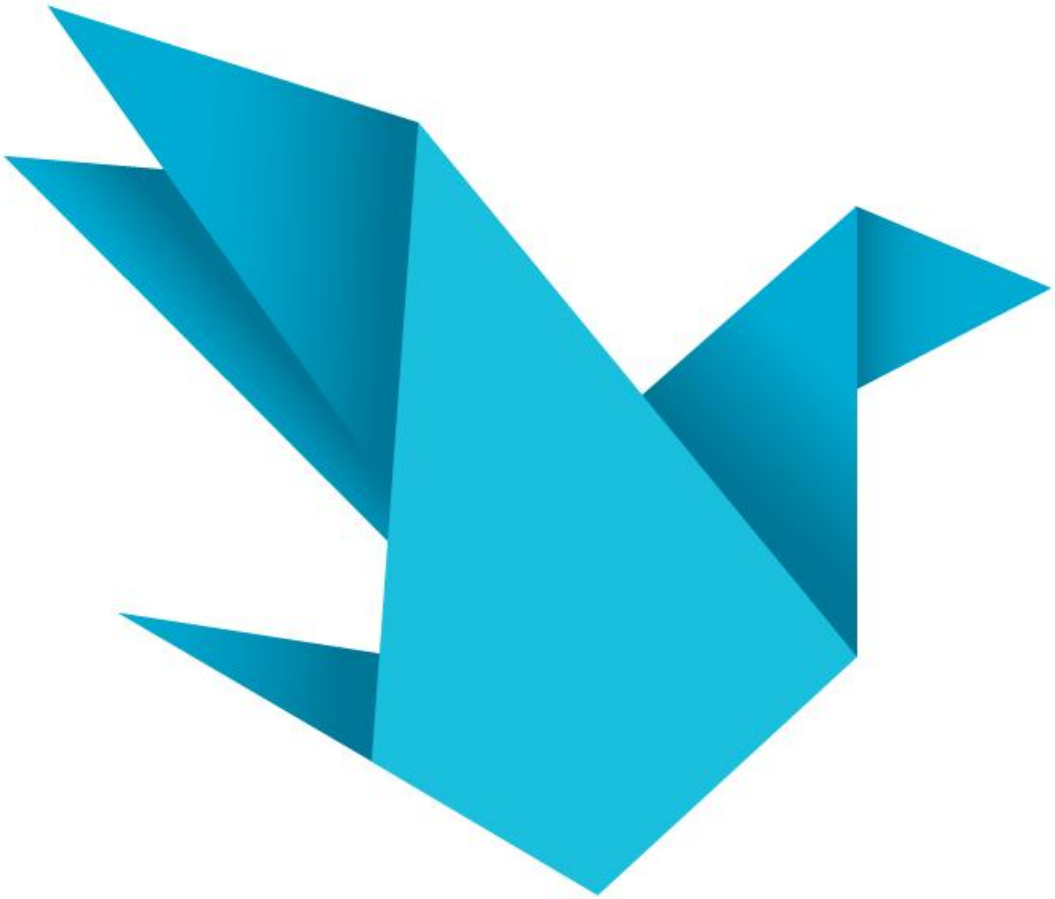
Black Country Partnership NHS
NHS Foundation Trust



Strategic Plan Document for 2014-19

Black Country Partnership NHS Foundation Trust

Our Community
you matter, we care

Strategic Plan 2014-19

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

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Date	30/6/14

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)*	Bob Piper

Signature 

Approved on behalf of the Board of Directors by:

Name *(Chief Executive)*	Karen Dowman

Signature 

Approved on behalf of the Board of Directors by:

Name *(Finance Director)*	Paul Stefanoski

Signature 

1. Executive Summary

The Strategic Plan highlights the Trust's medium term objectives over the period from 2014 to 2019 and builds on the operational plan previously submitted. The document highlights how the Trust plans to continue to deliver specialist learning disability, mental health and children's services across the Black Country.

The plan has been developed with the engagement of key stakeholders and the Assembly of Governors. This includes workshops with divisional staff on sustainability and strategy which has resulted in the developments included within this plan. The achievement of the plan will be monitored through the Trust Programme Management Office.

The public sector environment is expected to remain challenging for the next five years. The Trust identified at an early stage the financial gap in a 'do nothing' scenario. This presented a financial shortfall of around £13m by 2019. As a result of this, the Trust developed a Sustainability Action Plan including a detailed review of Trust service lines, to identify the actions required to close the forecast financial gap. Much of this work has been used to inform this Strategy.

As a result of the sustainability work, the Trust identified a long list of potential service developments which was then reduced to a shorter list of eleven based on non financial and financial benefits, consistency with the Trust's vision and values, the Trust Quality Strategy, and deliverability. The eleven opportunities were subject to further feasibility work to arrive at the final five key developments which have been modelled and included within this plan. The developments have been modelled to align where possible with the commissioning intentions of our main commissioners. The Trust has also considered the likely competition the Trust may face by "discounting" the financial impact.

The financial model, including the service developments, show the Trust income growing from £99.2m to £117m over the 2014-2019 period. The Trust is forecasting surpluses over the five year period which result in the Continuity of Service Risk Ratio to be a "3" in years three to five. Whilst the tariff deflator is assumed to include an efficiency requirement of 4%, given the continued difficulty of delivering cash releasing efficiencies at this level year-on-year, the Trust has modelled CIPs delivery of 2% in each of the final three years of the strategic plan.

