



**Strategic Plan Document for 2014-19**

**Somerse Partnership NHS Foundation Trust**

# Strategic Plan Guidance – Annual Plan Review 2014/15

The cover sheet and following pages constitute the strategic plan submission which forms part of Monitor's 2014/15 Annual Plan Review.

The strategic plan must cover the five year period for 2014/15 to 2018/19. Guidance and detailed requirements on the completion of this section of the template are outlined in Section 5 of the APR guidance.

Annual plan review 2014/15 guidance is available [here](#).

Timescales for the two-stage APR process are set out below. These timescales are aligned to those of NHS England and the NHS Trust Development Authority which will enable strategic and operational plans to be aligned within each unit of planning before they are submitted.

Monitor expects that a good strategic plan should cover (but not necessary be limited to) the following areas, in separate sections:

1. Declaration of sustainability
2. Market analysis and context
3. Risk to sustainability and strategic options
4. Strategic plans
5. Appendices (including commercial or other confidential matters)

As a guide, we would expect strategic plans to be a maximum of fifty pages in length.

As a separate submission foundation trusts must submit a publishable summary. While the content is at the foundation trust's discretion this must be consistent with this document and covers as a minimum a summary of the market analysis and context, strategic options, plans and supporting initiatives and an overview of the financial projections.

Please note that this guidance is not prescriptive. Foundation trusts should make their own judgement about the content of each section.

The expected delivery timetable is as follows:

Expected that contracts signed by this date	28 February 2014
Submission of operational plans to Monitor	4 April 2014
Monitor review of operational plans	April- May 2014
Operational plan feedback date	May 2014
Submission of strategic plans (Years one and two of the five year plan will be fixed per the final plan submitted on 4 April 2014)	30 June 2014
Monitor review of strategic plans	July-September 2014
Strategic plan feedback date	October 2014

## 1.1 Strategic Plan for y/e 31 March 2015 to 2019

This document completed by (and Monitor queries to be directed to):

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Date	

The attached Strategic Plan is intended to reflect the Trust's business plan over the next five years. Information included herein should accurately reflect the strategic and operational plans agreed by the Trust Board.

In signing below, the Trust is confirming that:

- The Strategic Plan is an accurate reflection of the current shared vision and strategy of the Trust Board having had regard to the views of the Council of Governors;
- The Strategic Plan has been subject to at least the same level of Trust Board scrutiny as any of the Trust's other internal business and strategy plans;
- The Strategic Plan is consistent with the Trust's internal operational plans and provides a comprehensive overview of all key factors relevant to the delivery of these plans;
- All plans discussed and any numbers quoted in the Strategic Plan directly relate to the Trust's financial template submission; and
- The 'declaration of sustainability' is true to the best of its knowledge.

Approved on behalf of the Board of Directors by:

Name (Chair)	Stephen Ladyman
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Signature

Approved on behalf of the Board of Directors by:

Name (Chief Executive)	Edward Colgan
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Signature

Approved on behalf of the Board of Directors by:

Name (Finance Director)	Pippa Moger
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Signature

## 1.1a Executive Summary

The Somerset Partnership NHS Foundation Trust Strategic Plan sets out the key areas of the Trust's strategy for the five year period from 2014 to 2019.

Somerset Partnership NHS Foundation Trust is a high performing organisation, with an established national reputation for innovation and best practice. Patient safety and quality is at the heart of everything that the Trust does. Somerset Partnership NHS Foundation Trust works closely with partner organisations, to ensure that there is a consistency of approach and a mutual understanding of priorities and strategic direction across the local health and social care economy. Somerset Partnership is committed to being instrumental to the delivery of the strategic themes of its commissioners, and to ensuring that its own strategic direction is fully aligned to that of commissioning organisations. The Trust ensures that it remains fully engaged in the delivery of local strategy, and is involved in shaping its delivery and evolution, through involvement in and support of all the applicable underpinning work streams and related multi-organisational planning forums.

The Trust's Strategic Plan for 2014-2019 sets out the Trust's strategy for ensuring the sustainability of high quality services for patients, in the context of Somerset Partnership's understanding of Monitor's indicative guidance regarding population-based and financial-based sustainability criteria, but also recognising that the national debate regarding the requirements for organisational sustainability remains ongoing. Somerset Partnership recognises the magnitude of the challenges faced by the health and social care economy, both nationally and locally, in terms of efficiency, cost effectiveness and financial sustainability, and also in rising to the challenge of continuing to make improvements to the quality of services delivered to patients, whilst meeting ever-rising levels of demand for those services. The Strategic Plan sets out how the Trust will meet these challenges, along with the projections for the growth in levels of activity to be managed by the Trust's services and the enabling strategies around estate, workforce and information technology.

The main focus of the Trust's five-year estate strategy is to continue to support clinical activity and provide modern, fit for purpose accommodation. The principal priority areas for the development of the Trust's estate over the coming five-year period include in particular the:

- redevelopment of Chard Community Hospital;
- redevelopment and refurbishment of Wessex House, inpatient Child and Adolescent Mental Health Service ward in Bridgwater and works to improve standards of privacy and dignity at sites such as Rowan (Acute mental health inpatient ward) and Magnolia Ward (Older People's mental health ward) in Yeovil;

The principal aims of the Trust's Workforce Development Strategy during the same period are to:

- develop current capacity and capability in the workforce to provide assurance that the Trust has a competent workforce to deliver quality and safe patient care;
- identify workforce skills gaps and to plan to mitigate risks;
- anticipate future skills needed to deliver the Trust's strategy;
- improve opportunities for flexible work.

As part of seeking continuously to improve levels of efficiency, Somerset Partnership plans to invest significantly in information technology, enabling its staff to undertake their roles more efficiently, eliminating paperwork and duplication of recording, reducing travel time and freeing up more time for front-line staff to deliver care to patients. The resultant improvements to data quality will also afford the Trust the opportunity to undertake a greater range of internal benchmarking, and to identify where scope lies for greater efficiency and productivity improvements to be made, so that the resources are deployed optimally in delivering high quality care.

In producing its Strategic Plan, Somerset Partnership has undertaken a detailed analysis of its principal

competitors, as well as reviewing the comparative areas of strength and weakness of the Trust and the opportunities and threats it faces in the market within which it operates. An appraisal has also been made, of the relative merits of options for the future strategic direction of the Trust, considering a broad range of scenarios, spanning reduction, growth, horizontal and vertical integration, collaboration, and also maintaining the existing configuration of service provision. The Trust's evaluation of these various options has identified the following three viable strategic plans for the future sustainability of the Trust and the services which it provides:

- growth through continuing to provide community and mental health services;
- become a fully integrated provider of health and social care services for adults and children;
- options for acquisition and merger.

As part of the Trust's process in respect of Cost Improvement Programmes, the Medical Director and Director of Nursing and Patient Safety are required to assess the impact of the programmes on the quality of services and on patient safety, and to report their conclusions to the Trust Board prior to the agreement of any cost improvements. The Trust's Cost Improvement Plans for the five year period are particularly challenging, with annual values likely to be between £6.0 million and £7.8 million. The Trust's plans to deliver these cost improvements over the next five years include initiatives such as the reconfiguration of existing inpatient provision, operational synergy savings, changes to skill mix, and management of the tariff deflator.

Whilst the financial challenge facing the local health economy is significant, Somerset Partnership has a strong track record of delivery against challenging cost improvement programmes and remains confident that it can meet the challenges outlined above. However, the Trust recognises that this becomes more challenging with each year, particularly considering the levels of funding for mental health services in Somerset, which benchmark in the lowest quartile against peer organisations nationally, and the delivery of year-on-year cost improvements over a nine year period. This is compounded by the funding levels available to support community health services in Somerset, which also compare unfavourably when benchmarked against other community service providers nationally.

Meeting these challenges will require collaborative working between organisations involved in the commissioning and delivery of care, to deliver the major systemic change which is necessary in order to ensure that patients continue to receive excellent quality, sustainable care. Somerset Partnership believes that the requisite close relationships, built on a foundation of partnership working and co-operation, exist between health and social care organisations across the local health economy, and that the Trust has the clarity of strategic direction to ensure that the services that it delivers to patients remain sustainable and of excellent quality in the longer term.

## 1.2 Declaration of sustainability

The board of Somerset Partnership NHS Foundation Trust declares that, on the basis of the plans as set out in this document, the Trust will be financially, operationally and clinically sustainable according to current regulatory standards in one, three and five years' time.

Although the Trust is confident that it, and more importantly, its services are sustainable in the longer term, Somerset Partnership considers that the financial challenge facing organisations across the Somerset health economy cannot be underestimated, and presents a considerable level of risk to individual organisations and to the local health economy as a whole. Somerset Partnership recognises that, both nationally and locally, the health and social care economy faces challenges on an unprecedented scale, both in terms of efficiency, cost effectiveness and financial sustainability, and also in rising to the challenge of continuing to make improvements to the quality of services delivered to patients, whilst meeting ever-rising levels of demand for services. The Trust has commenced work on meeting these challenges through the implementation of significant change within the organisation, in terms of service redesign and integration, but also recognises that this in itself will not be sufficient to meet the magnitude of the challenge being faced. Somerset Partnership recognises the essential nature of ensuring that a robust and ongoing process of partnership working and engagement with partner organisations across the local health and social care economy partners is embedded as a core element of the Trust's strategic planning process, in order to meet the challenges associated with financial, operational and clinical sustainability. This co-operative and inclusive approach to the strategic planning process across Somerset is instrumental in ensuring that the strategic plans of individual organisations across the local health economy are fully aligned and focused on consistent long term objectives.

