contracts as defined in National Guidance.

It has been agreed in principle that there will be tight controls on the contract in 2016 / 17, in terms of cap and collar arrangements, to minimise activity risk to both parties while the focus is shifted to developing an outcomes based approach. The Trust is planning to deliver all nationally required standards in 2016 / 17.

Demand for services remains relatively static, with key exceptions in Children and Young People's Tier 3 Services, and evidence of increasing demand pressures in Older People's Community based Services. In-patient demand for Non-specialist Services continues to decrease, supporting the Trust bed and ward closure programme. The issues regarding Children and Young People's Services remain under discussion with Commissioners. Risks continue to exist in Specialised Services, in terms of managing complexity of caseload and meeting national specifications for services within existing capacity and this is subject to review by the Specialist Services Care Group, and subject to ongoing review with the NHS England Commissioning Team

The Trust is engaged in winter resilience planning including active engagement in the North East Urgent and Emergency Care Vanguard.

## **5 Our Approach to Quality Planning**

### **5.1 Our Approach to Quality Improvement**

Good governance is central to any successful organisation and the Trust Board of Directors agreed and adopted an Integrated Governance Strategy in May, 2006 drawing upon the recommendations of the Integrated Governance Handbook (Department of Health 2006) which recommended the move towards integrated governance arrangements and a streamlined committee structure. Governance arrangements are reviewed periodically in line with guidance on good corporate and clinical governance, most recently the Board of Directors approved changes to the Terms of Reference for the Board and its Committees in April and October, 2015, as a part of the routine annual review process.

A number of Standing Committees of the Board of Directors support governance within the Trust. Standing Committees that report to the Board of Directors are:

- Audit Committee;
- Remuneration Committee;
- Mental Health Legislation Committee;
- Quality and Performance Committee;
- Finance Infrastructure and Business Development Committee;

These sub-committees of the Board of Directors function at a high level providing direction and monitoring and there is robust Non-Executive Director input to each sub-committee. Each Committee is also chaired by a Non-Executive Director.

The Board of Directors has also established a Strategy Working Group to support the Board in the review of the Trust's Strategy/Integrated Business Plan including assessing developments and intelligence in respect of the external environment, the opportunities and threats they present and emerging and potential scenarios.

The Trust's Executive Director of Nursing and Operations is the Trust wide lead for clinical quality assurance, governance, including safety.

The Trust undertook an independent review of its governance against the Well-Led Framework during 2015 / 16, supported by Deloitte, in line with Monitor's recommendations to all Foundation Trusts. Deloitte provided feedback to the Board at a Board Development Session in December, 2015 and the Trust received the final report, including recommendations, in January, 2016 which has been reviewed by the Board. No material governance concerns were identified. Some areas for improvement were identified and during 2016 / 17 the Trust will take forward their recommendations to strengthen our existing governance arrangements.

Northumberland, Tyne and Wear NHS Foundation Trust is registered with the Care Quality Commission and has maintained full registration, with no non-routine conditions, from 1st April, 2010. The Care Quality Commission is planning to carry out a comprehensive inspection of the Trust's services commencing on the 31<sup>st</sup> May, 2016.

The organisation's Quality Goals underpin the provision of all of the Trust's services and achievement of the Quality Goals throughout the period of service transformation is a priority.

Using feedback from complaints, compliments and serious untoward incidents the views of the Council of Governors, our patients, service users, staff and partners we identified three Trust wide Quality Goals based on safety, patient experience and clinical effectiveness.

- **Quality Goal One: Reduce incidents of harm to patients;**
- **Quality Goal Two: Improve the way we relate to patients and carers;**
- **Quality Goal Three: Ensuring the right services are in the right place at the right time for the right person;**

The Trust has engaged stakeholders in agreeing the Trust's new Quality Priorities for 2016 / 17 pertaining to each of the Quality Goals, feedback is being reviewed and the Quality Priorities for 2016 / 17 will be agreed in May 2016.

The Trust signed up to the national "Sign Up to Safety" initiative in October, 2014 and our priorities are linked to our Quality Goals and Priorities.

The Trust faces a number of risks to delivery of its Strategy. The full analysis of strategic, operational, quality, workforce and maintenance risks are included in our Board Assurance Framework. A summary of the principal risk and mitigating controls are outlined in Appendix 1.

## **5.2 Improving Access and Seven Day Services**

One of the main aims of the Trust's Transformation of Community Services Programme (Section 7.1) is to improve access to services through a Single Point of Access and improved patient pathways. With the support of Commissioners the Trust has also been able to continue to develop Psychiatric Liaison Services and Street Triage Services. The Trust is exploring models of extending access across the week with all community staff now subject to contracts which include flexible working across 8am to 8pm. More flexible ways of providing services through extended opening times and use of technology, including on-line consultations will be explored in 2016 / 17.

The Trust has also introduced an extended 7 day working Consultant initiative which is a major factor in supporting high quality care and equity. The Trust had the support of Sunderland CCG initially via System Resilience Funding to introduce a 7 day working model. This new way of working has enabled improved patient flow, reduced length of stay and increased satisfaction for patients in our care, primarily through the adoption of timely decision making and interventions. Consultants work throughout the Urgent Care Pathway having direct input into Street Triage, Section 136 work, Acute Admission Units and Psychiatric Intensive Care facilities. This model of 7 day working has been operational within Sunderland for 15 months and its success to date is such, that there are plans to extend this to other parts of the Trust.

The Government has now set NHS England objectives with an overall measurable goal for this Parliament and clear priority deliverables for 2016 / 17. The majority of these goals will be achieved in partnership with the Department of Health, NHS Improvement and other health bodies such as Public Health England, Health Education England and the Care Quality Commission.

The Trust's proposed contributions to these objectives, where they apply to the services we provide, are shown in Appendix 2, including where our plans support improved access and seven day services.

### 5.3 Quality Impact Assessment Process

The Trust's Financial Delivery Plan (cost improvement programme) is identified, as an integral part of the Trust's Annual Planning Cycle, in conjunction with the Clinical Groups and Corporate Services Directorates. The Trust's Finance Strategy, including the Financial Delivery Plan, is signed off by the Corporate Decisions Team and the Board of Directors both of which include the Medical Director and Director of Nursing and Operations.

The Trust has business planning processes in place (Revised Business Case Development process (April, 2013) **and** Revised Tender process (December, 2012). The processes include:

- The development of Business Cases led by the Clinical Groups with input from clinicians;
- The inclusion in Business Cases, including those developed in the context of the Trust's Financial Delivery Plan, of information relating to their potential impact on quality, including impact on patients, carers and staff and the risks associated with the proposed development. An Equality Impact Assessment is also carried out;
- The rigorous review of Business Cases internally by the Finance Infrastructure and Business Development Committee, including impact on quality and risks. The Committee is a Sub Committee of the Board;
- The rigorous review of Business Cases, including those developed in the context of the Trust's Financial Delivery Plan, where required, by Commissioners.

Adherence to the Trust's Business Case process was the subject of an internal audit in 2014 / 15 and the report provided significant assurance. These processes will be further strengthened in 2016 / 17 with all Financial Delivery Plan schemes assessed against the delivery of national targets, quality priorities and strategic quality goals and reviewed by the Quality Sub-Group of Corporate Decisions Team followed by formal sign off by the Executive Director of Nursing and Operations and Medical Director.

### 5.4 Triangulation of Indicators

The Trust monitors and triangulates a full suite of indicators reporting progress on the performance of the organisation through the Trust's performance and assurance processes, including the Integrated Performance and Assurance Report (including updates on the quality priorities) on a quarterly basis to the Board of Directors.