Over the planning period, the Trust is anticipating a reduction in cash balances from £9.2m to £5.8m. However, over this same period, £26m will be invested in the Trust's estate and infrastructure allowing for continued safe and quality service to be provided in modern fit for purpose premises supported by effective IT and infrastructure.

Whilst the Trust is sustainable in each year of the Strategy, the financial projections from 2017-18 onwards suggests that some form of partnership or collaboration may be required to take the Trust beyond the current planning period. Without the further acquisition of new business or the significant expansion of existing service lines from 2017, or a change to service delivery that creates a step change to the cost base, the Trust will start to face the prospect of using cash reserves to maintain the infrastructure required for high quality service delivery.

The Trust believes that the underlying assumptions are contained in the analysis are both reasonable and in line with the current understanding of the economic environment. The current stable financial position of the Trust enables the organisation to work towards the delivery of the key actions in this Strategy while assessing the options to solve the underlying financial risks highlighted.

2. Declaration of sustainability

The board 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.	**Confirmed**

3. Market analysis and context

Sections 3.1-3.3 and 3.5-3.8 have been removed from summary plan – available if required

3.1 Demographics and local healthcare needs

3.2 Policy context

3.3 Market position

3.4 LHE alignment and funding analysis

3.4.1 Better Care Fund (BCF)

In June 2013 the Government announced plans to integrate health and social care across England, by creating pooled budgets between Clinical Commissioning Groups and Local Authorities

Nationally £3.8billion will be transferred from NHS services to local councils by 2015 / 16 to support health and social care through the Better Care Fund (formerly Integrated Transformation Fund). Whilst there are some small amounts of transitional funding there is very little new money or uncommitted resources in the BCF process. The majority of the funding is made from existing service contract lines of CCGs and Local Authorities with Trusts and other service providers.

In 2014/15 the Better Care Fund will be made up of £1.1bn existing transfer from the NHS to social care together with a number of other funding streams (carers' grants; reablement; disabled facilities grant) that bring the total within the BCF for 14/15 to £1.9m. It is important to note that a number of these other funding streams are 'ring fenced' and therefore cannot be considered as part of transformation.

Whilst there is no new money, it is expected that the BCF will cover demographic pressures in adult social care and some of the costs associated with the Care Bill. The BCF is a critical part of, and aligned to CCG 2 year operational plans which were recently submitted and the 5 year strategic plans which are expected in June 2014 (which mirror the requirements of our 5 yr plan submission to Monitor). Work has been done to align financial assumptions within the Trust plans notably with Sandwell and Dudley CCGs, whilst further work is required with Wolverhampton CCG.

Irrespective of the medium term future of the BCF, the Trust is fully engaged in its two main health economies (Sandwell and Wolverhampton) in promoting the philosophy of increasing out of hospital care and shifting resources to more preventative strategies. Through such approaches as Psychiatric Liaison, Recovery Colleges and clinical support to independent sector care homes, the Trust believes

it is well placed to support the health and social care economies in dealing with known demographic pressures and increasing activity in the acute sector. The opportunities for the Trust include the provision of these "enabling services" and increasing its profile as an integral part of the health and social care system as a provider of cost effective solutions to the demand pressures.

The focus of activity for BCF planning has been different in the two health economies. In Sandwell & West Birmingham, the focus has been, in the main, to support the reduction of beds as part of the *Right Care, Right Here* strategy to move onto a new single hospital site. As such, the direct impact of BCF on the Trust at this stage is minimal although plans for Psychiatric Liaison are being developed independent of the BCF process.

Wolverhampton represents more of a risk and there is a need to ensure that a professed desire of commissioners to reduce mental health beds is evidence-based (current bed numbers are low compared to other health economies) and not a further demand on top of other proposed efficiencies. There is also a concern that current commissioning issues at Walsall Metropolitan Borough Council will disproportionately impact on the decision making process.

Despite the current uncertainty as to the future or application of the BCF the Trust believes that the impact will be broadly neutral. For the potential opportunities for increased service delivery there are corresponding risks as outlined above. For this reason, there is no specific impact modelled in the Trust's strategy.

Historically, the Trust has been asked by its main commissioners to make efficiencies in line with national requirements. These efficiencies have been cash releasing, contract reductions in both real and cash terms. Commissioners have seen increases in outturn activity as additional QIPP savings in the following contract round. Thus the proportion of spend with the Trust compared to overall allocations has decreased over the period. The Trust is not planning for this situation to change over the course of the next five years, although this fact will be used to protect the Trust from further disinvestment.

Although the Trust is using the working assumption that some form of PbR for mental health will be in operation at point during the planning period, the financial position of the health economies will by necessity lead to its impact being overall cost neutral. However, the Trust acknowledges that the information and data quality requirements of CCGs will increase over the period. This increases the potential for greater exposure to contract penalties and is a key reason for the Trust's investment in IT infrastructure.

3.4.2 Commissioning intentions

Our commissioners are developing their five year strategies in parallel with the development of this five year plan. However, the table below provides a summary of existing commissioning intentions as they impact upon the Trust.

Commissioners	Future intentions
Learning disability services	
Black Country CCGs (Sandwell and West Birmingham, Wolverhampton, Dudley and Walsall) with Dudley	Dudley CCG have stated that appropriate pathways will be commissioned to reduce the reliance on assessment and treatment services and facilitate the transition of clients to care in the least restrictive setting.