Somerset Partnership has patient safety and quality at the heart of everything it does. The Trust has comprehensive governance arrangements in place to preserve and enhance the quality of services delivered to all of its patients, to monitor performance and outcomes closely, across a broad range of quality and safety indicators, to develop action plans for the resolution of any significant issues arising, and also to provide a robust basis to enable the Trust Board to challenge the adequacy of existing arrangements and seek clarification regarding actions being undertaken to improve quality. As part of its work to deliver sustainable, high quality services, the Trust has developed a future model for community hospital service provision, which has been impact assessed and shared with commissioners, in support of the Clinical Commissioning Group-led review, 'Making the most of Community Services in Somerset'.

The Trust's overall staffing levels remain stable but, similarly to other providers, the Trust is experiencing recruitment pressures in relation to registered nurses. The Trust has undertaken successful recruitment campaigns for registered nurses and will undertake further campaigns in order to deliver its plans to increase the number of registered nurses employed by the Trust during the lifetime of this plan. The overall numbers and composition of the Trust's workforce are projected to remain broadly stable for the period 2014 to 2019, with the exception of a projected increase in the numbers of nurses and health visitors, in line with the Trust's plans for the implementation of Safer Staffing and the introduction of additional health visitor capacity as part of the national 'Call to Action' initiative, and a projected increase in overall staffing numbers in the final year of the plan, reflecting the forecast increase in new business. The Trust recognises the risk that the scale of the cost improvements that it is required to deliver may not be achievable through efficiencies alone, and that there remains a possibility that the Trust will have to give consideration to making reductions to services and overall numbers of staff.

Somerset Partnership has ambitious plans for integration and organisational growth, which represent the next step in the development of the Trust, following its successful recent history of innovation, substantial acquisition, and implementation of enhanced integrated services, delivering better quality of care for patients.

## 1.3 Market analysis and context

### Organisational and Local Context

Somerset Partnership NHS Foundation Trust is the principal provider of community health services and specialist mental health and learning disability services to the population of Somerset. The Trust serves a population of nearly 550,000 and has around 500 community hospital and mental health inpatient beds across the county. Wherever appropriate, the Trust aims to treat patients at home, or as close to home as possible. The Trust employs over 3,800 staff (around 3,000 whole time equivalents) and provides a wide range of community-based services, delivering over a million patient contacts a year. Somerset Partnership NHS Foundation Trust is a high performing organisation, with an established national reputation for innovation and best practice. The Trust's mission is summarised as:

***'Caring for you in the heart of the community'***

The Vision of the Trust, towards which the Trust aims to make progress over the next five years, is:

***'We will be the leading provider of community-based health and social care'***

The Trust's Mission and Vision are underpinned by the following six strategic themes, each of which is supported by strategic goals. The strategic themes are:

- Quality and Safety
- Service Delivery
- Culture and People
- Integration
- Innovation
- Viability and Growth

The Values of Somerset Partnership NHS Foundation Trust are fully aligned with the six Values of the wider NHS, as set out in the NHS Constitution:

- Working together for patients
- Respect and dignity
- Commitment to quality of care
- Compassion
- Improving lives
- Everyone counts

### Market Dynamics – Healthcare Needs Assessment, Demography and Healthcare Trends

Somerset has a higher proportion of older people living in Somerset than the national average, and this is expected to grow significantly over the next ten years. The population of Somerset is projected to rise by about 0.7% (3,500 people) each year, with the majority of the increase being due to projected rises in the number of older people (aged 65+) living in the county, anticipated to increase by around 30% between 2011 and 2021. There are around 8,720 people with dementia in Somerset and this is expected to increase to 11,400 by 2021. Over 50,000 people in Somerset act as unpaid carers and of those, many care for someone with dementia. The number of children (aged 0-15) in Somerset is projected to rise by around 11% by 2021, while the number of working age people (aged 16-64) is projected to fall slightly. Somerset's population is classified as around 52% urban and 48% rural, making it one of the ten most rural counties in England.

The 2013 Local Authority Mental Health Profile shows that Somerset performs better than, or is at least broadly in line with, the national average in respect of most mental health indicators. However, Somerset is significantly worse than the national average in terms of the percentage of adults with depression and the rate of emergency hospital admissions for self-harm. The 2011 Mental Health Needs Assessment for Somerset states that 70,000 people potentially have a mental health problem, and over 4,500 people across the county were diagnosed with depression for the first time by their GP in 2012/13. The Somerset Audit of Physical Health Checks for People with Severe Mental Illness 2011 found that people with these types of mental illnesses are less likely to have their physical health problems diagnosed and treated. Additionally, people with physical health problems often have undiagnosed mental health problems - having a physical illness increases the chances of developing mental health problems by 6.4 times. Somerset Partnership was a pioneer in the field of integrated health and social care mental health provision, and modern community mental health provision has been in place for longer in Somerset than in



most parts of the country. The Trust works closely with partner organisations, to ensure that there is a consistency of approach and a mutual understanding of priorities and strategic direction across the local health and social care economy. A fundamental priority for Somerset Partnership is to play an instrumental role in delivering the strategic objectives of Somerset Clinical Commissioning Group and also NHS England, through changing the way in which services are configured and delivered, in partnership with others across the Somerset health and social care community. The four strategic themes underpinning the five year strategy of the Clinical Commissioning Group are:

1. Encouraging communities and individuals to take more control of and responsibility for their own health and wellbeing
2. Developing joined-up, person-centred care
3. Transforming the effectiveness and efficiency of urgent and acute care across all services
4. Sustaining and continuously improving the quality of all services

Somerset Partnership has ensured that its own strategic direction is fully aligned to that of the Clinical Commissioning Group. The Trust recognises the essential requirement of engaging closely with the nine GP federations, local authorities and local people, to ensure that its services are appropriately adapted to meet the needs of local communities.

### **The Financial and Quality Challenge**

Somerset Partnership recognises that, both nationally and locally, the health and social care economy faces challenges on an unprecedented scale, in terms of efficiency, cost effectiveness and financial sustainability, and also in rising to the challenge of making ongoing improvements to the quality of services delivered to patients, whilst meeting ever-rising levels of demand for those services. The Trust has commenced work on meeting these challenges through the implementation of significant transformational change within the organisation, including service redesign and integration, but also recognises that this in itself will not be sufficient to meet the magnitude of the challenge being faced. Somerset Partnership is fully cognisant of the financial position across the whole of the local health economy, and the scale of the task faced by commissioning and providing organisations. The level of risk, particularly to financial sustainability of organisations is underlined by the number of Trusts nationally which are forecasting deficit positions, and also by the forecast of financial deficits by Trusts in Somerset and in neighbouring counties. The Trust recognises that a fundamental reappraisal is required of the nature and configuration of service provision, across pathways which span organisational boundaries, involving pan-organisational collaboration and major systemic change, with the quality of service delivered to the patient and financial sustainability as the starting point.

Somerset Partnership recognises the essential nature of ensuring that a robust and ongoing process of partnership working and engagement with other organisations across the local health and social care economy partners is embedded as a core element of the Trust's strategic planning process. Somerset Partnership is an active member of the countywide System Transformation Group, a forum which brings together local health and social care providers and commissioners within its membership, to ensure that organisations work increasingly closely together to meet the challenges faced in Somerset. The Transformation Group has served as a pivotal collaborative forum, via which partner organisations across the county have been able to share their operational and strategic plans, and to ensure that their strategies for the delivery of sustainable, high quality care to patients are fully aligned and consistent. Somerset Partnership is an active member of the Symphony project, a multi-organisation initiative involving commissioners and health and social care providers, with the purpose of developing person-centred, co-ordinated, and integrated care services for people in the South Somerset area. Somerset Partnership is also an active member of a wide range of other local forums, and plays a key role in helping to drive improvements to quality, efficiency and innovation, whilst working collaboratively to ensure that patients receive the best care possible.

The financial challenge facing organisations across the Somerset health economy cannot be underestimated, and presents a considerable level of risk to individual organisations and to the local health economy as a whole. The affordability challenge facing the NHS nationally means that significant cost improvements will need to be achieved by all local organisations in each of the five years covered by



this plan. The Better Care Fund, a single pooled budget, with a value nationally of £3.8 billion, aims to support health and social care services to work more closely together in local areas. The Better Care Fund presents the NHS with an unprecedented opportunity to transform the quality of patient care outside of hospitals, preventing emergency admissions to hospital and integrating care more closely around the needs of individual patients. Somerset Partnership has been fully engaged with local health and social care partners, in identifying and agreeing upon key local priority areas for the use of the Better Care Fund. The document 'Everyone Counts: Planning for Patients 2014/15 to 2018/19' makes clear that there must be a significant shift in activity and resource from the hospital sector to the community. Joint plans have been developed for six key areas in which the opportunity exists to work in an integrated way across health and social care, to deliver better services for patients:

- Reablement and Independent Living Teams
- Personal Health Budgets and Personalised Care Planning
- Care Teams for People with Complex Needs
- Multiagency Working
- Frail Elderly
- Housing to Support Independence

Patient safety and quality is at the heart of everything that Somerset Partnership NHS Foundation Trust does. The Trust has a relentless focus on raising the quality of services delivered to patients, and to improving levels of patient satisfaction. The Trust's approach to quality and patient safety and managing clinical risk includes comprehensive governance arrangements, falling into three broad areas:

- prevention and early detection;
- learning from incidents;
- creating a culture of continuous improvement.

The Trust benchmarks its performance in respect of quality measures, against national and local benchmarking data, where this is available. Where such benchmarks do not exist, the Trust monitors trends in the numbers of reported incidents and levels of harm, and tracks progress against internal improvement targets. Due to the paucity of comparable national data relating to patient safety measures, the Trust proposed successfully, to the NHS Benchmarking Network, that in response to the recommendations of the Francis inquiry, a national data collection exercise be undertaken in relation to the metrics contained within the Somerset Partnership Quality Report, with a view to facilitating comparison against peer organisations. The Trust has analysed this comparative information, in relation to quality metrics for mental health services, including ligature point incidents, use of restraint, and incidents of physical violence towards staff. The key findings have been shared with staff, and the Trust is currently working with the NHS Benchmarking Network, to develop a broader range of measures to be included in the next iteration of the national data collection exercise. The Trust has also participated in national benchmarking exercises relating to community health services and child and adolescent mental health services (CAMHS), and the key findings have been shared with staff. The Trust is also actively involved in the scoping exercise for the national benchmarking exercise on learning disability services.