The Trust's performance and assurance systems and processes support the presentation and analysis of information at Trust, Group, Service and Team levels which enables the dissemination of performance information to the various levels of the organisation, including staff teams. Updates are also shared with the Council of Governors. To further enhance this a quality dashboard has been developed. Clinical dashboards enable clinical teams to monitor and review their performance and individual members of staff can also access their own personal dashboard which includes workforce and training information.

The Board of Directors also receives and reviews specific reports and updates on performance and assurance, clinical, quality and patient issues, strategy and partnerships, staff issues and regulatory issues. Specific reports include a quarterly patient experience report.

The Board of Directors receives and reviews minutes and papers from the Board sub Committees, the Council of Governors, Overview and Scrutiny Committees and local Safeguarding Committees.

Performance and improvements are also measured and reported upon, in conjunction with our patients, carers and partners through "real time" initiatives.

The Board of Directors reviews the quarterly reports to Monitor relating to performance and compliance, including CQC registration, and approves the submission of these reports to Monitor.



## 6 Our Approach to Workforce Planning

The Trust is in the process of further developing our approach to workforce planning with the aim of implementing the integrated approach described in this Section of the Plan during 2016 / 17.

Workforce planning is undertaken on both a Trust wide and Clinical Group / Directorate level. Within the Trust wide Workforce Plan, stakeholders from a wide range of disciplines across clinical and non clinical services represent their relevant area of work / profession. Ongoing analysis of both local and national supply and demand is carried out as well as profiling and analysis of the current workforce within the Trust. Where relevant, triangulation of local, regional and national data is also reflected within the Workforce Plan.

Trust wide and Clinical Group / Directorate Workforce Plans are discussed and agreed within the Workforce Planning, Education and Training Group; a Trust wide group comprising of Executive Directors, Service representatives and Professional Leads. The Trust wide Workforce Plan is then ratified at the Corporate Decisions Team which includes the Executive Directors. Following this process the Trust wide Workforce Plan is shared and discussed at the Trust Board.

Clinical Group / Directorate Workforce Plans are agreed through the relevant Group / Directorate governance structures and are approved by a Group / Directorate Director before being shared at the Workforce Planning, Education and Training Group. Whilst Clinical Group / Directorate Workforce Plans are specific to services / departments and may differ they follow the recommendations of the Trust wide Workforce Plan and link to the overall Strategy of the Trust. Clinical Group / Directorate Workforce Plans reflect changes to service delivery both present and future, in line with the ongoing transformation of services across the Trust, and the impact on staff groups are included.

The Trust wide Workforce Plan reflects developments within national, regional and local commissioning arrangements such as the Integrated Care Agenda and national Learning Disability Transformation Programme. Professional and Service Leads, who are stakeholders within the Trust wide Workforce Plan, ensure that latest initiatives and developments are captured. In addition, the Trust wide Workforce Plan aligns itself to the Trust's Workforce Strategy. This Strategy sits in tandem with a host of clinical strategies, including, but not exhaustive, the Nursing Strategy, AHP Strategy, Psychological Services Strategy, and Medical Strategy which set the scene for future developments across professions and reflects changes to pathways of care and delivery of services.

The Trust wide Workforce Plan takes a holistic view of the ongoing transformation of services across the Trust, identifying the impact on staff as a whole and by profession. The Trust wide Workforce Plan also highlights any necessary changes to ways of working across the Trust.

Agency usage is scrutinised at both Clinical Group / Directorate and Trust wide level and continues to be a challenge. E-rostering is utilised within inpatient areas across the Trust and level loading of leave is utilised across the Trust in the compilation of team configurations.

The use of temporary staffing is analysed within the Trust wide Workforce Plan and monitored within Clinical Group / Directorates. Recent reviews of ward based staffing and reconfigurations of community teams have enabled a review of skill mix and establishments to be undertaken and realigned where deemed necessary. There is also an alignment with Local Education and Training Board plans to ensure workforce supply needs are met.

Annual workforce submissions are compiled by the Trust and fed into the local Health Education Board and Local Education and Training Board. The Trust works closely with Health Education England to identify workforce pressures specific to the services delivered by the Trust and is a member of the Workforce Planning Group for the North East patch.

Furthermore, the Trust is well represented through a range of clinical professional leads who also work closely with Health Education England local networks, and the Local Education and Training Board to influence the number of funded education places available to future cohorts of students and trainees. In addition, the Trust Vocational Training Team have had a great deal of success in the integration of apprentices in the work place and retention rates have been positive.

The Trust wide Workforce Plan reflects safer staffing needs and takes into account those professions who are facing a supply issue within the next 5 years and beyond, thus highlighting areas of skill shortage to the Trust.

Any areas of immediate concern are reflected within Clinical Group / Directorates workforce plans and identified through the ongoing analysis of Clinical Group / Directorates risk registers. Such issues can therefore be escalated to a Trust wide level if they are unable to be resolved locally.

Furthermore, workforce metrics in relation to staffing are monitored within the Workforce Training and Development Quality and Performance sub group and areas of concern may be escalated to an Executive Director lead via the relevant governance arrangements if necessary.

The Integration Agenda is featured within the Trust wide Workforce Plan and a flexible approach to the composition of the workforce is reflected within this Plan. The Trust wide Workforce Plan will need to be reviewed going forward in light of any successful Vanguard bids and changes to service delivery. Clinical Group led Workforce Plans will feature specific initiatives known to the services and will be updated as and when these initiatives are agreed.

As outlined previously, the use of agency staffing remains a challenge within the Trust and is reviewed regularly along with the use of all temporary staffing. However, the care of service users and quality of service remains a priority to the Trust and the use of any temporary staffing will be balanced to ensure safe staffing within all clinical services.

The Trust wide Workforce Plan seeks to highlight areas of significant concern in relation to Workforce Planning and specifically in relation to supply and demand pressures across services. These issues are regularly reviewed at the Trust wide Workforce Planning, Education and Training Group and, where deemed appropriate, will feature on the relevant Risk Register for close monitoring and evaluation. Likewise, Clinical Group / Directorates risks will be managed through Group / Directorate management and governance structures and will be closely monitored in the appropriate setting. Where deemed necessary by the Groups / Directorates these issues will be escalated to the Trust wide Workforce Planning, Education and Training Group.

## **7 Our Plans for 2016 / 17**

### **7.1 Completion of our Community Transformation Programme**

Our strategy for improving services delivered to our local population across Northumberland, Tyne and Wear is focussed on the re-design of our community based services to deliver the vision set out in the Service Model Review (led by a group of clinicians) of delivering care which supports people on their journey to recovery, enabling them to gain the maximum independence and control over their own lives as possible. We are protecting resources invested in community care while changing our models of delivery to ensure that our clinical teams are able to focus on the delivery of evidence based and timely care and support. By doing this, and by improving the effectiveness of our care within an in-patient setting, we are reducing our reliance on beds, enabling us to operate from a reduced numbers of wards and sites.

The Programme is focusing on the redesign of services to meet the following needs in adults: Psychosis; Non-psychosis; Cognitive Disorders and Learning Disability. We have made significant progress on delivering these aims in Sunderland and South Tyneside and are working towards substantial completion of this element of our Strategy by 2017 with the introduction of the new improved pathways in Northumberland, North Tyneside, Newcastle and Gateshead in 2016 / 17.

Increasingly we have recognised that this Programme is critically aligned to the developing integration agenda in each of our localities. While we are seeking to complete our re-modelling of care across our Community Services, we are therefore also actively engaging with partners in

developing an integrated approach to care delivery. This Programme will ensure that as we look to improve our Community Services our approach is fully aligned with the wider integration agenda in each locality.