Commissioners	Future intentions
CCG as lead commissioner for specialist healthcare LD services	Areas for further development are set out as: • Support for more independent living • Support to enable people to get back into employment • Personalisation Sandwell CCG currently commissions one service for people with Asperger Syndrome for supported living. It identifies a significant gap in access to a diagnosis of Asperger Syndrome. A local Autism Strategy is due to be published in 2014/15. Wolverhampton CCG is aiming to: • Continue to deliver high-quality specialist health services where appropriate • Achieve the full inclusion of people with learning disabilities in all mainstream initiatives aimed at addressing health inequalities and promoting healthier lives • Ensure that services are developed that appropriately meet the needs of people with complex needs and people from black and minority ethnic communities. • Review the Learning Disability and Mental Health care pathway to include clearer links with other care pathways and services (for example, mainstream mental health, dementia, forensic services and CAMHS1.
CAMH services	
Sandwell and West Birmingham CCG and Wolverhampton CCG	Dudley CCG does not currently commission services but has set out commissioning intentions for CAMHS: Existing service provision will be reviewed to commission a service the 16-25 age group, bridging the transition from children's to adults' services[2]. Sandwell and West Birmingham CCG has set out intentions to commission a model of care for children and young adults aged up to 25 to ensure a consistent approach. This will: • Improve and enhance the mental health of children and young adults who are experiencing emotional and mental distress and ill health • Provide high quality, comprehensive, multi-disciplinary and multi-modal specialist child mental health provision to children and families and support transition to adult services • Provide robust, integrated community mental health services for children aged up to 14 and young people aged 14- 25 Sandwell CCG has set out to commissioning intentions to develop and establish pathways for Sandwell patients against identified local

[1] Wolverhampton People Parliament: Improving the Healthcare of People with Learning Disabilities
[2] Dudley CCG Commissioning Intentions 2014/15

Commissioners	Future intentions
	needs (self-harm, conduct disorders, autism, eating disorders, depression and ADHD)
Adult mental health services	
Sandwell and West Birmingham CCG and Wolverhampton CCG	Wolverhampton CCG plans to implement a QIPP target regarding the provision of in-patient services at Penn Hospital and the reduced bed numbers. There are intentions to collaboratively commission female PICU with other Black Country commissioning colleagues. Sandwell and West Birmingham CCG intends to introduce a radically different approach to mental health and wellbeing that provides a high volume of early preventative services to reduce the need to present later with complex mental illness. It combines positive self-help, confidence building, psycho-education, condition management, talking therapies and access to specialist support, all of which have been developed with service users who are 'experts by experience'. There are specific plans to introduce the following: • Merging of the two separate Single Points of Access to the primary and secondary care mental health services in Sandwell • A 50% increase in the numbers of people across our area provided with psychological therapies through the Improved Access to Psychological Therapies (IAPT) scheme. • Review of the recent pilot to extend psychiatric cover to A&E at Sandwell Hospital over the winter period (Oak Unit) to identify whether to maintain the revised service all year round.
Older adult mental health services	
Sandwell and West Birmingham CCG and Wolverhampton CCG	Wolverhampton CCGs[3] plan to review existing pathways and usage. Priorities for this review are speed of patient access, improved compliance with national good practice models/ implementation guides and more effective use of resources. Sandwell and West Birmingham CCG4 has suggested that health and social care resources for older people may need to be located to the west of our area, in Sandwell, to cater for the likely increasing older population. The model has been designed to provide a 'whole systems approach' to the commissioning of dementia services within Sandwell. The CCG set outs its intentions for a model that will enable commissioning of an integrated dementia commissioning plan.

[3] Wolverhampton CCG commissioning intentions 2014/15
[4] Sandwell and West Birmingham CCG Operational Plan

Commissioners	Future intentions
	Further work is being undertaken to agree partner commissioning intentions and how resources will be aligned or pooled
Community healthcare services for children, young people and families	
Dudley CCG	Dudley CCG has prioritised early intervention and prevention workstream to address inequalities and improve outcomes. Sandwell CCG has also set out commissioning intentions to review and develop new service specifications for the following services: - Speech and Language Therapy Services - Complex Care Services - Physiotherapy - Occupational Therapy. There may be future opportunities to extend local provision as the commissioning intentions for other Black Country CCGs become clearer.

3.5 Supplier analysis

3.6 Benchmarking

3.7 SWOT analysis

3.8 Implications of market assessment: our response

4. Strategic plans

4.1 The initial gap as a result of a "do nothing" scenario

In May 2013 the Trust began work on a 10 year long term financial model (LTFM) to ensure that there was a credible plan to support delivery of clinically and financially sustainable services provided from an appropriate setting delivered through a service led estates strategy. This work involved engagement with services, a review of the functional suitability of the estate and potential business development opportunities to deliver a sustainable strategy. The initial programme of work included ambitious new builds to deliver potential service developments which identified a required capital investment of c. £28m. Given that there was only c. £8m of internally generated capital funds this required a significant level of borrowing if the identified developments were to be delivered.

At the time of this review Price WaterhouseCoopers were commissioned by Monitor to support the Trust in a review of its approach to strategy and long term plans.

A 10 year financial model was produced in December 2013 and this identified significant risk to sustainability if the Trust was not able to deliver a shift in the way that services were delivered. The Board had already been looking at strategic options to mitigate the risk of the challenge of continuing to deliver cost improvements at 4% each year and agreed to assume that 2% could not be delivered through general efficiencies and would require continued transformational change from 2016/17 onwards. This assumption resulted in a likely gap of c. £13m by year 5 of the LTFM (2018/19) if the Trust did not adopt an alternative strategy.

Given that the model, which included borrowing of £20m, were unable to deliver a financially sustainable plan, the capital plans and business developments associated with them were reviewed to develop a further plan assuming no borrowing. The outputs from the two models delivered very similar risk ratings and returns, which highlighted the need to review the approach to service developments and business opportunities to ensure that the likely gap of £13m could be mitigated.