The Trust is currently realigning its monthly Quality Report to the Trust Board, focusing on areas which provide assurance against the key questions which will be considered by the Care Quality Commission, when reviewing and inspecting services. The Quality Report also focuses upon the delivery of high quality care from a patient and carer perspective, through regular reporting of patient experience data, patient engagement activity and issues raised through complaints and concerns. The Quality Report is published monthly on the Trust's website and provides the Trust Board and the general public with regular information, across a broad range of quality and safety measures including slips, trips and falls, medication incidents, pressure ulcers, incidents involving ligatures and ligature points and patient and public involvement. The Trust's longer term goals for improving the quality of services which it delivers to patients are fully aligned with those of Somerset Clinical Commissioning Group, in that by 2018/19:

- the Trust's patients have access to high quality care that is affordable and sustainable;
- all patients receive the very best care that is delivered by staff with the right clinical skills and the time to provide care with compassion every day;
- all of our staff have pride in what they do and are respected by patients and the public;

- we will keep patients at the centre of all that we do by listening to patients and hearing their concerns;
- if things do go wrong, patients will be listened to, and told when mistakes have been made, things are put right as far as is possible and lessons are learnt.

### **Capacity analysis: Sufficiency of Estates, Beds and Staff to meet Healthcare Needs**

Somerset Partnership has a comprehensive business planning process in place, which maps out clearly the projected levels of presenting demand for its services, and ensures that the Trust has the flexibility to ensure that sufficient capacity exists to meet these demands. The Trust has reviewed the growth in levels of demands which have occurred in recent years, and has projected these forward, taking account of local forecasts for changes to demography. Local levels of available capacity and demand for community health services, including the configuration and adequacy of provision of community hospital beds, are subject to an ongoing review, led by Somerset Clinical Commissioning Group, in which the Trust is an active participant. Close partnership working with other organisations across the local health economy, including active participation in countywide service reviews and the key forums outlined above, and the regular discussion and sharing of planning assumptions have ensured that there is a commonality of understanding of local issues between organisations and other stakeholders, and a consequent congruence of plans.

### ***Estates***

The main focus of Somerset Partnership's five-year estate strategy is to continue to support clinical activity and provide modern, fit for purpose accommodation. Over the past five years, the Trust has delivered a capital programme with a value of £17 million, which was partly funded by the generation of £7.1 million from the land sales programme. This sits alongside a programme of development of the community hospital estate by the former NHS Somerset over the last five years which has seen five new community hospitals opening – at West Mendip (Glastonbury), Frome, South Petherton, Minehead and most recently at Bridgwater which opened to patients in April 2014.

The Trust's most recent scores for Patient-Led Assessments of the Care Environment (PLACE) saw the Trust rated as 'Excellent', reflecting the quality of the Trust's patient environment. Following a significant refurbishment project, Rydon Ward was shortlisted for the Building Better Healthcare awards. The Trust's current mental health estate is valued at £34.5 million and consists of four principal sites and 14 smaller sites. The floor areas of the buildings amount to around 25,000m<sup>2</sup>, which equates to the size of a small acute district general hospital. The buildings comprise a mix of inpatient provision, day units, residential provision and community team bases. The current estate is in good condition, is operationally sound, and safe after significant investment in the improvement of facilities for the people who access the sites. The community estate, transferred from NHS Somerset on 1 April 2013, is around 50,000m<sup>2</sup>, consisting of 13 community hospitals (11 of which are owned by the Trust and two of which are leased), four dental access centres and 16 community health buildings, and is valued at approximately £80 million. The Estate Strategy identifies a number of priority areas for the development of the Trust's estate over the coming five-year period. In particular, these are:

- Redevelopment of Chard Community Hospital - includes refurbishment and modification of existing buildings, along with the demolition of certain poor quality buildings and extensions.
- Redevelopment and refurbishment of Wessex House, inpatient Child and Adolescent Mental Health Service ward in Bridgwater. Reconfiguration works are being undertaken to improve the layout and fabric of the building, to improve the ability of the staff to care for the patients.
- Works to improve standards of privacy and dignity at Rowan and Magnolia Ward in Yeovil. The aim is to provide 16 single bedrooms with flexibility of male and female numbers. Rowan Ward is a 22 bed mixed-sex inpatient facility, for adults up to the age of 65 years. The current space requires modification in order to meet the standards on single-sex accommodation.
- Redevelopment of Phoenix ward in Wells. Modernisation of the accommodation will include the provision of single bedrooms with en-suite facilities to meet privacy and dignity standards and reduce the potential to self-harm. The ward would be self-contained with appropriate accommodation, including secure outside areas to meet modern NHS mental health inpatient standards.
- Improve the quality of the environment at Dene Barton Community Hospital. Dene Barton Community

Hospital was originally built in the early 1990s to provide accommodation for patients with mental health and learning disability needs. The six facet survey highlighted that improvements are required to enhance functional suitability of the facility and improve space utilisation.

- Develop the Summerlands / Bartec sites in Yeovil. The Trust currently provides a range of community and mental health and inpatient services from three main sites: Bartec, Charter House and Summerlands. The key objective is to achieve integration with community and mental health non inpatient services. The Trust has held discussions with Yeovil District Hospital NHS Foundation Trust about participation in developing an adjacent site (Cheverton) for the purposes of creating a health and social care campus to support the Symphony project and develop a care pathway for the frail and elderly (although other services could be placed on this site).

In line with its programme of service integration, the Trust will look increasingly to co-locate physical and mental health services, to facilitate more effective joined-up working and to ensure that optimal use is made of the Trust's estate. The Trust is also conscious that its estate strategy will need to be reappraised during the life of this plan, to take into account the key findings of local initiatives, notably the commissioner-led review of community health services.

### ***Bed Capacity and Activity Projections***

National benchmarking data indicates that the Trust is reasonably well provided, in terms of the numbers of adult acute mental health beds per weighted head of population and manages its resources efficiently, with comparatively low lengths of stay, and low levels of unplanned readmission. Data from the NHS Benchmarking Network also shows that Somerset has amongst the highest numbers of community hospital beds per head of population of any area nationally. In recent years, the Trust's levels of community-based activity have grown at a faster rate than inpatient-based activity levels. The Trust's activity projections over the five year period from 2014/15 to 2018/19 show a continuation of this trend, reflecting the ambition of local and national strategic plans, for a shift in the setting of care, away from inpatient-based care provision and towards care being delivered closer to patients' own homes, where clinically appropriate. A summary of the Trust's projections for its activity levels is included in the below, showing the projected levels of increase, in comparison with the preceding year.

	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
Community Contacts	0.7%	1.9%	2.5%	2.5%	2.5%
Inpatient bed days	1.8%	1.8%	0.0%	0.0%	0.0%
Total referrals	0.7%	2.0%	2.5%	2.5%	2.5%

The second phase of Somerset Partnership's integration programme aims to take forward and optimise the opportunities for integrated working of services across the Trust and also integrated working with partner organisations. Whilst Somerset Partnership is confident that its plans are fully aligned with those of other organisations and are consistent with the achievement of this objective, the Trust recognises the risk that its delivery is contingent upon a commensurate shifting of resources away from the provision of acute inpatient care and towards community-based services. The Trust's experience, from previous redesign work, undertaken in respect of mental health services, shows that every £1 invested in community services would save £3 in inpatient services. However, it is not possible to close inpatient services before investing in community services.

The realignment of care provision already undertaken by the Trust, and a reduced reliance on inpatient beds has resulted in spare capacity existing within the Trust's community hospitals, which typically have around 40 unoccupied beds at any time. Somerset Partnership's Cost Improvement Programme includes plans for a reduction of 40 community hospital beds across the organisation. Additionally, the Trust's plans for the implementation of the national "Safer Staffing" guidance will give rise to temporary closures of a further 31 community hospital beds and six mental health beds in order to preserve staff to patient ratios at recommended levels or better until such time as the Trust is able to recruit to its full staffing complement. These plans have been impact assessed and shared with Somerset Clinical Commissioning

Group and also with other local health and social care economy partners. Somerset Partnership remains confident that its plans for temporary bed closures will not give rise to a shortfall in community hospital bed capacity across the county. The preservation of existing capacity will be achieved through maintaining the existing levels of admissions and discharges, at a bed occupancy rate of 85%, and focusing on reducing the average length of stay across all community hospitals, from 21.5 days in 2013/14, to 17.1 days by 31 March 2015.

### **Staff**

The Francis Report and the Keogh Report raised concerns relating to the adequacy of staffing levels and the effect this had on patient safety. The Francis Report referred specifically to a decline in standards associated with inadequate staffing levels. A range of recommendations from the inquiry related to the numbers of nursing staff caring for patients. National benchmarking exercises, in which the Trust has participated, indicate that the Trust has comparatively fewer nurses than peer organisations across the country, and that the skill mix of its nursing staff is generally less rich. Somerset Partnership has undertaken a full review of staffing levels across all of its wards. This work was initiated by the Trust in 2013 and has been revisited in the light of the Department of Health document, 'Hard Truths – The Journey to Putting Patients First'. The Trust's recommended nursing establishments take into consideration feedback from staff and patients, and were based on national recommendations. As part of this work, the Trust undertook a gap analysis, to identify the number of additional registered nurses and health care assistants required for each ward, in order to meet safer staffing recommended levels, given existing bed numbers. For community hospitals, the safer staffing requirements give rise to a requirement for an additional 26.74 whole time equivalent registered nurses and an additional 30.78 whole time equivalent healthcare assistants. For mental health wards, the safer staffing requirements give rise to a requirement for an additional 19.4 whole time equivalent registered nurses. The Trust is implementing a robust programme of recruitment, in order to meet these identified gaps. The Trust's Safer Staffing report is presented monthly to the Trust Board and is published on the Trust's website.