## **7.2 Developing New Models for In-Patient Care – “Deciding Together”**

This work is focussed on the design and implementation of the future configuration of our local Specialist Mental Health Inpatient Services based on patient need. This has formed the cornerstone of augmenting services as articulated in the Service Model Review. The Trust has made significant progress in this programme of work and the final phase will be determined by the outcome of the current “Deciding Together” public consultation process which is focusing on the potential changes to the way our specialist mental health inpatient services in Newcastle and Gateshead are arranged. The public consultation has sought views on three possible locations for adult acute assessment and treatment and rehabilitation services and two possible locations for older people’s services.

Having regard to the outcome of the public consultation we will work with the Newcastle and Gateshead Clinical Commissioning Group (CCG) on the completion of a full Case for Change document in May, 2016 and, subject to the approval of the CCG Governing Body commence planning the implementation of the agreed changes in 2016 / 17. We acknowledge in this regard that there may be some risks with regard to the timing of the implementation plans.

## **7.3 Specialist Care Services**

The Specialist Care Services Group is responsible for ensuring the Trust retains sustainable Specialist Services, as part of the overall service model, and high quality competitive services, in preparation for the tendering of any existing services by Commissioners. NHS England have indicated their intention to tender Forensic Secure Inpatient Services and Tier 4 Children and Young People’s Inpatient Services and during 2016 / 17 we will progress the strategic review of these services in preparation for the tenders.

The Trust’s new state of the art Autism Assessment and Treatment facility at Northgate Hospital will also be completed and opened.

The Group will also determine the strategy for Neuro-disability Services going forward to ensure its sustainability in the long term.

## **7.4 Transforming Care for People with Learning Disabilities Programme**

The Trust provides a comprehensive range of services for people with learning disabilities and / or autism including those with a mental illness and whose behaviour challenges services. These services include community services, inpatient assessment and treatment services for people with a learning disability, forensic services and autism services.

Transforming Care for People with Learning Disabilities – Next Steps (2015) reaffirmed the Government’s and leading organisations across health and social care commitment to transforming care for people with learning disabilities and / or autism who have a mental health condition or whose behaviour challenges services. In February, 2015 NHS England publicly committed to a programme of closing inappropriate and outmoded inpatient facilities and establishing stronger support in the community. To speed up the process and to help shape the national approach to supporting change, six “Fast Track” areas (including the North East and Cumbria) drew up plans over the summer of 2015. Together they envisage reallocating resources from inpatient services into the community in order to reduce their usage of inpatient provision by approximately 50% over the coming three years. Their plans will result in the development of a range of new community services and the closure of inpatient beds, including some assessment and treatment beds and forensic beds provided by the Trust.

The Trust is an active member of the North East and Cumbria Learning Disability Transformation Board and we will continue during 2016 / 17 to work with Commissioners on the introduction of the agreed service model which involves strengthening the community infrastructure, developing a consistently highly skilled, confident and value driven workforce in all providers together with early intervention and effective crisis support. The overall aim is to better support people in the community and help to reduce the need for hospital admission. We have agreed with Commissioners the number of Specialist Learning Disability Assessment and Treatment Inpatient

beds and Forensic Inpatient beds that are to close and will progress this work during 2016 / 17 including specific Business Cases, where required, and associated financial retraction models.

## **7.5 Corporate Services Transformation**

The Trust's Corporate Services provide direct support to clinical services and also ensure that the Trust meets the requirements of external partners and complies with the law, regulatory / compliance frameworks and performance monitoring and reporting frameworks which are applicable to us as an NHS Foundation Trust.

The Trust is committed to improving the quality of services provided by our corporate services whilst at the same time reducing the costs incurred in providing these services.

As clinical services are re-designed and reshaped so too must Corporate Services, they must work in different ways and be provided as efficiently and effectively as possible.

The Corporate Services Programme was established in 2014 with the aim of redesigning corporate services to align with the transformation of clinical services both in terms of a proportionate level of overhead and meeting the changing needs of a broad range of corporate customers. Consultation on the new model of delivery and implementation commenced in 2015 / 16 and Phase 1 was implemented. During 2016 / 17 Phase 2 is to be implemented with the Programme scheduled to contribute £1.9m to the Trust's Financial Delivery Plan during 2016 / 17.

## **7.6 The development of the integration agenda and "place based services"**

The Trust's Strategic Plan 2014 - 2019 highlighted that there is a common view across all stakeholders that the status quo is not sustainable and the development of integrated services designed around the needs of the population must replace the existing institutional based models. As outlined in Section 2.3 across Northumberland, Tyne and Wear leaders have embraced the identification of new models of care, with the aim of achieving solutions to local challenges. Overall progress across the Trust's six localities has been positive but the differing approaches and priorities have resulted in a differential impact on the Trust across the localities, to date, but overall the agreed priorities and developments are fully supported by the Trust's Strategy.

The Trust will continue to be an active partner in the discussions and decisions over 2016 / 17 as we are fully committed to developing integrated models of care which are designed around the whole needs of our local populations. We see significant benefits in aligning the approach to physical and mental health long term conditions, and in aligning delivery of support and care across health and social services. Work we will progress during 2016 / 17 will include:

- Discussions with Sunderland City Council regarding the Trust taking on a Lead Provider role, in terms of adult mental health / learning disability health and social services;
- Integrating the delivery of mental health services with the developing out of hospital care model in South Tyneside. As a part of this the Trust has already agreed the co-location of our adult mental health services with social care teams;
- Playing a part in the developing Accountable Care Organisation models in Northumberland and North Tyneside, which are planned to operate in shadow form in 2016 / 17;
- Develop the concept of an accountable care system across Newcastle and Gateshead. The Trust will continue to actively engage in the Gateshead Care Homes Vanguard and the Newcastle Integrated Care "proof of concept", which are the focus for designing new models of care, engaging staff across all providers, Commissioners, wider stakeholders and the community.

We recognise that the different models developing across the different health and social care economies that we cover require us to align our models of care delivery and organisational structure to ensure that the Trust can be an active and flexible partner. Within this integration agenda, we see that it is critical that equal focus is given to ensuring that the mental health needs of the population are met, and we will continue to advocate strongly to ensure that this is a clear part of each of the developing local models.

We also aim to ensure that Children's and Young People's Services are given equal focus and see this as a critical part of the wider agenda to support early intervention and prevention, particularly in addressing the early stages of development of long term conditions, supporting recovery and hope and enabling young people and their families to understand and manage their health and care needs more effectively. We will continue our strategy for improving care delivery across our community based services and look to work with partners to ensure sustainability of the wider care pathway. Significant strains continue to exist across each of our localities in terms of growth of demand for services and management of gaps in the care and support pathway. We will work with partners to continue to address these pressures and seek to ensure the sustainability of services for children and young people going forward.

## **7.7 Identification and exploitation of opportunities for growth**

As a part of the development of the Trust's Strategic Plan 2014 - 2019, the Trust undertook a comprehensive market assessment through which it built a picture of its position in the market place, service and policy developments and potential opportunities for growth through market penetration, service development, market development (in new geographical areas) and diversification.

The identification and exploitation of opportunities for growth is seen as an important element of the Trust's Strategy and our work going forward in 2016 / 17.

The Trust's Strategic Plan 2014 - 2019 also highlighted that innovation is at the heart of the NHS and that the Trust has a significant "knowledge base" and has developed "unique products", including new clinical service models which could be transferable and be of benefit to other organisations both within and outside the NHS. The potential to adopt a structured and commercial approach to the marketing and provision of the Trust's knowledge and products supporting innovation and generating income was therefore seen to be an area of work that should be progressed over the life of the Strategic Plan.