4.2 Sustainability and the Service Evaluation Framework (SEF)

Removed from summary plan – available if required

4.3 Option appraisal

Removed from summary plan – available if required

4.4 Overarching strategic aims

The Trust's strapline is **"Our community: you matter, we care"**, supported through a vision statement: **"working with local communities to improve the health and well-being of everyone."**

Building on this vision and the extensive work undertaken to review the Trust's sustainability, the Board of Directors has formed the following strategic statement for this 5-year plan:

Our core strength lies in providing high quality services to people who are often at a disadvantage, which impacts their life opportunities

for example access to health services and employment. These disadvantages often lead to significant health inequalities such as reduced life expectancy and significant co-morbidities (see demographics – chapter 3).

Our focus on people who are often at a disadvantage flows from the values of our staff and allows us to address needs that are often overlooked by other organisations.

Our strategy is to build on this strength in two ways:

Business growth

Developing our services in targeted areas so that we are sustainable for the long term

- Building on our strength as a provider of specialist learning disability services
- Enhancing our emotional health and wellbeing provision for people aged 0-25 across the care pathway
- Providing specialist mental health and learning disability services for women where there are currently gaps in provision
- Building our services for children with complex health needs across a wider geographic area
- Enhancing mental health services for people who access the criminal justice system

Social impact

Using our values base in the interests of the wider community

- Being at the heart of developments to support people with dementia in the community
- Using our influence to advocate for people disadvantaged in accessing health services or life expectations
- Working with our service users / carers to co-produce all our new developments
- Creating employment opportunities for people with experience of using services eg. Peer support workers

This strategy for sustainability sits alongside the quality strategy to create the Trust's overall 5-year plan.

4.5 Quality strategy

To build on the considerable work put in to responding to Francis, Berwick and Keogh described above, the Trust Board approved its *Quality Governance Strategy 2014-16* and associated Board Escalation Framework in March 2014. This is based on the *Caring Counts* strategy for nursing, allied health professionals, psychological therapists and care staff, which promotes compassionate care with competence courage and commitment.

Quality comprises of three elements:

- **Patient Safety** – reducing harm and protecting those people most disadvantaged in accessing health services or life expectations
- **Clinical Effectiveness / patient outcomes** – care based on the best evidence
- **Quality of patient experience** – person centred and people treated as individuals

The Trust has undertaken extensive engagement work on its quality strategy, included development of specific goals for the first two years of the strategy (included in the 2-year operational plan).

4.5.1 Quality Goals 2014- 16

The Quality Governance Strategy sets out our quality goals, ambitions and associated measures. These are summarised below. Each goal has an assigned accountable director.

Domain	Ambition	Goal
Patient safety, care and commitment	Our ambition is that we will get the fundamentals of care right every time and be able to evolve healthcare by our ability to innovate	• Improving physical health care • Use of safety metrics and delivering harm free care • Standards of record keeping and information governance • Reduce paperwork and innovate with the use of information technology • Further mature early warning system including compassion in practice indicators
Clinical Effectiveness - Competence and Courage	Our ambition is that we will have a highly competent workforce and empower our staff and service users	• Ensure clinical competence • Reviewing staffing levels and skill mix of staff • Effective leadership and workforce frameworks • New models of working
Patient Experience – Communication and Compassion	Our ambition is to enhance good communication and ensure service users, stakeholders and staff have a voice and collaboratively we ensure an excellent patient experience	• Care Co-ordination and Supervision • Partnership and collaboration • Management of long term conditions

4.6 Service development plan 2014-19

The service development plan for 2014-19 is designed to deliver a long-term future for the Trust based on the sustainability and quality strategies described above.

Since 2011 the Trust has placed a great deal of emphasis on transformation of its current services. This is supported by a central transformation team who work in close partnership with clinical services to deliver large scale change. Transformation is integral to the business and quality plans of our divisions, and is supported by IT and estates change programmes.

The Trust included a robust set of developments in its 2-year operational plan submitted to Monitor in April 2014. The work to develop this into a 5-year plan has been described in section 4.1, above.

Our service developments are designed to address both quality and cost improvement in four areas. These are:

Quality	Protecting service	Developments in this area are those where the Trust recognises a need to transform services in order to ensure they are fit for purpose for the long term. There may be a risk of decommissioning if this process does not happen, or there may be specific clinical risks identified which must be addressed.
	Improving quality	In line with the Trust's Quality Strategy, these transformations have a particular focus on redesign in order to significantly improve quality (in regards to safety, effectiveness and / or experience)
Financial	Improving costs	Some developments anticipate a particular cost improvement that can only be driven out through service change or redesign
	Generating income	Some schemes have a particular focus on generating additional surplus income for the organisation in order to support financial sustainability

The following tables show firstly the detailed list of developments for the first two years of the plan, and then the overall summary of longer-term developments in line with the sustainability strategy.