The Trust has a stable annual staff turnover rate of 11% and a stable workforce of approximately 3,800 staff, equating to around 3,000 whole time equivalents. This enables a healthy balance of newly qualified staff and experienced staff, to ensure a consistently high quality skill mix in the Trust's multi-disciplinary teams. The Trust has well-established processes in place, to review skill mix and support the sustainability of its services, through an ongoing programme of analysing individual vacancies arising, and considering how best to preserve the quality of service provided and make best use of available resources. The Trust has undertaken successful recruitment campaigns for registered nurses and will undertake further campaigns in order to deliver its plans to increase the number of registered nurses employed by the Trust during the lifetime of this plan. The overall numbers and composition of the Trust's workforce are projected to remain broadly stable for the period 2014 to 2019, with the following exceptions:

- 1) a projected increase in the numbers of nurses, in line with the plans for safer staffing, outlined above;
- 2) a projected increase in the numbers of health visitors in response to the 'Call to Action' initiative;
- 3) a projected increase in the numbers of apprentices, in line with the Trust's continued commitment to the national programme for apprentices;
- 4) a projected increase in the numbers of associate practitioners, to reflect the skill mix planned in the District Nursing service;
- 5) a projected increase in overall staffing numbers in the final year of the plan, reflecting the forecast increase in new business gained by the Trust.

The Francis Report highlighted the critical role that health care assistants and other unregistered staff play in contributing to the quality of patient care and this has led to a review of the minimum training standards and code of conduct for unregistered staff. The Trust will develop plans to establish robust induction and training programmes to support minimum training standards for all unregistered clinical roles. The Trust continues to support the development of health care assistants through accessing National Vocational Qualification (NVQ) and Qualifications and Credit Framework (QCF) programmes at Levels 2 and 3, to provide assurance of competence and safe working. Wider workforce investment funding will be used in 2014/15, to develop 30 health care assistants working in hospital settings (existing staff) through QCF



Apprenticeship programmes delivered in the workplace. The Trust will identify further areas of service which would benefit from the development of Band 4 Assistant Practitioner roles in clinical settings. This follows the success of the development programme for health care assistants in the District Nursing service, using a Level 5 Higher Apprenticeship (Assistant Practitioner) route.

The Trust's new Clinical Skills Lab facilities in Bridgwater will be used to enhance clinical skills of health care assistants as part of this programme and will be used more generally to develop the clinical skills of the Trust's workforce. Apprenticeship programmes will be accessed for new roles and also for existing staff, to support the development of Bands 1-4 in Customer Care, Business Administration, Communications, Information Technology and Hospitality. Apprenticeships have been successfully introduced in Business Administration roles and further work will be done to expand the creation of Apprenticeship posts to clinical roles. Funding from Health Education England South West will be used to increase the knowledge and skills of staff at Bands 1-4 and to develop competencies which may lead to entry into higher banded posts as part of planned career progression. This will include providing opportunities to progress to nurse training. Work is progressing on defining the core competencies of clinical support workforce and identifying the differences between roles and bandings. This will provide clarity to staff regarding the expectations attached to roles and will allow additional flexibility in moving between clinical settings, as well as providing assurance that staff have the necessary competencies to undertake their roles.

### **Information Technology**

The Trust's Phase II Integration programme will focus on the on delivery of personalised care as close to a patient's home as possible, and has wide-ranging implications for healthcare delivery in an increasingly technology-based environment. This is a particular challenge in a rural county like Somerset, with limited connectivity for mobile IT solutions. The capacity on the existing Somerset Partnership N3 (national NHS wide area network - WAN) estate is now inadequate for the existing infrastructure and future IT developments, increasing file sizes, video imaging, and data retention obligations will be severely hampered by the lack of available bandwidth. This is further hindered by systems such as PACS/RIS (digital x-rays) where the deployment of new systems has not been adequately tested on the infrastructure, and has stretched the N3 system further.

The key actions to be undertaken by the Trust, in implementing its IM&T strategy include:

- securing a high speed, Trustwide WAN that can deliver high volume data throughput and allow a first class IT estate to operate at an optimum level;
- implementation of a plan to eradicate the deficiencies in the 3,300 item PC estate by fast-tracking the replacement of the least efficient equipment over the next three years;
- expanding the use of electronic messaging and system interoperability with local health economy partners, to improve the speed of transmission of patient information and free up time to spend on patient care;
- the introduction of mobile solutions to obviate the need for staff to capture data on paper, and for that information subsequently to be transcribed, again freeing up more clinical time to be spent delivering patient care. A high capacity WAN will allow the use of videoconferencing and WebEx shared working and training;
- extending the roll-out of RiO across the Trust's remaining community health services, such as community hospital inpatients and minor injury units by 31 May 2015.

### **Competitor analysis**

Somerset Partnership has undertaken a detailed analysis of its principal competitors, and the services provided by the Trust, which are at risk from competitor organisations. It should be emphasised that all of the organisations listed within the analysis also represent an opportunity for Somerset Partnership, to form collaborative links and partnership working arrangements, as well as strategic alliances for the purposes of delivering joined up care pathways and developing joint bids for the provision of services which become available via tendering opportunities.

Sector name	Areas of strength, compared to Somerset Partnership	Areas of weakness, compared to Somerset Partnership
Acute providers	<ul style="list-style-type: none"> <li>• strong local identity and reputation, well known to patients in their area;</li> <li>• many acute providers are larger, with greater levels of resources and greater scope to achieve economies of scale;</li> <li>• provision of a greater range of treatments including surgical intervention.</li> </ul>	<ul style="list-style-type: none"> <li>• limited or no real community presence or recent expertise in running community-based services or mental health services;</li> <li>• face considerably bigger challenges in the delivery their cost improvement programmes, including forecasts of financial deficits;</li> <li>• limited geographical spread.</li> </ul>
Community and Mental Health Services	<ul style="list-style-type: none"> <li>• some providers are larger than Somerset Partnership, with higher levels of financial resource and population coverage and geographical spread;</li> <li>• experience of providing community health services and mental health services in other counties;</li> <li>• community Interest Companies have increased financial flexibility and can raise funds by selling shares;</li> <li>• well-positioned to bid for contracts for services outside of Somerset.</li> </ul>	<ul style="list-style-type: none"> <li>• some Trusts with risk of non progression to Foundation Trust status due to finance and performance issues;</li> <li>• limited or no existing presence in Somerset;</li> <li>• some reputational issues;</li> <li>• some Trusts with significant leadership, quality and governance issues;</li> <li>• some providers are smaller than Somerset Partnership;</li> <li>• some providers with no NHS brand identity.</li> </ul>
Other NHS providers	<ul style="list-style-type: none"> <li>• some providers have considerably larger population coverage;</li> <li>• some providers with closer relationship and working links with commissioning bodies;</li> <li>• potential to become established in a range of locations across Somerset;</li> <li>• potential to bid for a broad range of treatments.</li> </ul>	<ul style="list-style-type: none"> <li>• areas of service provision of some providers are limited to specific and narrowly defined areas;</li> <li>• no experience of providing community or mental health services;</li> <li>• some providers with no established brand or recognition of organisational identity.</li> </ul>
Private sector	<ul style="list-style-type: none"> <li>• some nationally established independent providers;</li> <li>• undertake treatments not currently provided by Somerset Partnership;</li> <li>• some providers are considerably bigger financially than Somerset Partnership;</li> <li>• greater financial flexibility.</li> </ul>	<ul style="list-style-type: none"> <li>• some providers with limited or no experience of delivering community and mental health services;</li> <li>• no NHS brand.</li> </ul>
Voluntary Sector	<ul style="list-style-type: none"> <li>• ability to raise charitable funding;</li> <li>• particular experience in delivering specialist areas of care;</li> <li>• nationally established.</li> </ul>	<ul style="list-style-type: none"> <li>• no NHS brand;</li> <li>• some individual competitor organisations are considerably smaller than Somerset Partnership.</li> </ul>



## SWOT analysis

Somerset Partnership has undertaken an analysis of the health and social care market within which it operates, in order to evaluate the relative strengths, weaknesses, opportunities and threats which lie within it, and also to provide context to inform an assessment of its own strengths and weaknesses as an organisation. A summary of the principal Strengths, Weaknesses, Opportunities and Threats facing the Trust is set out in the table below:

STRENGTHS	WEAKNESSES
<p><b><i>Quality and Performance</i></b></p> <ul style="list-style-type: none"> <li>the Trust is a high performing organisation;</li> <li>a proven track record of quality and innovation;</li> <li>positive feedback from patients, and high levels of patient satisfaction;</li> <li>active participation in the work of the NHS Benchmarking Network, shaping national projects;</li> <li>strong geographical coverage;</li> <li>strong commitment to privacy / dignity gender sensitivity;</li> <li>strong focus on patient safety and quality;</li> <li>recovery model of care.</li> </ul> <p><b><i>Integrated service provision</i></b></p> <ul style="list-style-type: none"> <li>provision of national / regional services;</li> <li>diversity of services provided;</li> <li>proven track record of delivering major service redesign and successful management of merger / acquisition;</li> <li>good levels of integration already within the organisation;</li> <li>service portfolio and strategy aligned with the national and local strategic direction of providing more services in the community;</li> <li>good performance and quality of services;</li> <li>partnership working with third sector.</li> </ul> <p><b><i>Finance</i></b></p> <ul style="list-style-type: none"> <li>sound systems of financial management;</li> <li>consistent delivery of a surplus;</li> <li>good track record of delivering cost improvement plans;</li> <li>consistent delivery of the Trust's capital plan, on time, within budget.</li> </ul> <p><b><i>Workforce/Leadership</i></b></p> <ul style="list-style-type: none"> <li>constructive relationship with Governors;</li> <li>self-aware/review, Vision, Mission, strategic objectives;</li> <li>high calibre middle managers;</li> <li>leadership policy and compassion in practice;</li> <li>depth and strength of Board/Chief Executive (despite change);</li> </ul>	<p><b><i>Relationships and Reputation</i></b></p> <ul style="list-style-type: none"> <li>need to strengthen engagement and relationships further with wider strategic partners;</li> <li>some local reputational issues;</li> <li>insufficient influence with social care, particularly around delayed discharges;</li> <li>insufficient influence with the Health and Wellbeing Board;</li> <li>lack of positive relationship with the Clinical Commissioning Group corporately;</li> <li>need to strengthen working with voluntary and third sector organisations</li> <li>NHS brand is recognised but public awareness of the Trust as an organisation, and the services it provides, remains low.</li> </ul> <p><b><i>Marketing</i></b></p> <ul style="list-style-type: none"> <li>Scope to enhance marketing and market information / intelligence gathering;</li> <li>historic lack of an overarching strategy for growing the business;</li> <li>lack of confidence in providing services in urban communities.</li> </ul> <p><b><i>Sustainability</i></b></p> <ul style="list-style-type: none"> <li>the current size of the Trust, making it susceptible to acquisition;</li> <li>lack of a clear evidence base as to what sustainability means;</li> <li>less autonomy than private organisation.</li> </ul> <p><b><i>Contracting and commissioning</i></b></p> <ul style="list-style-type: none"> <li>inflexibility of existing contract models;</li> <li>difficult for a countywide provider to meet its core contract and also to "flex" to meet the requirements of Federations.</li> </ul> <p><b><i>IT/Information</i></b></p> <ul style="list-style-type: none"> <li>some issues encountered with the extension of RiO into the community setting;</li> <li>broadband connectivity, speed.</li> </ul> <p><b><i>Staffing</i></b></p> <ul style="list-style-type: none"> <li>staff shortages/recruitment;</li> </ul>

<ul style="list-style-type: none"> <li>• commitment to professional and personal depth of staff;</li> <li>• experienced Non-Executive Directors;</li> <li>• high quality, committed workforce;</li> <li>• robust governance arrangements;</li> <li>• ability to adapt organisation/staff.</li> </ul> <p><b>Contracting and commissioning</b></p> <ul style="list-style-type: none"> <li>• one Clinical Commissioning Group, coterminous with the local authority;</li> <li>• good relationship with our commissioner.</li> </ul> <p><b>Other strengths</b></p> <ul style="list-style-type: none"> <li>• broad geographic spread of services;</li> <li>• good quality of the Trust's estate;</li> <li>• RiO information system, moving towards a single, electronic patient record, and clear IT strategy;</li> <li>• NHS brand.</li> </ul>	<ul style="list-style-type: none"> <li>• management of agency/bank overtime;</li> <li>• some staff engagement issues;</li> <li>• need to improve medical engagement;</li> <li>• need to enhance early warning systems for serious operational issues.</li> </ul> <p><b>Other weaknesses</b></p> <ul style="list-style-type: none"> <li>• quality of some estate;</li> <li>• relatively low level of membership;</li> <li>• levels of mental health funding;</li> <li>• staff turnover / sickness / use of bank / agency;</li> <li>• community health services have traditionally not had effective IT systems in place, but progress is being made;</li> <li>• stigma remains, in relation to public perception of mental health services.</li> </ul>
<p style="text-align: center;"><b>OPPORTUNITIES</b></p> <p><b>Service Development</b></p> <ul style="list-style-type: none"> <li>• already the main provider of community-based services locally, and national and local strategic direction indicates that provision of these services will grow;</li> <li>• good track record of integration and service redesign mean that the Trust is well positioned to take over struggling organisations;</li> <li>• potential to consider international work;</li> <li>• community services tenders which are shortly due to be contested;</li> <li>• the Trust's range of services - opportunity to compete across several sectors;</li> <li>• integration with social services;</li> <li>• high level of influence in the Symphony project;</li> <li>• potential for synergies and extending collaborative working;</li> <li>• the financial challenge presents the opportunity for major service redesign;</li> <li>• geographical spread of community hospitals aids locality based integration;</li> <li>• estate capacity to deliver specialist services/meet gaps in service provision;</li> <li>• private healthcare in community hospitals;</li> <li>• tenders arising outside of Somerset</li> <li>• opportunities for national collaboration / consortia / Ministry of Defence consortia;</li> <li>• gaps in the training market;</li> <li>• development of addiction services.</li> </ul> <p><b>Relationships and Reputation</b></p> <ul style="list-style-type: none"> <li>• opportunity to influence the strategy of the Clinical Commissioning Group;</li> </ul>	<p style="text-align: center;"><b>THREATS</b></p> <p><b>Finance and resources</b></p> <ul style="list-style-type: none"> <li>• finance and funding – both the Trust's own position and that of the wider health and social care community;</li> <li>• size of cost improvement programmes;</li> <li>• recruitment issues / ability to recruit qualified staff;</li> <li>• being penalised / affected by underperformance or financial challenges of other Trusts;</li> <li>• personal health budgets.</li> </ul> <p><b>Contracting and commissioning</b></p> <ul style="list-style-type: none"> <li>• inflexibility of the Trust's main contract;</li> <li>• the fragmented nature of commissioning;</li> <li>• competition;</li> <li>• 'political' pressure to widen the choice of providers;</li> <li>• forthcoming election, new Chief Executive of NHS England - change of direction?;</li> <li>• Health Education England - too slow to respond to gap in student nurse numbers;</li> <li>• potential regulatory issues;</li> </ul> <p><b>Relationships and Reputation</b></p> <ul style="list-style-type: none"> <li>• local loyalty to NHS estate / resistance to change / public expectations;</li> <li>• relationships with GP Federations</li> <li>• potential impact of a 'catastrophic' incident</li> <li>• impact of potential deterioration of relationships with trades unions/staff side;</li> <li>• potential for the failure of key relationships</li> </ul> <p><b>Competition</b></p>

<ul style="list-style-type: none"> <li>strengthen strategic relationships with commissioners;</li> <li>scope to undertake more work in partnership with voluntary organisations.</li> </ul> <p><b>Other opportunities</b></p> <ul style="list-style-type: none"> <li>workforce - redesign of skill mix;</li> <li>choice in mental health;</li> <li>engagement with Governors, especially in relation to significant transactions.</li> </ul>	<ul style="list-style-type: none"> <li>potential for the Trust to be outmanoeuvred / other predatory Trusts</li> <li>choice in mental health;</li> <li>loss of services through competition;</li> <li>private sector providers;</li> <li>diversion of funds from community services;</li> <li>monopoly provider for some services (may force competition).</li> </ul>
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A summary of the key areas of Weaknesses and Threats identified from the Trust's analysis above, together with actions being taken by the Trust to mitigate them, are set out in the table below:

<p><b>Relationships and reputation</b></p> <ul style="list-style-type: none"> <li>close and established working relationships maintained through the Trust's involvement in and support for a broad range of collaborative forums;</li> <li>regular liaison between the Trust's Medical Director and Primary Care/GP Federation colleagues;</li> <li>Board to Board meetings held with commissioners and other organisations;</li> <li>a communications plan is in place to raise the profile of the Trust;</li> <li>regular engagement with senior social services colleagues, to review and discuss pressures impacting upon the Health and Social Care system, particularly delayed transfers of care;</li> <li>full engagement of the Trust in the Clinical Commissioning Group-led review of Community Services;</li> <li>a comprehensive programme of public engagement and listening to the views of patients;</li> <li>engagement with Trades Unions and staff-side representatives, and their involvement in consultations relating to a wide range of Trust policy areas.</li> </ul>
<p><b>Marketing</b></p> <ul style="list-style-type: none"> <li>the establishment, in 2013/14, of an identified senior management lead, dedicated to marketing and business development;</li> <li>themed Trust Board away days, focusing upon the strategic direction of the Trust and its ambitions around sustainability and growth;</li> <li>exploration of international marketing opportunities;</li> <li>the establishment of a core team to provide specific expert support to the development of business cases and responses to invitations to tender.</li> </ul>
<p><b>Sustainability</b></p> <ul style="list-style-type: none"> <li>successful tendering for a wide range of services within Somerset and also outside of the county;</li> <li>development of clear options for sustainability and growth of the Trust over the five year period.</li> </ul>
<p><b>Contracting and commissioning</b></p> <ul style="list-style-type: none"> <li>flexibility introduced into the Trust's 2014/15 contract, negotiated with Somerset Clinical Commissioning Group, in respect of eight key services and four other aspects of service provision;</li> <li>participation in Alliance contracting arrangements, which support collaborative working in respect of the Symphony project;</li> <li>consortia working arrangements for the provision of services to the Ministry of Defence;</li> <li>established processes of engagement with commissioners, and GP Federations, to achieve clarity regarding future service requirements;</li> <li>horizon scanning of national policy direction, to inform Trust strategy.</li> </ul>
<p><b>Information / Information Technology</b></p> <ul style="list-style-type: none"> <li>implementation of the RiO Information system across all applicable health services, with the aim of establishing a single electronic patient record;</li> <li>implementing mobile working arrangements for community-based staff;</li> <li>full implementation of RiO in community hospitals and Minor Injury Units;</li> <li>development and implementation of the Trust's IT Strategy;</li> <li>£1.1million of funding secured from the Safer Technology Fund, to support the development of the</li> </ul>

Trust's information technology arrangements.