The Dalton Review highlighted a number of potential areas for the Trust to explore new models as a vehicle for this element of our strategy. During 2016 / 17 we will continue to explore how the Trust can develop and exploit these opportunities and will ensure that as a Trust we are credentialed to enable us to take advantage of wider opportunities for geographical expansion, where they support our underlying strategy to improve the quality and sustainability of the care that we provide

## **8 Service Development Plans 2016 / 17**

The Trust's key Service Development Plans over the year 2016 / 17 including: key milestones, risks and mitigation strategies are summarised in the Service Development Schedule in Appendix 3.

## **9 Our Approach to Financial Planning**

### **9.1 Cost Improvement Plans (CIPs)**

The Trust has a good track record of delivering efficiency savings. Historically, this was primarily from cost reduction schemes achieved by allocating targets to services but more recently the main savings have resulted from our strategic review of services and our service transformation programmes. In 2016 / 17, the Trust is planning to deliver savings from both transformation and cost reduction schemes.

#### **9.1.1 Transformational Cost Improvement Plans (CIPs)**

The Trust's plans relating to the Transformation of Services are outlined in Section 7. The implications of these from a CIP perspective are as follows:

- Community Transformation Programme – Implementation of re-designed community pathways. Whilst this involves protecting resources the aim is to double productivity,

through the introduction of standardised pathways with a Single Point of Access, an assessment clinic model, delivery of treatment packages based on NICE and other national best practice, focussed on therapeutic interventions, supporting people to recover and supporting themselves in their own communities. Full implementation of the model is expected through 2016 / 17.

- New models for inpatient care - This has involved working on reducing adult beds for the local population from 650 at April, 2014 to around 400. At 31 March 2016 the Trust has reduced the number of beds down to 534 and will reduce them further during the year.

This programme of work is being delivered through, reducing demand (supported by the redesign of community pathways), continued introduction of standardised care across wards and reductions in length of stay facilitated by more effective and integrated pathways. The Trust's level of efficiency associated with the final phase of the current programme are dependent upon the favoured option identified through the "Deciding Together" public consultation but for the purposes of this Plan £2.0m recurrent savings are assumed for 2016 / 17.

- Specialist Care Services Programme - Across our Specialist Care Services the aim is to maintain overall levels of contribution. This means that reductions in contract income imposed through the national tariff adjustment, net of any CQUIN gains, will be met through improved occupancy rates, entry into new markets, withdrawal from non-profitable service lines, where this is appropriate to the overall Trust Strategy, and productivity gains linked to overall pathway improvement, and absorption of additional demand. The plan is to deliver savings in excess of the national efficiency requirement to ensure services are financially sustainable.
- Transforming Corporate Services - A fundamental re-design of corporate services is being undertaken to align with the transformation of clinical services both in terms of a proportionate level of overhead and meeting the changing needs of a broad range of corporate customers. Phase 2 is planned to deliver £1.9m recurrent savings over 2016/17.

### 9.1.2 Other Schemes

- Agency Costs - As well as the new agency rules reducing costs, the Trust has introduced a range of initiatives to reduce nursing and medical agency spend including international recruitment. We have introduced nursing pools across our core sites at St. Nicholas Hospital, St. George's Park and Hopewood Park, and are aiming to reduce agency nursing spend significantly in 2016 / 17. We also aim to reduce medical agency spend through international recruitment, use of floating locums and the introduction of alternative measures of cover. The agency cap rules, which the Trust aims to fully comply with, should also help the Trust employ more staff directly.

The Trust's qualified nursing agency use was within the 3% ceiling in 2015/16 and apart from a small number of individuals the Trust has negotiated agency rates down to the February cap rates. Progress continues to be made on getting all staff down to the April rates. The Trust is aiming to reduce agency spend down to its 2016/17 ceiling of £8.6m and the savings in 2016/17 from the impact of agency cap rates and from reducing the quantity of agency staff used is estimated to be around £1m.

- Skill mix changes are being introduced across in-patient wards including the introduction of Agenda for Change Band 2 Support Workers supplemented by a new Agenda for Change Band 4 role.
- The Trust will also maximise efficiencies relating to the estate through estate valuation, estate utilisation and the review of its PFI contracts.
- A programme of maximising efficiency of prescribing is to continue with planned savings of £400k over the next two years. The Trust is also planning to reduce non-pay through improved procurement initiatives.

### 9.1.3 Financial Delivery Plan

The Financial Delivery Plan for 2016 / 17 is shown in Table 1. The target efficiency requirement is £10.4m in 2016 / 17 which is made up of a forecast carry forward from 2015 / 16 of £4.2m re non-delivered elements of the Plan, £1.1m savings required to fund pressures and £5.1m re the 2% efficiency requirement. The Trust has developed plans to deliver recurring savings of £8.8m and there is therefore £1.6m that will be carried forward into 2017/18. In-year delivery from these schemes is expected to be £5.6m. This leaves an in-year delivery shortfall from recurrent schemes of £4.8m. Non-recurring measures are planned to deliver £3.8m of savings leaving £1m which reduces the Trust surplus.

The Trust has outline plans identified for 2017 / 18. Some of these plans however will be affected by the outcome of the “Deciding Together” public consultation on Newcastle and Gateshead’s specialist mental health inpatient services and other developments, work is therefore on-going on the further development of our forward plans.

The Trust expects to deliver the savings that are needed to achieve our 2016 / 17 control total and over the next 2 years maintain our required underlying surplus, although challenges remain in managing a substantial change agenda through 2016 / 17 and going forward.

**Table 1 – Financial Delivery Plan 2016/17**

<b>TARGET</b>	<b>IN-YEAR</b>	<b>RECURRENT</b>
	<b>2016/17 £m</b>	<b>2016/17 £m</b>
Carry Forward 2015/16	4.2	4.2
2016/17 FDP Requirement	5.1	5.1
Recurrent Pressures	1.1	1.1
<b>FDP REQUIREMENT</b>	<b>10.4</b>	<b>10.4</b>
<b>FDP PROGRAMMES</b>		
Specialist Care Programme	0.7	1.7
In-Patient Care Programme	1.2	2.0
Community Productivity	0.8	0.8
Transforming Corporate Services	1.4	1.9
Reduction in Agency Staffing	1.0	1.6
Pharmacy/Drugs	0.3	0.3
Non Pay/Other	0.3	0.5
<b>PLAN TOTAL</b>	<b>5.6</b>	<b>8.8</b>
<b>(SHORTFALL) / OVER DELIVERY</b>	<b>-4.8</b>	<b>-1.6</b>
<b>Non-recurrent schemes</b>	<b>3.8</b>	
<b>Reduction in In-year Surplus</b>	<b>1.0</b>	
<b>TOTAL IN YEAR PLAN</b>	<b>9.4</b>	



## 9.2 Capital and Asset Sales Programmes

### 9.2.1 Capital Programme

The Capital Programme supports the Trust's Strategy through the planned level of investment in in-patient facilities that would enable the Trust to ensure that all in-patient facilities meet Trust wide standards and would enable, subject to the outcome of public consultation, the implementation of a new model for Newcastle and Gateshead's specialist mental health inpatient services with provision on a reduced number of main sites. The Trust is also investing in community premises to support the Community Transformation Programme. Both of these areas of capital investment are seen as essential to deliver efficient and effective pathways, realise the full benefits for patients from our transformation work and to enable increases in productivity and delivery of efficiency savings. The Trust has reviewed this programme in depth and believes the programme cannot be reduced without a significant impact on our ability to deliver safe, effective care, or meet our resource management requirements.

The Trust's draft Capital Programme, totals £73.1m for the 4 years 2015 / 16 to 2018 / 19.

The overall Capital Programme to 2018 / 19 is planned to increase by £12.4m since last year due mainly to additional requirements in relation to both in-patient and community transformation. The plan is to fund this increased investment by taking out further new loans. In 2016 / 17 it is planned to draw down £12.9m of loans. £8.2m of this is a further loan to support in-patient and community transformation, a loan of £7.5m was taken out in 2015 / 16, and £4.7m relates to loans already in place.