Detailed Development Plans 2014-2016

	Current position	Modelled in LTFM	Quality		Financial		Coverage					Anticipated operational date		
			Protect	Improve	CIP	Income	Dudley	Sandwell	Walsall	Wolves	Regional	13/14	14/15	15/16
DEVELOPMENT PLANS												Current	1	2
Mental Health														
1.1 Development of specialist dementia services	Ready for implementation early 14/15 (Lighthouse)	✓												
1.2 Implement new mental health community model	Ready for implementation early 14/15	✓												
1.3 Wolverhampton mental health strategy review	Awaiting outcome of review	x												
1.4 Implementation of care clusters	Ongoing long-term programme	n/a												
1.5 Recovery College	Early planning	x												
1.6 Better Care Fund - Dementia	Planning - significant engagement with partners	x												
1.7 Better Care Fund - Psychiatric Liaison	Planning - significant engagement with partners	x												
1.8 Criminal justice liaison	Additional funding awarded for use from Apr 14	✓												
Learning Disabilities														
2.1 Healthy Lives pathway	Early planning	x												
2.2 Whole system forensic pathway	OBC approved; progressing to FBC	✓												
2.3 Assessment and treatment pathway	Planning - significant engagement with partners	✓												
Children, Young People and Families														
3.1 Health Visitor redesign	Implementation ongoing	x												
3.2 Additional Needs and Complex Care	Planning - significant engagement with partners	✓												
3.3 School Health Advisors	Early planning - awaiting tender	x												
3.4 0-25 years mental health service	Early planning	x												
3.5 Interim solution to address CAMHS inpatient risks	Early planning with commissioners	x												
Enabling plans and operational priorities														
4.1 Agile working	Phase 1 implementation in progress	✓												
4.2 Sustainability strategy development	Planning - action plan on track	n/a												
4.3 Migration to OASIS / SLA withdrawal	Planning - detailed scoping complete	✓												
4.4 Electronic Health Record	Planning - funding awarded	✓												
4.5 Programme Management Office	Implementation ongoing	✓												
4.6 Workforce development strategy	Strategy developed	n/a												
4.7 Estates programme to address clinical risk	Planning - detailed scoping complete	n/a												
4.8 Productivity improvement	Early planning	n/a												
4.9 Records management / information governance	Implementation ongoing	n/a												
4.10 Revised executive structure and corporate service review	Implementation ongoing	n/a												
4.11 Strengthened business intelligence function	Early planning	n/a												
4.12 Risk management system upgrade	Implementation ongoing	n/a												

Summary Development Plans 2014-2019

	Description	Modelled in LTFM	Contribution	Quality		Financial		Coverage				
				Protect	Improve	CIP	Income	Dudley	Sandwell	Walsall	Wolves	Regional
DEVELOPMENT PLANS												
Business growth												
A. Development of LD specialism	Enhanced step down provision with future expansion Continued development of Black Country model based on robust community pathways to minimise inpatient requirements Expand to cover Birmingham LD community service Expand to cover other areas Increase low secure bed provision	✓	£1.5m									
B. Development of CAMHS 0-25 specialism	Implement transformed 0-25 provision within current services (Sandwell and Wolverhampton) Birmingham 0-25 provision Explore opportunities to widen service to cover Black Country Urgent / crisis support, including inpatient	✓	£0.77m									
C. Development of specialist women's services	Female PICU Mental health / learning disabilities dual diagnosis Complex and ongoing needs	✓	£0.4m									
D. Development of children's complex needs services	Enhanced service with existing provision as part of 2-year plan Expansion to cover wider Black Country in specialist areas	✓	£0.35m									
E. Development of mental health in criminal justice settings	Combine child and adult services and bringing together across existing provision Explore opportunities to broaden to Black Country	✓	£0.19m									
Social impact												
F. Development of dementia specialism	Dementia-friendly organisation Lighthouse Care pathway coordination											
G. Advocacy	Advocacy with local stakeholders Protecting funding											
H. Co-production	Service user co-production approach to all developments											
I. Employment opportunities	Recovery colleges Peer support Direct employment opportunities											

					Probabilised incremental contribution / (Loss)					
Division	Service Development	Commencement	Probabilised Value	Rationale	2014/15	2015/16	2016/17	2017/18	2108/19	Full Yr Effect
Mental Health	Criminal Justice	April 2014 Phase 1 April 2015 Phase 2	95%	Bid won for first stage & expected to be increased	0.04	0.15				0.19
	Section 75 - Sandwell MBC	October 2014	100%	Notice served from 1st November (note 1 month benefit than modelled)	-0.03	-0.03				-0.05
	Female PICU	April 2016	80%	Identified as need for some time and not previously been delivered, although redesign and joint working across Sandwell & Wolverhampton may make this more deliverable			0.40			0.40
	Psychiatric Liaison	April 2016	75%	Commissioners are supportive of this approach and are looking at funding options to extend the service previously successfully piloted called the Oak Unit (assumes delivers to 3 out of 4 commisioners)			0.20			0.20
Children's, Young People & Families	Dudley Additional Needs (Palliative Care)	October 2014	95%	Significant progress with Dudley CCG who are imminently due to sign off the business case. Expect to be able to expand this service more widely.	0.06	0.06				0.12
	Other Areas Additional Needs / Complex Care	January 2017	50%	Based on Black Country (Dudley x 3) opportunity to expand further liaison required			0.06	0.17		0.23
	Other Areas School Health Areas	January 2017 phased over 3 years	60%	Based on similar size to Black Country - further liaison required			0.08	0.15	0.08	0.30
	Birmingham 0-25 Services	April 2016	50%	Based on population similar size to Sandwell & Wolverhampton			0.37			0.37
	CAMHS urgent care & support	April 2016	85%	Priority in urgent care, dicussions about appropriate delivery model still in process. May urge towards CAMHS Tier 3.5 rather than Tier 4 (Figures based on in-patient model - Commissioners given until end of July to make decision on in-patinet options to avoid delays in alternative plans)			0.40			0.40
Learning Disabilities	Step Down Services	October 2015	90%	Business Case agreed at Investment Committee and working closely with Commissioners to develop long term sustainable model of delivery providing benefits through identification and addressing gaps in the model delivering and stengthening the quality of the service, which could then be used as a model to expand future business	-	0.33				0.33
	Birmingham LD Community	April 2016	75%	Based on 10/11 contract community elements; Initial discussions already taken place due to concern with existing providers			0.60			0.60
	Other areas LD Community	April 2017	50%	Building reputation as quality provider of LD services look to expand outside existing areas				0.40		0.40
	Gerry Simon Additional Bed	April 2016	85%				0.17			0.17
					0.07	**0.50**	**2.27**	**0.72**	**0.08**	**3.65**