### **Staffing**

- implementing Safer Staffing across the Trust, enhancing nurse to patient ratios, reducing the need for agency staffing and bank overtime;
- a comprehensive programme of recruitment at a national level;
- processes for the completion, review and authorisation of early warning systems, such as the Quality Effectiveness and Safety trigger tool reviewed and strengthened.

### **Finance and resources**

- clear plans in place to deliver the Trust's cost improvement programmes, supported by the Phase II Integration programme and potential efficiency gains identified from benchmarking information;
- advanced processes and performance management arrangements, equipping the Trust for Mental Health Payment by Results, and clustering.

### **Competition**

- intelligence gathering by the Trust, to identify the relevant strengths and weaknesses of competitor organisations;
- clear strategy and decision-making criteria to inform the Trust's future direction for organisational sustainability and tender opportunities.

## **1.4 Risks to sustainability and strategic options**

Somerset Partnership recognises that significant systemic change is required, in order to meet the challenges of preserving and raising quality standards within available financial resources. The Trust has taken active steps towards transformational change, with the overall aim of improving levels of quality, productivity and efficiency. Examples of actions initiated and implemented by the Trust include:

- the development and implementation of a model of GP Federation-based district nursing;
- the automation of data collection processes, in order to eliminate duplication, reduce paperwork and free up clinical time. This work has also included the roll out of mobile working facilities to community based staff;
- the development of Independent Living Teams.

### **Strategic Options**

In addition to ongoing work around the integration of services and collaborative working with other organisations, Somerset Partnership has evaluated the relative merits of various options for the future strategic direction of the Trust, considering a broad range of scenarios, outlined below. As is the case with the Trust's competitor analysis, these options have also been considered in the context of Somerset Partnership's understanding of Monitor's indicative guidance regarding population-based and financial-based sustainability criteria. Clinical viability criteria state that healthcare organisations should serve a population of at least one million, and financial sustainability criteria state that Trusts should have a turnover of at least £250 million. The Trust recognises that the national debate regarding the requirements for organisational sustainability remains ongoing, particularly noting the recent statement by Simon Stevens, Chief Executive of NHS England, who observed that a number of other countries have found it possible to run viable local hospitals serving smaller communities than sometimes are thought to be sustainable in the NHS. Monitor's recent publication, 'Facing the future: smaller acute providers', also found there to be no clear indication that smaller providers perform worse in relation to clinical measures, and that there was limited correlation between size and financial performance of providers. Monitor's document recognised that new models of care could mean smaller hospitals working differently with community providers to deliver better out-of-hospital care, or exploring new ways to integrate primary, community and social care with lower risk urgent and elective care. The principal strategic options and their relative merits are set out in the table below.

**Option:** 'Do nothing' - maintain existing configuration of service delivery, settings of care and organisational forms.

**Advantages:** minimal disruption of existing service provision.

**Disadvantages:**

- a “do nothing” scenario is not a viable option for the Somerset health economy, as this would culminate in a financial shortfall of around £200 million across the county over the five year period;
- this is also not a viable option, from a quality perspective, as it would result in no discernable improvement in the quality of services delivered to patients. The imperatives for raising quality standards, arising from the recommendations of Francis, Berwick and Keogh, as well as initiatives to set recommended staffing levels, associated with ‘safer staffing’ and ‘hard truths’, require that transformational action be taken by organisations across the local health economy;
- this option would represent a missed opportunity for Somerset Partnership to effect improvements to the quality of care and costs, through exploring its preferred growth and integration strategies.

**Option:** Shrink - the Trust looks to divest services.

**Advantages:** none identified.

**Disadvantages:**

- fragmentation of provision of the services currently delivered by the Trust;
- the Trust would not meet Monitor’s clinical and financial sustainability criteria;
- reduced scope to deliver cost improvements.

**Option:** Collaboration - working in partnership with other organisations to deliver more ‘joined up’ services, such as the Trust’s participation in the Symphony project

**Advantages:**

- minimal disruption through no change to organisational form;
- improvements to the quality of services for patients through joining up pathways across organisations;
- improvements to working relationships through the extension of partnership working arrangements;
- scope to reduce duplication, in terms of patients receiving multiple visits from health care professionals from different organisations;
- opportunities to establish effective consortium working arrangements, such as those in which the Trust participates in the delivery of services to the Ministry of Defence;
- opportunities to incentivise the delivery of the ‘right care at the right time in the right place’ across organisational boundaries, through the use of Alliance contracting agreements.

**Disadvantages:**

- the Trust would continue not to meet the clinical and financial sustainability criteria;
- no scope to deliver significant cost improvements.

**Option:** Internal integration - continued implementation of the Trust’s internal programme of integration of community and mental health services.

**Advantages:**

- joined up, holistic care for patients;
- delivery of cost improvements;
- reduced duplication of effort;
- improvements to the efficient use of resources through creating leaner teams;
- reduces internal referral of patients between teams within the Trust;
- enhances the Trust’s reputation for innovation.

**Disadvantage:** the Trust would continue not to meet Monitor’s clinical and financial sustainability criteria.

**Option:** Growth - remain as separate provider but grow the Trust’s business by £100 million in order to reach financial viability criterion, through acquisition / successful tendering of community health/mental health services

**Advantages:**

- potential for the Trust to meet financial and clinical sustainability criteria;
- strengthens the Trust’s position within the county;
- enhances the Trust’s portfolio of core community health and mental health services;
- provides scope to achieve economies of scale, and to spread existing good practice and performance standards;
- substantial opportunities are due to arise shortly, including the provision of community services in the North Somerset area, with a value of £130 million over five years;



- scope for the Trust to improve upon quality of care for patients and also performance standards delivered by existing providers of those services.

**Disadvantages:**

- although the Trust remains ambitious in respect of its competitiveness and tendering capability, the value of bids won in 2013/14 was £1 million, so the Trust's financial sustainability could potentially remain a risk for some time;
- risks associated with ensuring that the Trust had access to sufficient levels of infrastructure, estates and staff in any new geographical area in order to deliver a high quality service.

**Option: Backward Vertical Integration - merger / strategic alliances with GP provider Consortia**

**Advantages:**

- potential to develop a new, integrated model of care, spanning general practice and community-based services;
- increased scope to work with GPs to manage patients in a primary care setting, wherever appropriate, improving the quality of care for patients and avoiding unnecessary onward referral;
- increased competitive advantage in tendering for primary care/community-based services;
- increased range of expertise in the management and treatment of diverse conditions.

**Disadvantages:**

- local GP provider consortia are relatively new entities;
- limited scope for cost efficiencies and economies of scale;
- may take some time to meet clinical and financial sustainability criteria.

**Option: Diversification - developing or acquiring new services which sit outside of the healthcare sectors within which the Trust currently operates.**

**Advantages:**

- spreads risk over a broader range of service areas, does not depend upon existing national strategic direction being maintained;
- potential for the Trust to move into areas of healthcare which are comparatively better funded than community and mental health services.

**Disadvantages:**

- requires movement into new care areas, of which the Trust may have limited / no experience, carrying reputational risks;
- potential for the Trust resources to be spread too thinly across too many diverse areas;
- potential for synergies to be reduced, with a potential impact upon costs.

**Option: Horizontal integration - acquisition of / merger with organisations delivering similar types of care to Somerset Partnership**

**Advantages:**

- integration of social care and delivering better outcomes would make the Trust less susceptible to future acquisition due to the low number of truly integrated health and social care organisations;
- synergies in a number of areas, including range of services provided and rurality of its communities;
- fits with the Trust's strategic direction and areas of expertise;
- cost improvements arising from economies of scale, particularly around management and administration, sharing and implementing good practice;
- meets Monitor's financial and clinical sustainability criteria.

**Disadvantages:**

- potential issues relating to reduction in choice of provider for patients and involvement of the Competition and Markets Authority;
- potential difficulties associated with managing an organisation with a wide geographical spread.

**Option: Forward Vertical Integration - merger of Somerset Partnership NHS Foundation with a Trust providing acute services**

**Advantages:**

- likely to meet Monitor's financial sustainability criteria;
- improved access to secondary care services and more efficient onward referral pathways arising from



being a single integrated organisation.

**Disadvantages:**

- joining with acute trusts could result in funding being diverted from mental health and community health services to acute services, with a resultant adverse impact on the quality of services delivered to patients;
- may not meet Monitor's clinical sustainability criteria.

**Option:** Provider chain model - National strategic partnerships – consortium model – franchising arrangements, provider chains

**Advantages:**

- scope to achieve economies of scale and spread good practice;
- potential for increased sharing of expertise and good practice.

**Disadvantage:** work around the national models is emergent, and is focused largely around acute Trusts.

Somerset Partnership recognises that the risks to individual organisations and the wider health and social care system over the five year period covered by this plan (and even in the shorter term) are considerable, taking into account the unprecedented scale of the challenges which are to be managed, in terms of the adequacy of funding, the imperative to preserve and raise the quality of care, the shift in demography and prevalence. However, the Trust is confident that the plans which it has produced, focusing on collaboration with partner organisations, internal and external integration of physical and mental health services and social care, and a relentless focus on driving forward twin agendas of efficiency and raising the quality of care for patients, mean that the Trust is well equipped to meet these challenges. Somerset Partnership considers that the level of risk associated with financial sustainability cannot be underestimated. The Trust recognises that the scale of the financial challenge will be too great for some organisations to meet, and that some Trusts will not remain viable, in the face of the challenge to deliver year-on-year cost improvement programmes of the scale required. Somerset Partnership is aware that some Trusts within Somerset and within neighbouring counties are forecasting positions of financial deficit within their five-year plans.

