

NORTHUMBERLAND, TYNE AND WEAR NHS FOUNDATION TRUST

BOARD OF DIRECTORS MEETING

Meeting Date: 25 February 2015

Title and Author of Paper:

Draft High Level 1 Year Operational Plan 2015/16-February Submission

James Duncan Executive Director of Finance/Deputy Chief Executive and Lisa Quinn, Executive Director of Performance and Assurance

Paper for Debate, Decision or Information: Decision

Key Points to Note:

- Monitor require the Trust to submit a **high level** draft Operational Plan 2015/16 by the 27 February 2015. This has to be no more than 3 pages and includes a summarised financial template and brief narrative. The narrative has to set out the Trust's key assumptions underpinning the Plan as well as the basis and degree of confidence in these, together with the key drivers of financial performance, the resulting impact and the extent of alignment with main commissioners/reasons for material variances.
- A draft High Level 1 Year Operational Plan 2015/16 is attached for approval. The draft has been reviewed by the Trust's Corporate Decisions Team and the Finance, Infrastructure and Business Development Committee.
- Monitor intend to conduct a high level desk top review of foundation trusts' draft High Level Plans, to identify key issues and/or any concerns that they consider should be addressed or explained in foundation trusts' final Operational Plan submissions which are scheduled to be submitted by the 10 April 2015.

Outcome required:

Approval to submit the Draft High Level 1 Year Operational Plan 2015/16 to Monitor.

Draft High Level Operational Plan 2015/16

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. Our Operational Plan 2015/16 sets out how the Trust intends to deliver high quality and cost effective services for its patients, on a sustainable basis.

2. Our Key Assumptions

2.1 Strategic Direction

The Board of Directors have reviewed the progress made in delivering the Trust's Strategy 2014-2019, 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 and the continued focus on the following core areas, in the context of The NHS-Five Year Forward View.

- Completing the existing Transformation of Services Programme 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. This is the main focus of our Operational Plan 2015/16.
- 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.
- Providing the right staff in the right place with the right skills, values and behaviours to deliver the new and improved models of care.
- To be a progressive employer and support the health and wellbeing of our staff.

As agreed in May 2014 the Board also acknowledged the need to continue to reduce its cost base and that this should include exploring opportunities to reduce the cost per head count.

2.2 Service Development Plans

The Trust's Service Development Plans 2015/16 reflect the Trust's Strategy and the continued focus on the core areas described above with an emphasis on:

- Implementing improved community pathways in all localities;
- Working with Commissioners and providers to expand existing Hospital Liaison Services;
- Finalising proposals relating to the future pattern of inpatient services and commence the reconfiguration of sites;
- Reviewing specialised services to identify options for delivering long term sustainability. Identifying options for disinvestment, growth, partnership and merger;
- Implement a new model for the provision of Corporate Services.

2.3 Income and underlying assumptions

High Level Assumptions Uplifts/Pressures	2015/16
	%
Patient Care tariff adjustment	-1.55
Cost increases	
Pay Awards	1.0
Non-pay	2.0

2.4 Efficiency Requirement and Financial Delivery Plan 2015/16

TARGETS	IN YEAR			RECURRENT		
	2015/16 £m	2016/17 £m	TOTAL £m	2015/16 £m	2016/17 £m	TOTAL £m
Carry forward from 2014/15	3.3		3.3	3.3		3.3
Annual FDP Requirement	10.5	10.3	20.8	10.5	10.3	20.8
RECURRENT FDP REQUIREMENT	13.8	10.3	24.1	13.8	10.3	24.1

FDP PROGRAMMES

Augmenting Services Programme	4.7	2.7	7.4	5.0	4.5	9.5
Specialist Care Programme	2.1	2.4	4.5	3.4	3.5	6.9
Corporate	0.9	1.9	2.8	1.9	1.9	3.7
Drugs	0.2	0.2	0.4	0.2	0.2	0.4
Accommodation	0.4	0.6	1.0	0.4	1.7	2.1
Pharmacy	0.1	0.1	0.3	0.1	0.1	0.3
Trust Schemes	1.3	0.0	1.3	3.2	0.0	3.2
PLAN TOTAL	9.7	7.8	17.5	14.2	11.9	26.0