4.7 Income implications of service developments

The income position over the period of the plan is shown in the table below:

Element	2014/15 £000's	2015/16 £000's	2016/17 £000's	2017/18 £000's	2018/19 £000's
Contract	100,790	97,620	96,707	110,585	116,246
Service Development	-1,982	-1,400	15,089	6,854	744
Revenue Generation CIP	403	1,733	-	-	-
	99,211	97,953	111,796	117,438	116,989

The Trust has worked closely with the main Commissioners to ensure that similar funding assumptions have been made; therefore the above assumes a deflator of 1.5% in each year from 2016/17. Although there is an indication that this may vary across years this is likely to result in a corresponding increase in expenditure inflation, which would not result in a material impact to the long term financial model.

The funding levels have been relatively stable over the last few years and are expected to continue as such with the exception of planned service developments. The Trust is currently working in partnership with the two largest Commissioners, Wolverhampton CCG and Sandwell & West Birmingham CCG, to implement revised strategies which should provide some protection against possible procurement of existing services and support joint delivery and risk sharing to deliver the required QIPP and Cost Improvement. This approach is intended to release in-patient capacity to support repatriation of out of area activity and the estate required to address gaps in service in the current pathway.

Detailed CIPs are currently being developed for 2016/17 so at this stage there is no revenue generating CIPs assumed. The Trust does not believe it is sustainable to deliver 4% CIPs throughout the period of the plan without impacting on the quality of services and has therefore only assumed 2%, which requires the shortfall to be delivered through transformation and successfully delivering the service development plans. The current long term financial model does not include all of the opportunities identified across the Trust, so there is an opportunity that further income generating CIP could be generated if the Divisions have the capacity to deliver them, but at this stage it is assumed that this would support their ability to deliver the 2% CIP target.

4.8 Enabling plans and strategies

4.8.1 Activity / capacity plan

The following table summarises the Trust's activity plans for the next five years. This includes a detailed two year model developed for the Operational Plan 2014-16, which is then forecasted for a further three years taking account of planned developments incorporated within this strategic plan.

		Current 2013/14	Year 1 2014/15	Year 2 2015/16	Year 3 2016/17	Year 4 2017/18	Year 5 2018/19	Variance with 13/14	
Mental Health Services									
Adult Services									
Inpatient	Acute / Crisis Beds	90	90	90	90	90	90	0.0%	
	PICU Beds	12	12	12	24	24	24	100.0%	Increase in bed numbers due to converting the Older Adult ward at Penn into a Female PICU
	Total Bed Days	34,046	35,007	35,008	38,162	38,162	38,162	12.1%	
	Occupancy	91.40%	94%	94%	94%	94%	94%	2.8%	
Community & Outpatients	Contacts	121,278	121,320	124,608	140,967	140,967	140,967	16.2%	Increase in Adult community contacts as a result of Birmingham 0-25 service and development of Liasion services with local Acute Trusts
Older Adult Services									
Inpatient	Assessment Beds	56	56	56	36	36	36	-35.7%	Reduction in bed numbers due to converting the Older Adult ward at Penn into a Female PICU and consoldating Older Adult inpatient service onto one site at Edward St
	Total Bed Days	16,768	18,195	18,195	11,697	11,697	11,697	-30.2%	
	Occupancy	82%	89%	89%	89%	89%	89%	8.5%	
Community & Outpatients	Contacts	50,812	51,779	53,147	53,868	53,868	53,868	6.0%	Increase in community contacts as a result of reduction in beds
Learning Disabilities									
Inpatient	Assessment Beds	32	32	32	32	32	32	0.0%	
	Low Secure Beds	15	15	15	16	16	16	6.7%	Increase in Forensic beds year 3
	Step Down Beds	12	12	18	18	18	18	50.0%	Phased increase in step down beds year 2
	Total Bed Days	18,321	18,295	19,684	19,995	19,995	19,995	9.1%	
	Occupancy	85.10%	85%	83%	83%	83%	83%		
Community & Outpatients	Contacts	36,320	36,024	36,928	53,389	59,645	59,645	64.2%	Years 3 to 5 inculdes service development expanding LD services into Birmingham and neighbouring boroughs.
Children Young People & Families									
Community	Contacts	106,453	106,824	110,211	148,263	237,924	262,420	146.5%	Years 1 & 2 increase in productivty, Years 3 to 5 includes service developments of Additional Needs and School Health advisors
CAMHS Community / outpatient	Contacts	18,308	27,776	28,152	52,280	52,280	52,280	185.6%	Years 1 & 2 increase in productiivty, Years 3 to 5 includes service development Birmingham 0-25 years service

4.8.2 Workforce plan

Analysis of Workforce Numbers	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	WTE	WTE	WTE	WTE	WTE	WTE
Consultants	41.5	42.0	41.2	43.2	42.7	42.1
Junior Medical	72.0	70.0	66.6	67.5	66.6	65.7
Nurses And Midwives (incl Bank)	684.1	695.4	703.7	752.3	769.1	762.2
Sci, Tech & Theraputic (incl Bank)	333.7	330.5	323.5	339.7	341.6	337.2
Other Healthcare staff	316.8	346.6	361.5	389.3	386.7	382.4
Non-clinical staff	531.9	517.9	505.6	549.4	552.1	547.4
Social Re-charge	30.6	-	-	-	-	-
	2010.6	**2002.4**	**2002.1**	**2141.4**	**2158.8**	**2137.0**

4.8.3 Capital plan

The capital plan has been developed to address high and significant risk backlog maintenance and deliver the service developments included within the model. Although probabilised values have been included for the contribution from service developments the full capital cost has been included which allows some contingency against potential additional capital costs to address risk or deliver alternative business opportunities that may arise during the planned period.