Somerset Partnership has a strong track record of delivering challenging cost improvement targets and remains confident that it can meet the challenges outlined above, although it is recognised that this becomes more challenging with each year, particularly considering the levels of funding for mental health services in Somerset, which benchmark in the lowest quartile against peer organisations nationally, and the delivery of year-on-year cost improvements over a nine year period. This challenge is compounded by the funding levels available to support community health services in Somerset, which also compare unfavourably when benchmarked against other providers of community services nationally, meaning that the Trust is already having to deliver high levels of efficiency in order to sustain the high quality of its services and favourable standards of performance.

An additional risk, for both commissioners and providers is the scheduled move towards cluster-based contracting for mental health services, the effect of which, on levels of Trust income and commissioner spend, is currently unknown. Somerset Partnership considers this level of risk to be small for the Trust, due to it having advanced processes established for monitoring activity levels according to clusters. A further risk, to be borne in mind by commissioners, is the potential requirement for all contracts to be set on the basis of payment by results and the application of the national tariff. This could have significant implications, in terms of additional levels of funding required in order to purchase community and mental health services. A fundamental risk with the strategy of shifting care increasingly into a community setting, where appropriate, is that it is contingent on it being supported by a commensurate shift in resource away from acute care, as community services do not have spare capacity to absorb additional work. Recent commissioning rounds do not appear to have made significant steps towards effecting this shift in the setting of care, and progress needs to be made towards this goal if healthcare services, both locally and nationally are to be deliverable on a sustainable basis.

## 1.5 Strategic plans

The Trust has undertaken a self assessment of its strategic planning arrangements, using the Monitor self-assessment tool, and has implemented actions, including enhancing strategic planning at Board level and also strengthened the role of its Strategy and Planning Group, increasing the level of involvement of Governors in the strategic planning process. Based on the analyses outlined throughout this plan Somerset Partnership has identified a range of viable strategic options to be taken forward, in order to preserve and enhance the quality of the services which it delivers, address the identified risks to sustainability of services and the longer-term sustainability of the Trust, and optimise the use of financial resources. In evaluating each of the potential strategic options available, the starting point and paramount consideration of the Trust has been how each option would contribute to improving the quality of care for patients, and how scarce resources can be used most effectively to deliver that high quality care. The Trust's primary responsibility should be to deliver the best outcomes, and most cost-effective and sustainable services to patients, rather than issues linked to the preservation of existing organisational forms. Of the viable options for vertical integration, outlined in the previous section, Somerset Partnership sees no clear advantage in pursuing the option of acquisition by acute trusts, due to the historical level of risk associated with funding being diverted from mental health and community health services to acute services, and the consequent impact upon the quality and breadth of services available to patients.

### **STRATEGIC PLAN 1: GROWTH THROUGH CONTINUING TO PROVIDE COMMUNITY AND MENTAL HEALTH SERVICES**

As part of its ongoing process of assessment of business development and competitive tendering opportunities which arise, Somerset Partnership evaluates a broad range of factors, including:

- implications for the quality of care delivered;
- strategic fit with the Trust's existing services;
- whether the opportunity is financially viable;
- the inherent level of risk for the Trust;
- workforce implications;
- geography and adequacy of estate;
- information technology requirements;
- the relative strength of likely competitors.

The Trust has a good track record of competing for service development opportunities, and bid successfully, during 2013/14, for a wide range of services that increased the breadth of its portfolio, with a value in the region of £1 million. These new services included services for adults and for children, spanning community health services and mental health services, and provision both within and outside of Somerset. The Trust was also successful in its acquisition, in 2011, of the community services provider arm of the former Somerset Primary Care Trust, with a value of around £75 million. Somerset Partnership is ambitious, and confident of its capabilities to bid successfully for new business, and to make improvements to the quality of services. Significant business development opportunities which are either ongoing or shortly to arise, and to which Somerset Partnership is giving active consideration include:

- the provision of community services in the North Somerset area, with a value of £130 million over five years;
- the acquisition of Weston Area Health NHS Trust, which has a turnover of £97 million;
- the Wheelchair Pathway Lead Provider Service, commissioned by Somerset Clinical Commissioning Group, in the sum of £2 million per year;
- the provision of Stop Smoking services to Somerset County Council, with an annual value of around £650,000;
- the provision of weight management services to Devon County Council, with an annual value of £310,000.

Somerset Partnership also has experience of international partnership working arrangements, such as the Zanzibar project, which entailed visits by representatives of the Trust to Zanzibar, to evaluate the hospital environment, to focus on aspects of Learning Disabilities and Epilepsy care and to review the nurse education curriculum, to identify possible areas where existing arrangements could be strengthened. The Trust is currently undertaking work with the Foundation Trust Network and Healthcare UK, to bring together a group of providers of community health and mental health services, to explore opportunities

which may exist within international healthcare markets.

## **STRATEGIC PLAN 2: BECOME A FULLY INTEGRATED PROVIDER OF HEALTH AND SOCIAL CARE SERVICES FOR ADULTS AND CHILDREN**

The integration of health and social care services provides the opportunity to deliver better outcomes for patients, and to facilitate closer working between health and social care professionals to improve performance and make better use of available resources, through improvements to rates of delayed discharge in hospitals and reducing unplanned admissions by managing patients more effectively at home. Such a move would create an organisation with a turnover of around £320 million, which could make the organisation less susceptible to future acquisition, although potential issues arise in relation to reduction in choice for patients and the potential involvement of the Competition and Markets Authority.

## **STRATEGIC PLAN 3: ACQUISITION AND MERGER**

The Trust has identified a range of viable strategic options arising from its analyses of scenarios for acquisition and merger. The table below sets out the key considerations in respect of each of the Strategic Plans set out above.

	<b>1: Growth of community health and mental health services</b>	<b>2: Integrated Health and Social Care</b>	<b>3: Acquisition and merger</b>
<i>Milestones</i>	Ongoing	Work to be undertaken during 2014/15, to explore viable options.	Work to be undertaken during 2014/15, to explore viable options.
<i>Impact on key service lines</i>	The Trust evaluates all potential opportunities for growth and for collaborative working, to ensure that they are compatible with existing service provision and will contribute towards improving service quality and sustainability.	Significant scope for synergies with existing health and social care services provided by Somerset Partnership.	Potential for significant scope for synergies with existing services provided by Somerset Partnership, and also potential for the closer alignment of acute pathways with the Trust's community-based services.
<i>Impact on the broader local health economy</i>	Scope for the growth of the Trust to impact upon other providers across the county, if Somerset Partnership were to win / acquire new business currently provided by another Trust within the county.	Likely benefits to the broader health economy, through efficiency gains and improvements to the co-ordination of social care services and healthcare services provided in the community setting.	Potential synergy savings and cost efficiencies present an opportunity to improve the way in which those services are commissioned and provided, and to make better use of resources.
<i>Support required from the local health economy / alignment with plans</i>	No significant support required from the local health economy.	No significant support required from the local health economy, other than the continuation of the collaborative approach to delivering joined up services for patients.	No significant support required from the local health economy.
<i>Resourcing requirements</i>	Management time associated with the formulation of bids for the development of tender / bid documents, and costs associated with assimilating new services into the Trust.	Financial costs associated with the process of due diligence and requirements for additional management capacity associated with any acquisition or merger process	Financial costs associated with the process of due diligence and requirements for additional management capacity associated with any acquisition or merger process.

<i>Implications for Quality</i>	A prerequisite for Somerset Partnership in deciding whether to pursue growth opportunities is whether the Trust would be able to improve the quality of care for patients.	Potential to improve the quality of care delivered to patients through closer working relationships between health and social care professionals.	Improving the quality of care through sharing and implementation of examples of good practice within existing organisations.
<i>Risks and mitigations</i>	Risks of growth include a loss of focus on the core business of the Trust, with a consequent impact upon quality. The Trust has strong governance arrangements in place to ensure that such risks are mitigated and managed effectively.	Potential reputational risks associated with the management of transition arrangements, and different organisational cultures. The Trust has significant recent experience of having successfully managed the acquisition of the provider arm of the former Somerset Primary Care Trust and also having undertaken work to integrate community and mental health services.	Potential reputational risks associated with the management of transition arrangements, and financial risks of existing providers which could potentially be acquired. These risks would be managed through Somerset Partnership's well-established and effective arrangements for stakeholder engagement and financial management.

### **Communication plan for key stakeholders, including staff and the Local Health Economy**

This plan has been developed, working with clinicians and staff across the Trust, drawing ideas from front line teams as well as higher level strategic priorities. The Trust has a well-established process for developing and consulting on its plans including away days, focused on the planning process, bringing together Governors, Trust Board members and other key stakeholders, in order to share ideas and viewpoints regarding the Trust's priority areas, and to agree upon key aspects and issues to be taken forward. The Trust will continue to ensure there is regular engagement with staff at all levels as the plan is further developed and implemented through team briefings, the Trust newsletter and intranet as well as wider service and ward manager away days. Staff will be the principal ambassadors of the Trust's annual plan and the Trust recognises the importance of ensuring that the plan is understood, adopted and articulated by all staff as they go about the business of delivering care to patients, their families and their carers.

The Trust is an active participant in the nine local Health Forums in Somerset which comprise commissioners, patient representatives, local councillors, Healthwatch Somerset and other local voluntary and interest groups. The Trust will use these forums to discuss and disseminate the plan and to ensure that local communities understand the implications and endorse the decisions being made in respect of community services in their area and across the county. The Trust will also further engage regarding its plan with our governors and members through public Council of Governors' meetings and governors' development days, local constituency meetings, the members' newsletter and other local forums. The Trust will also continue to share the plan through wider media and will develop a summary, easy to read version of the key elements of the plan for wider consumption and dissemination as part of the communication plan.