(SHORTFALL) / OVER DELIVERY	(4.1)	(2.5)	(6.6)	0.4	1.6	2.0
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Non Recurrent Delivery	0.3	
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IN YEAR DELIVERY	9.9	7.8
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(SHORTFALL) / OVER DELIVERY	(3.8)	(2.5)
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2.5 In Year Planned Surplus for 2015/16

	2015/16 £m
Income	-296.5
Pay Expenditure	229.0
Non Pay Expenditure	47.8
Transformation Reserve	5.0
Cost of Capital	12.7
2015/16 Planned Surplus	(2.0)

2.6 Capital Programme

Description of scheme	2014/15	2015/16	2016/17	2017/18	2018/19	TOTAL
	£m	£m	£m	£m	£m	£m
South of Tyne Reprovision	4.1					4.1
Autism	0.6	9.0	0.3			9.9
In-Patient Developments	0.5	5.1	12.4	4.7		22.6
Other Schemes	3.1	4.8	1.3			9.2
Total – New Developments	8.3	18.9	13.9	4.7	0.0	45.8
Total - Minor Investments	3.2	0.9	0.0	0.0	0.0	4.1
Total - Maintenance	1.5	1.2	1.2	1.7	1.7	7.2
Total - Other	2.8	2.9	2.1	5.6	5.5	18.8
Total Capital Expenditure	15.7	23.9	17.2	12.0	7.2	75.9

2.7 Risk Ratings

	2015/16
Liquidity rating	4
Capital Servicing Capacity	1
Overall Continuity of Services rating	3

The Trust is planning a capital servicing capacity rating of 1 in 2015/16 due to continued investment in Service Transformation (£5m in 2015/16), and due to the phasing of delivery of recurrent savings during the year. However, the underlying position remains a 2. The liquidity rating is planned to remain a 4 with the Trust's cash balances planned to be over £20m at March 16.

3. Basis and degree of confidence in assumptions

The risks and mitigations with regard to the assumptions underpinning the Operational Plan 2015/16 are shown in Appendix 1.

4. Key drivers of financial performance and resulting impact

Key drivers of financial performance are delivery of the Financial Delivery Plan (CIP), delivery of CQUIN and management of the contractual requirements outlined in Appendix 1.

5. 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 2.2 going forward, with the aim of service development and improvement plans meeting the individual needs of the localities served.

Appendix 1 Operational Plan 2015/16-Risks and Mitigations

Risks	Mitigation
Slippage, delays and non achievement of Financial Delivery Plan	Robust performance management; Effective engagement with Commissioners and partners in the Local Health Economy; Effective engagement with staff and their representatives; Contingency Plans
NHS England strategy to tender and consolidate services	Effective engagement with NHS England regarding their strategy and timetable; Reviewing specialised services to identify options for delivering long term sustainability. Identify options for disinvestment, growth, partnership and merger.
Tendering of locally commissioned services	Effective engagement with local Commissioners regarding their procurement strategy and timetable; Provide high quality local services and meet targets; Assessment of the market, risks and opportunities; Work with partners to design new models of care, in line with Commissioners requirements which provide best value and are competitive.
Outcome of the Alliance consultation on the future of inpatient services for Newcastle and Gateshead	Work with the Alliance on the development of scenarios for change and support Commissioner led full consultation process.
Failure to meet CQIN	Robust performance management and remedial action; Effective engagement with Commissioners.
Failure to manage occupancy rate regarding Cost and Volume contracts	Robust performance management and remedial action; Effective engagement with Commissioners.
Managing the risk of Out of Area placements for Northumberland CCG and potentially other CCGs	Clinically led Team to manage the process; Effective engagement with Commissioners, existing providers, service users and carers. Robust performance management and remedial action.