The spend it split between the service developments previously described and maintenance/contingency which will be further developed during the period of the plan, but does allow for flexibility to address operational risks or investment in alternative business opportunities.

	14/15	15/16	16/17	17/18	18/19	TOTAL
CAPITAL SCHEME	£m	£m	£m	£m	£m	£m
Implementation Strategy - IM&T	1.2	1.0	0.5	0.5	-	**3.2**
Gerry Simon Seclusion	0.7	-	-	-	-	**0.7**
Step Down Langley House - LD	1.0	0.8	-	-	-	**1.8**
Agile	0.3	0.7	-	-	-	**1.0**
Female PICU	-	-	3.0	-	-	**3.0**
CAMHS	-	-	0.6	-	-	**0.6**
Edward Street Wards	-	-	-	2.0	-	**2.0**
Maintenance/Contingency	2.4	3.2	1.9	3	3.2	**13.7**
TOTAL	**5.6**	**5.7**	**6.0**	**5.5**	**3.2**	**26.0**

4.8.3.1 IT strategy and capital spend

The Trust recognises a need for investment in its IT infrastructure in order to support safe service delivery and clinical transformation. This is reflected in the capital plan, having already begun in earnest in early 2013. The Trust has built an IT development team to focus on its key priorities, including utilisation of £1m of national funding awarded via the national technology fund.

The strategic IT priorities are as follows:

- Foundational priorities:
  - Implementation of single IT network to replace multiple legacy networks (this is in progress and will be completed during 2014)
  - Rationalisation of legacy clinical information systems onto our core information system
  - Withdrawal from legacy SLAs in order to reinvest in internal capacity and capability
- Develop an Electronic Health Record (EHR), building on the core information system to reduce reliance on paper-based records and integrate information with partner organisations to support patient care
- Agile working / mobile devices – utilising the EHR to enable staff to work more efficiently and effectively in the community and access live information quickly
- Technology-enabled service delivery, for example audits, applications etc.

The Trust was not part of the national programme for IT, however it did inherit legacy instances of iPM as part of the TCS programme. The Trust has a strategy in place to migrate from these instances

onto our core information system (which is not part of the national programme), and this has already commenced.

4.9 Consolidated Financial Position in the LTFM

4.9.1 Assumptions

The following assumptions have been used to develop the LTFM:

Expenditure Inflation

Pay expenditure inflation is in line with agreements made on agenda for change for the 2 year deal 2014-2016, while an assumption of 0.5% has been used from 2016 onwards.
Non-pay inflation is included at 2.25% throughout the 5 year plan based on the current economic inflationary assumptions.

Income inflation/deflation

The income inflation assumed within the operational plan for 2014/15 was in line with contract negotiation agreements at that time based on 1.8% deflator. Although final contract agreements were slightly different there will not be material differences and this provides some contingency against unplanned impacts based on changes during 2014/15. Given that the actual agreed deflator was 1.5% in the majority of cases this was used as the basis for the deflator from 2016 onwards on the assumption that any changes to pay inflation would directly affect the income deflator and not materially impact the overall financial forecasts otherwise this would result in a change to the anticipated 4% efficiency requirement in each year.

Income & Expenditure Adjustments

The delivery of the strategic plan is challenging and is likely to require additional investment in capacity and/or expertise to deliver the objectives, so an additional investment of £0.5m has been included from 2016/7 onwards. Although some of these costs are likely to be incurred prior to Y3 the Trust decided not to amend the Operational financial forecasts due to the anticipated contingency from plan to deliver some developments prior to the inclusion at Y3 (i.e. not included within the Operational plan submission) and from the reallocation of resources in line with the priorities identified within the overall Trust strategy.

Developments

The Trust has developed a service development strategy which is further described in section 4.6 which has included probabilised contributions based on the likelihood and stage in development. The impact of non-delivery of schemes is reduced through the usage of probabilised values, while there is a potential upside if the Trust were to deliver all of the planned service developments through full achievement of anticipated contributions.

Cost Improvement Plans (CIPs)

Planned schemes are included within the Operational plan based on the requirement to achieve c. 5% efficiencies, however, the Trust does not believe that this level of saving is sustainable and has therefore only assumed 2% general efficiencies are achievable from Y3 of the LTFM to ensure that contributions from service developments are not double counted with CIPs. CIPs are further described in section 4.9.2

Capital Expenditure

The plan includes the full value of capital expenditure required to deliver those developments that require additional capital funding so this provides some contingency against unplanned requirements

or an ability to respond quickly to opportunities that may arise. The capital plan are further described in section 4.8.3