### **Monitoring performance and adapting to future challenges**

Somerset Partnership has comprehensive performance management processes in place to ensure that it closely monitors progress against its strategic themes and goals, and is able to take identify areas of underperformance and to take action to address any issues arising. The Trust's business planning process is as inclusive as possible, and seeks the views of a broad range of stakeholders. As part of the planning process, the views of Governors are sought through the Trust's Strategy and Planning Group, whose members are invited to contribute towards the development of the Trust's strategic themes and goals. The Strategy and Planning Group also receives regular reports on the Trust's financial position,



and detailed reports on progress against the Trust's principal objectives, via the Business Action Plan, reported to the Trust Board on a quarterly basis. The objectives contained within the Business Action Plan are drawn from the Trust's strategic and operational plans, and other actions and initiatives which are being implemented by the Trust in order to support the achievement of its strategic themes, Mission and Vision. The Trust's Business Action Plan for 2014/15 reflects the Trust's strategic direction and key supporting actions to be taken forward during the year. In recognition of the dynamic strategic environment in which the Trust operates, the Plan will be adjusted during the year, to incorporate new priority areas and emergent challenges, and changes of emphasis to strategic direction, or to national or local policy.

### Financial projections

The Trust recognises the potential that exists to deliver savings through integrating physical and mental health services. These arise from management and administration savings, particularly in back office functions, through economies of scale, through estate rationalisation, through the co-location of services, and from operational synergy through reducing duplication in care management, joint care pathways and operational management costs. The Trust has already delivered savings by critically reviewing the care delivered in community hospitals and community settings, including the development of ambulatory care services, and the provision of care as close as possible to patients' homes, within the Somerset Coast area. The development of district nursing teams, aligned with the nine GP Federation areas within Somerset, will enhance the quality of services for patients, provide improved levels of cover within teams, and enable cost improvements to be made through economies of scale.

The majority of savings will be against pay budgets, which account for 75% of the Trust's costs. The Trust is taking this forward through service redesign, integration, working ever more closely in partnership with other organisations across the local health economy, and a critical review of posts and skill mix. The Trust will also continue to seek to make reductions to its expenditure on non pay costs, and savings will therefore also be made in other areas including the procurement of office equipment and services. The Trust has also identified opportunities to make savings within medical services. It is recognised that the medical workforce is a valuable, but high-cost resource, which needs to be focused on those areas which require medical input. New ways of working, which enable other professions to undertake work previously undertaken by medical staff, create this opportunity. Additionally, a number of consultant staff are approaching retirement age and have indicated an intention to retire. This will enable the Trust to manage the required reduction in medical staffing and to reprofile its medical workforce. The likely annual values of Cost Improvement Programmes for the Trust are set out below:

Year	2014/15	2015/16	2016/17	2017/18	2018/19
Cost Improvement Programme values (£m)	7.8	7.8	6.0	6.3	6.7

The Trust's Cost Improvement Plans for the five year period include:

- Inpatient reconfiguration: £6.7 million – from its ongoing analysis of bed occupancy levels, the Trust has identified a surplus of around 40 community beds across the organisation. Savings will be achieved through the Clinical Commissioning Group-led review, 'Making the most of Community Services', which will consider the future configuration and provision of community hospitals and community-based services. There will also be a review of older people's mental health beds within the Trust, with some efficiencies being realised in that area.
- Skill mix changes: £5.2 million - the Trust will review skill mix across both mental health and physical health services as ways of delivering care change, with more technicians in post.
- Central service savings: £1.9 million - these will be achieved through savings across central departments, through integration and reduced costs of headquarters arising from co-location and agile working principles.
- Medical services: £0.5 million - savings will be achieved through reducing medical staffing costs by taking opportunities, where staff retire, to reconfigure staffing, and through the review of the delivery of medical services to community hospitals.

- Income generation: £3.2 million - the Trust will make bids for several large contracts over the duration of the plan, including North Somerset Community Services, Devon Children's Services and Bath and North Somerset Community Services. The Trust has assumed that it will be successful in winning business, generating efficiencies.
- Non-pay initiatives: £1.5 million – these include a range of non-pay savings, including procurement and lease car initiatives.
- Operational synergy savings: £6.7 million – transformational savings will be achieved through integrating operational services, leading to reduced duplication of care management, operational management savings from economies of scale and more efficient care pathways.
- Management of the tariff deflator: £5.0 million – the Trust has negotiated a 'flat cash' contract with Somerset Clinical Commissioning Group for 2014/15. The tariff deflator funding will be used to invest in services in which there are pressures from increased capacity, and the balance will be used to support the Trust's cost improvement programme. The Trust has also assumed that the deflator funding will be returned for all years of the plan.
- Additional Clinical Commissioning Group funding: £2.1 million – The clinical commissioning group is continuing to support the Trust in delivering the cost improvement requirement, but this funding is non recurring.

All of the Trust's cost improvements are discussed and approved by the Trust's Executive Team and the Trust Board. As part of this process, the Trust's Medical Director and Director of Nursing and Patient Safety are required to assess the impact of the programmes on the quality of services and on patient safety, and to report their conclusions to the Trust Board. The Trust has also shared its plans with commissioners, and with other local Foundation Trusts, in order that there is a commonality of understanding of the Trust's plans, and to allow other organisations to undertake a full impact assessment.

The financial framework and Cost Improvement Plans have been shared with, and discussed at, a range of Trust forums and have also been shared with, and considered by, the Trust's Council of Governors, with opportunity to ask questions and to provide challenge. The Trust Board monitors achievement against plans, on a line-by-line basis throughout the financial year, via the Trust's monthly finance report. The Trust believes firmly in maximising savings on a recurring basis and aims for all savings plans to be recurrent. Non-recurring savings are used only on a marginal basis, to meet non-recurring pressures, or as a temporary mitigating measure until recurring savings can take effect. The Trust's plan for 2014/15 is to reduce its underlying surplus from £1.0 million to £0.5 million, whilst maintaining a continuity of services rating of 4 and to maintain that level for the duration of the five year plan. The Trust is planning for a total operating income of £152 million in 2014/15, rising to £182 million by 2018/19.

In preparing the Trust's financial plans for 2014/15 to 2018/19 the following assumptions have been adopted:

<b>Inflation Areas</b>	<b>2014/15 (%)</b>	<b>2015/16 (%)</b>	<b>2016/17 (%)</b>	<b>2017/18 (%)</b>	<b>2018/19 (%)</b>
Tariff Reduction	1.8	1.1	0.2	1.2	1.2
Pay	1.5	2.2	3.9	2.0	2.0
Non Pay	2.1	2.1	2.1	2.1	2.1

It is assumed that £2.7 million of the £3.1 million available from the main service contracts for Commissioning for Quality and Innovation (CQUIN) will be achieved. This is a prudent assumption, which means that the Trust is not reliant on achieving all of its CQUIN targets. The Trust acknowledges that there are potential pressures from demographic changes and the potential for further increases in activity and demand, but the Trust is clear that it cannot provide additional activity without a commensurate increase in funding. The Trust is assuming that contracts with all commissioners remain constant during the plan and that due to substantial new business opportunities which are due to arise, the income of the Trust will grow by £30 million over the five year period. There are risks associated with this assumption but the commissioning intentions from main commissioners do not indicate market testing of the services within the next five years.



The inflation assumptions used in the financial plan are as follows:

	<b>2014/15</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
Pay	1.5%	2.2%	3.9%	2.0%	2.0%
Non-pay	2.1%	2.1%	2.1%	2.1%	2.1%
Drugs	7.2%	7.2%	7.2%	7.2%	7.2%

Pay increases include the pension changes in 2015/16 and 2016/17. Non-pay inflation is based on the current Consumer Price Index for all goods. Drug inflation is in line with historic and forecast price increases. Depreciation costs are set to rise over the duration of the plan, due to the new Bridgwater Hospital but also the increase in the index factors used to value the estate. In addition to the formal Cost Improvement Programme, the Trust will take action to reduce reliance on agency staff and thus reduce costs. The Trust has strong budget management controls in place to identify emerging cost pressures and to manage the achievement of the cost improvement programme. In addition, a new contract has been entered into by the Trust, to provide procurement advice and support, which will enable the closer management of non-pay costs. The level of contingency which has been built into the plan is as follows:

<b>Contingency</b>	<b>2014/15 (£m)</b>	<b>2015/16 (£m)</b>	<b>2016/17 (£m)</b>	<b>2017/18 (£m)</b>	<b>2018/19 (£m)</b>
Pay Award	0.30	0.30	0.30	0.30	0.30
CQUIN	0.40	0.40	0.40	0.40	0.40
Pay	-	0.35	0.40	0.40	0.40
Non pay	0.14	0.14	0.20	0.20	0.20
Total	0.84	1.19	1.30	1.30	1.30

There are no material areas of non-recurrent revenue expenditure identified in the plan. Included within the modelling for the planning period is a downside assumption of reduced income through non achievement of CQUIN schemes and also non achievement of cost improvement plans. The mitigation for these is that the organisation would review any vacancies, with the intention of holding posts where it was safe to do so and also where agency cost would not be incurred.

The Trust's Estate Strategy, covering the period from 1 April 2013 to 31 March 2018, was approved by the Trust Board in June 2013. The main areas of expenditure, set out in the Trust's Capital Programme for 2014/15 to 2017/18 are:

- Implementation of the Trust's Information Technology Strategy: £7.5 million
- Redevelopment of Chard Community Hospital: £4.8 million
- Work to enhance standards of Privacy and Dignity: Rowan and Magnolia wards: £0.7 million
- Backlog maintenance: £2.3 million

The Trust's financial strategy is to deliver savings to manage reductions in tariff and cost pressures, to enable the Trust to continue to deliver surpluses for reinvestment in its services and facilities. The Trust's key aims within this strategy are to:

- maintain a surplus for all years of the plan;
- continue to maintain strong cash balances;
- continue to invest in the Trust's estate and infrastructure;
- support the delivery of the Trust's strategic themes and goals;
- continue to deliver integration / operational synergy savings through the integration of physical and mental health services;
- invest in the further development and improvement of the Trust's Information Technology systems, in order to support the delivery of productivity improvements.