**Table 2: Capital Programme (at out-turn prices)**

Description of scheme	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m	Total £m
<b>New Developments</b>					
Autism	7.5	2.2	0.0	0.0	9.7
In-Patient Developments	2.6	5.1	13.7	6.0	27.4
Community Premises	0.3	6.5	6.2	0.0	13.0
Other Schemes	2.0	4.2	0.5	0.0	6.7
<b>Total – New Developments</b>	<b>12.4</b>	<b>18.0</b>	<b>20.4</b>	<b>6.0</b>	<b>56.8</b>
<b>Maintenance Schemes</b>					
Refurbishment Programme	0.2	0.5	0.0	0.0	0.7
Backlog / Other schemes	0.3	0.2	0.7	0.7	1.9
<b>Total - Maintenance</b>	<b>0.5</b>	<b>0.7</b>	<b>0.7</b>	<b>0.7</b>	<b>2.6</b>
<b>Other Schemes</b>					
IM&T	2.1	2.1	1.5	1.5	7.2
Other Allocations	0.8	0.8	0.6	0.5	2.7
Contingency	0.0	0.0	2.7	1.1	3.8
<b>Total - Other</b>	<b>2.9</b>	<b>2.9</b>	<b>4.8</b>	<b>3.1</b>	<b>13.8</b>
<b>Total Capital Expenditure</b>	<b>15.8</b>	<b>21.6</b>	<b>25.9</b>	<b>9.8</b>	<b>73.1</b>

### 9.2.2 Asset Sales Programme

The Trust's asset sales programme continues with planned sales for the year totalling £3.4m. The sale of part of the Northgate Hospital site was our last major asset realisation and this sale was completed in December, 2014 with sale receipts being received in two instalments in December,

2014 and January, 2015. There is expected to be a further smaller receipt in 2016 / 17 and in addition to this there are a number of smaller sales of land and buildings planned, linked primarily with the rationalisation of community sites.

### 9.3 Financial Forecasts

#### 9.3.1 Overview

Our Financial Plans reflect the nature of our income, planning guidance and commissioning intentions. Key financial data for 2016 / 17 are illustrated in Table 3 below.

**Table 3: Key Financial Data 2016/17**

<b>Key Financial Data 2016/17</b>	<b>£m</b>
Income	301.2
Normalised Income and Expenditure Surplus	4.7
Efficiency Target	10.4
Cash Balance	22.8
Capital Programme	21.6
Asset Sales	3.4
Loan Drawdown	12.9
Risk Rating	4

The Trust has been set a control total of £4.7m for 2016 / 17 which the Trust expects to deliver. However, this surplus is higher than what the Trust was originally planning to achieve so this requires the Trust to achieve additional savings and spend less than originally planned. The Trust's current transformation programme, which is nearing an end, still requires some short term investment and significant change management effort. Although, the Trust is receiving some non-recurrent transformation funding this year to support this, due to the timing of CIP scheme delivery and small net level of non-recurrent investment, the Trust's surplus is reduced in 2016 / 17 from the planned underlying level. However this still delivers a Financial Sustainability Rating of 4.

#### 9.3.2 Financial Projections

The Trust's planned underlying recurring surplus is around £6m. However, in 2016 / 17, this surplus is reduced due mainly to the timing of some schemes within the Financial Delivery Plan.

A summary of income and expenditure for 2016 / 17 is shown in Table 4 below.

**Table 4: Summary of Income and Expenditure**

<b>Income &amp; Expenditure 2016/17</b>	<b>£m</b>
Operating income	301.2
Operating costs	(283.3)
EBITDA	17.9
Depreciation	(6.7)
Net Interest/Other	(5.7)
PDC dividend	(0.8)
<b>Normalised Surplus / (Deficit)</b>	<b>4.7</b>
Profit on Sale	1.5
<b>Surplus/Deficit incl Exceptional Item</b>	<b>6.2</b>

### 9.3.3 Income

The Trust's forecast income for 2016 / 17 is £301m. The split between patient care and non-patient care income is approximately £283m patient care (94%) and £18m non-patient care (6%).

Patient care income reflects commissioner requested services as identified in contracts. The work streams, objectives, actions and timescales of commissioner intentions for each CCG have been agreed as part of contract negotiations and form part of the contractual obligations of the Trust.

Of the £283m patient care income, £271m is income which is covered by contracts. The difference of £12m relates to non-contracted activity or over performance against contracts. Of the £283m, 88% is covered by block contracts and 12% is covered by cost and volume (C&V) /cost per case contracts (CpC).

### 9.3.4 Underlying assumptions

High level assumptions on income and cost changes are shown in Table 5 below.

**Table 5: High level assumptions on income and cost changes**

High Level Assumptions Uplifts/Pressures	2016/17
<b>NHS Settlement</b>	%
Inflation	3.06
Efficiency	-2.00
<b>Tariff Adjustment</b>	<b>1.06</b>
<b>Cost Pressures</b>	
Pay – pay award	1.0
Pay – Increase in Employers NI	2.0
Non Pay – Inflationary pressures	2.0

The cost of pay awards is based on the recently announced NHS pay awards for 2016 / 17 of 1.0%. In addition to this there has been a 2.0% increase in employer national insurance contributions.

The interest rate on new loans is assumed to be 3.0%

### 9.3.5 Financial Delivery Plan

The NHS efficiency requirement for 2016 / 17 is 2.0%. This rate is planned to apply for the next 5 years up to 2020/21. The Trust will continue to ensure it delivers the savings requirements including the following for 2016 / 17.

**Table 6: Efficiency Requirement**

Efficiency Requirement 2016/17	£m
2016/17 Requirement	5.1
Carry Forward from 2015/16	4.2

Trust recurrent pressures	1.1
<b>Efficiency Target</b>	<b>10.4</b>

### 9.3.6 Risk Ratings

The Trust is planning a Financial Sustainability Risk Rating of 4 for the majority of 2016 / 17. In Quarter 1 the rating is planned to be a 3. The main risk area is the capital servicing capacity rating which is planned to be a 2. This requires the delivery of a £2.7m surplus to achieve this. If the actual surplus falls below this level the capital servicing capacity rating will be a 1 which will reduce the overall rating to a 2. The Trust is planning a £4.7m surplus for next year, which means there is £2.0m of headroom in terms of capital servicing capacity. However, the planned surplus is now the Trust's control total set by NHS Improvement so the Trust needs to achieve the planned surplus which would achieve a 4 rating. The liquidity rating is planned to remain a 4 with the Trust's cash balances planned to be £22.8m at March, 2017. The main driver of the Trust's rating is its surplus and the planned ratings together with ratings that would be achieved at different surplus levels are shown below.

**Table 7: Risk Ratings**

Planned Risk Ratings 2016/17	Q1	Q2	Q3	Q4
Capital Servicing Capacity Liquidity	2	2	2	2
Liquidity	4	4	4	4
I&E Margin	3	4	4	4
Variance from I&E Margin	4	4	4	4
<b>Overall Continuity of Services rating</b>	<b>3</b>	<b>4</b>	<b>4</b>	<b>4</b>

**Table 8: Financial Sustainability Risk Rating at Different Surplus Levels**

Surplus	Rating
£4.7m & above	4
£2.7m - £4.7m	3
Below £2.7m	2

### 9.3.7 Liquidity

The Trust's cash balance at the end of 2015/16 is £27.4m. This is planned to decrease during 2016/17 to £22.8m. The Trust's forecast cash flow for 2016 / 17 is shown in Table 9 below:-

**Table 9: Cash Flow Summary**

Cash Flow 2016/17	£m
<b>Opening Cash Balance</b>	27.4
Trust Surplus	4.7
Loan Repayments	-5.9
Capital Programme	-21.6
Depreciation	6.7
Asset Sales	3.4
Loan Drawdowns	12.9
Change in Working Balances	-4.8
<b>Closing Cash Balance</b>	<b>22.8</b>

### **9.3.8 Key drivers of financial performance and resulting impact**

The key drivers of financial performance are delivery of the Financial Delivery Plan (CIP), delivery of CQUIN and management of contractual requirements. The Trust expects to deliver its identified Financial Delivery Plan and meet its CQUIN targets and contractual requirements. There are a number risks to delivery and the full analysis of strategic, operational, quality, workforce and maintenance risks are included in our Board Assurance Framework. A summary of these principal risks and mitigating controls are outlined in Appendix 1 and the key financial risks are outlined in Section 10 below.

### **9.3.9 Alignment with main Commissioners and any material variance**

The Trust's Commissioners and Local Health Economy are supportive of the Trust's strategic direction and the Trust is already working with Commissioners and partners in the Local Health Economy on the design, development and implementation of the individual service development plans, outlined in Appendix 3, with the aim of service development and improvement plans meeting the individual needs of the localities served.

### **9.3.10 Potential down side risks and mitigations**

The Trust faces a number of risks to delivery of its Strategy and this year's Plan. These have been analysed internally within the Trust and work is progressing to try and resolve or mitigate these risks. Some of the risks have been the subject of negotiations as part of this year's contracting round and some additional non-recurring funding for children's services was received. Also agreement has been reached to reconfigure some services where additional funding was not available. The Trust has developed plans to mitigate against remaining risks and this will be monitored closely during the year as the Trust has no contingencies in reserve.

## **10 Allocation of resources to deliver Service Development Plans 2016 / 17**

As shown in the Service Development Schedule in Appendix 3 each specific Service Development is managed as a project with an identified lead, objectives, key milestones, key benefits and measures and a risk register. The Trust will continue to monitor performance against the Strategic Plan and individual Service Developments through the Trust's Board Committee structure, Programme structure (where applicable) and the Corporate Decisions Team.

In the case of large developments, for example, the development of the new purpose built autism unit, discrete Project Boards are established with appropriate clinical representation.

The key inputs required to enable the progression of the Trust's Service Development Plans over the year 2016 / 17 and impact on resources are highlighted in the Service Development Schedule in Appendix 3.

The Trust faces a number of risks to delivery of its Strategy. The full analysis of strategic, operational, quality, workforce and maintenance risks are included in our Board Assurance Framework. A summary of the Board Assurance Framework including principal risks and mitigating controls are outlined in Appendix 1. The key financial risks for 2016/17 include the following:

- Slippage, delays and non-achievement of the Financial Delivery Programme;

- Managing significant service delivery and financial pressures across community CYPS services;
- Managing significant financial implications arising from Learning Disability Transforming Care National Programme;
- NHS England strategy to tender and consolidate services. Details of this are yet to be issued;
- Outcome of the Newcastle and Gateshead Alliance CCG public consultation on specialist mental health inpatient services for Newcastle and Gateshead;
- Failure to meet CQUIN Targets;
- Failure to manage occupancy rates under cost and volume contracts;
- Failure to deliver service specifications within the negotiated prices for Children's secure services and Neuro-disability in-patient services;
- Managing risks arising from the agreement to manage Out of Area Placements on behalf of Northumberland and North Tyneside CCGs and potentially other CCGs;
- Risks around funding for Out of Area activity from outside the local area;
- Availability of capital funding.

## **11 Contingencies built into Plans**

To enhance Service Line Management arrangements within the Trust, the Trust has allocated all available funding and savings targets out to Group and Directorate budgets, as part of this year's budget setting exercise. The expectation is that services will manage within allocated resources and deliver from a financial perspective. Therefore the Trust has no contingency built into its plans.

The Trust has in place well developed governance and assurance processes to manage on-going delivery of targets and plans (Section 10).

## **12 Link to emerging Local Health System Sustainability and Transformation Plans (STPs)**

As identified in Section 7.6, the Trust is fully aligned with the emerging Local System, Sustainability and Transformation Plans (STPs). Work is ongoing across each of the planning footprints to develop these plans in greater detail and the Trust will continue to engage fully in this work. This Operational Plan fully reflects all currently known implications of the STPs.

## **13 Membership and Elections**

The Council of Governors has been established to include both elected and appointed governors and their roles and responsibilities are set out in the Trust's constitution. Elected governors consist of public governors, service user and carer governors and staff governors, and appointed governors are from partner organisations.

Service users and carers are represented separately reflecting our commitment to these groups. Public Governors represent those in their local government area however any individual who lives outside one of the six local government areas but within England and Wales may become a public member and he / she will be represented by the Newcastle upon Tyne public governors. Substantively employed staff are automatically members unless they decide to opt out, which was determined by the Trust in partnership with Staff Side. They are represented by one Governor for medical staff and two each from Non Clinical and Clinical Groups. We have also sought to ensure that our partners including Local Authorities, Commissioners, Universities and voluntary organisations are represented.

During the past year we have engaged with the membership and encouraged nominations to our 2015 governor elections. An election took place during 2015 / 16 resulting in some changes and a further election is to be held in 2016 / 17.

The Trust values the Council of Governors role and is committed to ensuring they are equipped with the skills and knowledge they need to undertake their role through the provision of appropriate training and development. This includes an induction programme for newly appointed Governors,

individual meetings with the Chair on appointment and on-going one to one meetings with the Chair, the provision of a Governor Resource Pack, Council of Governors' Engagement Sessions on specific / pertinent issues, joint meetings of the Council of Governors and Board of Directors, presentations and facilitated discussions at the Council of Governor Meetings on specific subjects, involvement in Council of Governors' Committees and Working Groups, a Governor observer on Board Sub Committees, visits to wards and departments and attendance at key Trust Events, e.g. "Valuing Excellence" staff awards, Annual Members Meeting.

A range of engagement and communication methods are used by the individual Governors with support from the Trust. The Membership Strategy includes a list of communication methods from the Trust to the Governors, including the Members Newsletter, continuously updating the Foundation Trust pages on the website, ensuring all new members receive information on the benefits of membership, holding open meetings for members to discuss local issues, inviting members to the Trust's Annual Members Meeting, inviting members to participate in surveys and questionnaires, ensuring members are aware of ways to contact the Trust, the availability of the leaflet "A Guide to Becoming a Governor" and establishing communication routes between members and their Governor representatives.

Our approach to membership is one of inclusivity, with membership available to everyone who:

- Is at least 14 years old and;
- Lives in the areas served by the Trust i.e. Northumberland, Newcastle, North Tyneside, South Tyneside, Gateshead, Sunderland and North Easington or the rest of England and Wales;
- Has used our services in the last four years or;
- Has cared for someone who has used our services in the last four years or;
- Is a member of staff on a permanent contract or who has worked for the Trust for 12 months or more

At the end of March 2016 the Trust has a total of 18,450 members made up of 11,912 public, carers & service users and 6,538 staff members.

The Trust continues to work hard to build, develop and maintain the membership base to ensure appropriate community representation.

Membership targets are set via the Membership and Communications sub group of the Council of Governors, with consideration given to the balance between quantity of members and quality of engagement with members.

Our target is to maintain a public membership of 12,000 people with the focus of activity on:

- Ensuring the membership is refreshed and that membership figures are maintained;
- Improving user and carer membership numbers;
- Maintaining a good spread of members in the different localities;
- Engaging in new and meaningful ways with members.

**Appendix 1 The Trust's Principal Risks and Mitigating Key Controls (Extract from Board Assurance Framework)**

Reference	Principal Risks	Mitigating Key Controls
SO1.1	That we do not develop and correctly implement service model changes.	Integrated Governance Framework Programme and Project governance reporting arrangements Business Case and Tender Process Commissioner involvement and scrutiny Service User and Carer Network Reference Group
SO1.2	That we do not effectively engage public, commissioners and other key stakeholders leading to opposition or significant delay in implementing our service strategy.	Integrated Governance Framework Stakeholder and partner matrix and reporting process on engagement and activity Business Case and Tender Process Communication Strategy Requirements re public and staff consultation on service change
SO2.1	That we have a significant loss of income through competition and choice, including the possibility of losing large services and localities.	Integrated Governance Framework Financial Strategy Agreed contracts in place and framework for managing change Customer Relationship approach, including with Commissioners Marketing Strategy Business Case and Tender Process Horizon Scanning
SO2.2	That we do not manage our financial resources effectively to ensure long term financial stability (including differential between income and inflation, QIPP and the cost improvement programme).	Integrated Governance Framework Financial Strategy (including Financial Delivery Plan) Standing Financial Instructions Decision Making Framework Financial and Operational Policies and Procedures Quality Goals and Quality Account
SO3.1	That we do not effectively manage significant workforce and organisational changes, including increasing staff productivity and staff engagement.	Workforce and OD Strategy Integrated Governance Framework Performance review monitoring and reporting including KPIs Staff Survey and Friends and Family Feedback and Action Plans Communications Strategy Policy review process relating to systems to support the deployment of staff across services
SO3.3	That we are unable to recruit and retain staff in key posts.	Workforce and OD Strategy Integrated Governance Framework Recruitment and Selection Policy HR Policies which support Health and Wellbeing, including Pay and Reward Staff Survey and Friends and Family Feedback and Action Plans Communications Strategy Controls re use of Agency Staff.
SO5.6	The risk that high quality, evidence-based and safe services will not be provided if there are difficulties in accessing services in a timely manner and that services are not sufficiently responsive to demands.	Integrated Governance Framework Performance review monitoring and reporting including compliance with standards, indicators, CQIN Operational and Clinical Policies and Procedures Agreed Service Specifications NICE Guidance Annual Quality Account
SO5.9	That the scale of change and integration agenda across the NHs could affect the sustainability of services and the Trust financial position	Integrated Governance Framework Stakeholder and partner matrix and reporting processes Horizon scanning and intelligence Financial Strategy



## Appendix 2: Trust Contribution to the NHS Mandate 2016/17

<b>1.Through better commissioning, improve local and national health outcomes, particularly by addressing poor outcomes and inequalities</b>	
<b>1.1 CCG Performance</b>	<p>Further develop the use of outcome measures</p> <p>Review first overall CCG Ofsted-style assessment to be published in Quarter 1 2016/17 and the performance in terms of dementia, mental health and learning disabilities and use to benchmark performance.</p>
<b>2.To help create the safest, highest quality health and care services</b>	
<b>2.1 Avoidable deaths and seven day services</b>	<p>Contribute to achievement of seven day services through Transformation of Community Services Programme and other Service Developments</p> <p>Contribute to measurable reduction in avoidable deaths-link to Quality Goal One/Priorities</p> <p>Implement agreed action plan following external review of the Trust's Well Led Review</p>
<b>2.2 Patient Experience</b>	<p>Contribute to the increase in the number of people recommending services in the Friends and Family Test and ensuring its effectiveness alongside other sources to improve services – link to Quality Goal 2/Priorities</p>
<b>3.To balance the NHS budget and improve efficiency and productivity</b>	
<b>3.1 Balancing the NHS budget</b>	<p>Achieve Financial Delivery Plan/planned efficiencies</p> <p>Achieve balanced financial position 2016/17</p> <p>Reduce Agency Spend</p> <p>Estate and Asset Realisation Strategy to continue to support the overall goal of releasing land for homes</p>
<b>4.To lead to a step change in the NHS in preventing ill health and supporting people to live healthier lives</b>	
<b>4.1 Obesity and Diabetes</b>	<p>Physical health monitoring, health promotion and interventions</p> <p>Achieve locally agreed Physical Health CQINs</p>
<b>4.2 Dementia</b>	<p>Achieve diagnosis rates</p>

<b>5.To maintain and improve performance against core standards</b>	
<b>5.1 A and E, ambulances and Referral to Treatment</b>	<p>Subject to Commissioner support further develop Liaison Services</p> <p>Be an active partner in the North East Urgent Care Vanguard</p>
<b>6.To improve out of hospital care</b>	
<b>6.1 New models of care and general practice</b>	<p>Complete Transformation of Community Services Programme in Newcastle Gateshead Northumberland and North Tyneside</p> <p>Work with Commissioners to achieve the transformation of Learning Disability Services across Northumberland, Tyne and Wear in line with the North East and Cumbria service model</p> <p>Identify and respond to opportunities to introduce new models of care into existing localities and in the wider geographical area</p>
<b>6.2 Health and social care integration</b>	<p>Actively participate in the development of the integration agenda including “place based services” and the integration of health and social care services, where this brings demonstrable benefits to the local population</p> <p>Be an active partner in the North East Urgent Care Vanguard</p>
<b>6.3 Mental health, learning disabilities and autism</b>	<p>Achieve targets of 50% of people experiencing first episode of psychosis to access treatment within two weeks and 75% of people with relevant conditions to access talking therapies within six weeks;95% in 18 weeks</p> <p>Work with Commissioners to achieve the transformation of Learning Disability Services across Northumberland, Tyne and Wear in line with the North East and Cumbria service model</p> <p>Deliver local Children IAPT Training Programme and contribute to the delivery of the national coverage of the children and young people’s IAPT programme</p> <p>Implement the agreed actions from the Mental Health Task Force</p>

<b>7.To support research, innovation and growth</b>	
<b>7.1 Research and growth</b>	<p>Implementation of the Trust's Phase 2 refreshed Research and Development Strategy</p> <p>Review the recommendations of the Accelerated Access Review, when published, including NHS uptake of affordable and cost effective new innovation.</p>
<b>7.2 Technology</b>	<p>As a part of the Trust's Strategy going forward 2016-2021 harness technology and support digitally empowered staff and patients</p>
<b>7.3 Health and Work</b>	<p>Continue to deliver and evaluate plans aimed at improving the Health and Wellbeing of the NHS workforce</p> <p>Continue to local support initiatives aimed at supporting people with long term health conditions and disabilities back into employment</p>

### Appendix 3: Service Development Plans 2016/17

Ref	Development	Contributes to National Strategies	Key Actions 2016/17	Key Risks and Mitigations	Resource impact						Measures to track progress	
					Activity	Finance			CIP	Staff		Site
					Income	Costs	Capital 16/17					
<b>1. Community Transformation (Lead – Director of Community Services Care Group. Managed through Locality TCP Boards and Access Boards)</b>												
1.1	Improved Community Pathways (TCP) (Non psychosis, psychosis, cognitive disorders, learning disability) and implementation of Access in Newcastle, Gateshead, Northumberland and North Tyneside	✓	Implement improved care pathways and embed model 2016/17  CQC registration for new bases	<p>Risks - Expected benefits of implementing new care pathways are not realised</p> <p>Capacity of TCP and operational resources whilst working across 6 localities simultaneously</p> <p>Mitigations - Use lessons learned from Sunderland and South Tyneside evaluation</p> <p>Evaluation of plan and reporting mechanism to ensure regular review and action</p> <p>TCP resource plan</p>	✓	✓	✓	✓	No	✓	✓	<p>Establishment of the Teams</p> <p>Achievement of Benefits Realisation Plan and Safety Quality Metrics</p> <p>CQIN delivery, as agreed with commissioners</p>

Ref	Development	Contributes to National Strategies	Key Actions 2016/17	Key Risks and Mitigations	Resource impact						Measures to track progress	
					Activity	Finance			CIP	Staff		Site
						Income	Costs	Capital 16/17				
<b>2. New Models for Inpatient Care (Lead – Director of Inpatient Care Group. Managed through Inpatient Care Management Group)</b>												
2.1	New model for specialist mental health inpatient services for the people of Newcastle and Gateshead /Reconfiguration of sites;	✓	Identify estate solutions in the light of the outcome of the “Deciding Together” public regarding the future for specialist mental health inpatient services for the people of Newcastle and Gateshead.  Implement the agreed changes.	Risks – Availability of capital to fund estate solution and any related service moves.  Potential adverse impact on Financial Delivery Plan  Mitigations – Work with commissioners to identify viable and sustainable solutions	✓	✓	✓	✓	✓	✓	✓	Provision of agreed site model within available resources  Meeting the financial delivery target
2.2	Improved pathway provision of the older peoples bed based service in Newcastle	✓	Develop Business Case relating to the remodelling of 2 existing wards at the Centre for Aging and Vitality to provide 1 ward with 2 discrete units Subject to the approval	Risks- Reduction in overall inpatient beds  CCG support for the proposal  Mitigation- Enhanced	✓	✓	✓	✓	✓	✓	✓	Approval of Business Case  Evaluation of service change and impact on demand, admissions and

Ref	Development	Contributes to National Strategies	Key Actions 2016/17	Key Risks and Mitigations	Resource impact						Measures to track progress	
					Activity	Finance			CIP	Staff		Site
						Income	Costs	Capital 16/17				
			of the Business Case implement the proposal	community services with robust arrangements to prevent need for admission Robust discharge facilitation								discharges
<b>3. Specialist Care Services (Lead – Director of Specialist Care Services. Managed through Specialist Care Management Group)</b>												
3.1	Review of Neurological Services	✓	Review of Neurological Services to ensure they are of the highest quality and sustainable	Risks - Mitigation –	✓	✓	✓	No	✓	✓		Services achieve financial viability
3.2	Review of Children and Young People's Medium Secure and Tier 4 services	✓	Review Children and Young People's Medium Secure and Tier 4 Services to ensure they are of the highest quality and sustainable and meet national benchmarking indicators in advance of potential national tender Review potential tender opportunities and respond appropriately	Risk - Adverse outcome of consultations Mitigation - Close working with stakeholders	✓	✓	✓	No	No	✓	✓	Services achieve financial viability and meets national benchmarking indicators

Ref	Development	Contributes to National Strategies	Key Actions 2016/17	Key Risks and Mitigations	Resource impact						Measures to track progress	
					Activity	Finance			CIP	Staff		Site
						Income	Costs	Capital 16/17				
			NHSE specifications									
3.3	Review of Forensic Services	✓	<p>Review all Forensic services to ensure they are of the highest quality and sustainable and meet national benchmarking indicators in advance of potential national tender</p> <p>Review potential tender opportunities and respond appropriately</p> <p>Identify and respond to opportunities to develop liaison and diversion services</p> <p>NHSE specifications</p>	<p>Risks – Competition from other providers Potential adverse outcome of any consultations that may be required</p> <p>Mitigations - Planned approach to the review. Internal tender approach to benchmark the service Close working with stakeholders</p>	✓	✓	✓	No	No	✓	✓	Services achieve financial viability and meet national benchmarking indicators

Ref	Development	Contributes to National Strategies	Key Actions 2016/17	Key Risks and Mitigations	Resource impact						Measures to track progress	
					Activity	Finance			CIP	Staff		Site
						Income	Costs	Capital 16/17				
3.4	New Assessment and Treatment Unit for people with Autism	✓	<p>Complete new build for the Autism inpatient service on the Northgate Site to support the new model of care.</p> <p>Meet CQC requirements</p> <p>Commission the new development and market the service/new model of care to maximise income streams</p>	<p>Risk - slippage/Cost over run</p> <p>Mitigation – tight management through Autism Project team and Autism Project Board</p>	✓	✓	✓	✓	✓	✓	✓	<p>New Unit opens on time and within capital budget</p> <p>Required occupancy levels are achieved</p>
<b>4. Transforming Learning Disability Services (Lead Director of Community Services Care Group. Managed through Transformation of Learning Disability Programme)</b>												
4.1	Transformation of Learning Disability Services	✓	<p>Implementation of the North East and Cumbria Model of Care</p> <p>Closure of inpatient beds (Adult Acute Assessment and Treatment and Forensic) in line with agreed targets</p>	<p>Risk –Alternative community service models/provision required.</p> <p>Loss of income to the Trust</p> <p>Mitigation-Work with Stakeholders to identify solutions</p> <p>Agreed financial retraction model</p>	✓	✓	✓	No	No	✓	✓	Achievement of national outcomes



Ref	Development	Contributes to National Strategies	Key Actions 2016/17	Key Risks and Mitigations	Resource impact						Measures to track progress	
					Activity	Finance			CIP	Staff		Site
						Income	Costs	Capital 16/17				
<b>5. Transforming Corporate Services (Leads – Director of Performance and Assurance and Director of Workforce and Organisational Development. Managed through Transforming Corporate Services Board)</b>												
5.1	Review of Corporate Services	✓	<p>Phase 2 Consultation with staff on proposed changes</p> <p>Subject to the outcome of consultation with staff implement Phase 2 in line with agreed HR frameworks</p> <p>Delivery of non-pay savings to support the Financial Delivery Plan</p>	<p>Risks - Capacity of Informatics Dept to deliver “quick wins” and support new ways of working/efficiencies</p> <p>Expected level of savings are not achieved adding pressure to the Financial Delivery Plan</p> <p>Mitigations – Work with</p>	No	No	✓	✓	✓	✓	✓	<p>More efficient corporate services to support service delivery</p> <p>Financial delivery achieved</p>

Ref	Development	Contributes to National Strategies	Key Actions 2016/17	Key Risks and Mitigations	Resource impact						Measures to track progress	
					Activity	Finance			CIP	Staff		Site
						Income	Costs	Capital 16/17				
				<p>Informatics Dept on a case by case basis to identify deliverable schemes</p> <p>Establish explicit achievable Financial Delivery Plans</p> <p>Effective performance management of the Programme and agreed plans</p>								

## **Appendix 4 – Additional Information (Not for publication)**

### **1. Risks & Mitigations**

The Operational Plan represents the expected scenario for the Trust in 2016 /17. However, there are a number of risks to the delivery of this plan. These are reflected in the sensitivity analysis which identifies the main risks as being:-

- 1) CYPS Community Services - significant service delivery and financial pressures to be managed, although additional non-recurrent funding has been agreed with local CCG's since the draft plan which reduces this risk.
- 2) CYPS Mental Health Medium Secure In-patients - significant service delivery and financial pressures to be managed. Negotiations have taken place with NHS England and a way forward has been agreed to manage these pressures out. However, there will still be some short term pressures while the planned changes are implemented.
- 3) Financial Delivery Plan – the Trust plans are relatively well progressed but there is still a risk to delivery or slippage on some schemes.
- 4) Corporate Transformation – the Trust will be implementing Phase 2 of its Corporate Transformation Programme in 2016 /17. The Trust is aiming to retain and redeploy as many staff as possible but there is a risk that some redundancy payments may be incurred for some staff.

In terms of upsides, the Trust submitted a number of development bids to Commissioners for funding some of which would offset expenditure the Trust will incur anyway in 2016 /17. Apart from some funding to support CYPS Community Services, minimal other funding was received that has a positive impact on the Trust's position. Upsides and mitigations are now limited so the Trust continues to focus on delivering its Financial Plans including the Financial Delivery Plan.