4.9.2 CIP

Finance & Business Managers are currently working with service line leads/heads of department to develop 3 year CIPs, so at this stage there is no further detail than the plans included within the Operational Plan submission. Given the continued difficulty of delivering CIPs of 4% in each year the Trust has included 2% as a cost saving efficiency target requiring the balance to be delivered through transformation, redesign and additional business opportunities identified through working closely with Commissioners to address local service gaps and win anticipated procurement exercises. The plan therefore assumes the following CIPs:

	2014/15 £000's	2015/16 £000's	2016/17 £000's	2017/18 £000's	2018/19 £000's
Recurrent	4,247	4,417	1,683	1,765	1,776
Non Recurrent	1,000	546	421	439	439
Total	**5,247**	**4,963**	**2,104**	**2,204**	**2,215**
Expenditure CIP % of Operating Expenditure less PFI Expense	4.90%	3.40%	2.00%	2.00%	2.00%
Expenditure & Income Generation CIP % Operating Expenditure less PFI Expense	5.20%	5.04%	2.00%	2.00%	2.00%
% Recurrent	81%	89%	80%	80%	80%

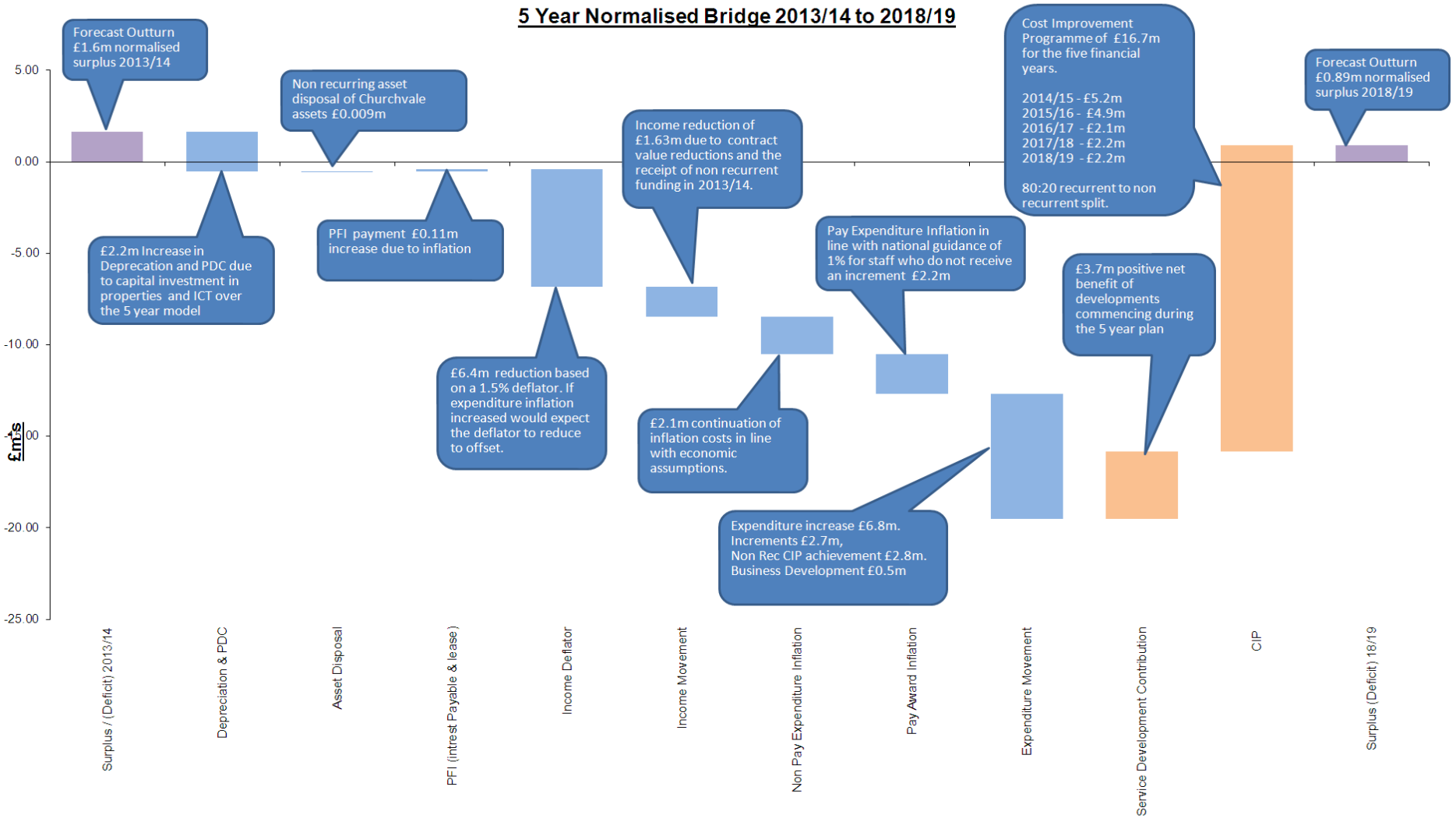
4.9.3 Continuity of Services Risk Rating (CoSRR)

The following tables show the current outputs from the 5 year Strategic Annual Plan based on the above assumptions:

	14/15	15/16	16/17	17/18	18/19
Debt Service Cover	3	4	4	3	3
Liquidity Metric	4	3	2	2	2
Resulting CoSRR	**4**	**4**	**3**	**3**	**3**

4.9.4 Financial Headlines

Headlines	2014/15	2015/16	2016/17	2017/18	2018/19
Income	**£99.2m**	**£98.0m**	**£111.8m**	**£117.4m**	**£116.9m**
of which service developments	*-£1.9m*	*-£1.4m*	*£15.1m*	*£6.9m*	*£0.7m*
Expenditure	**£94.3m**	**£91.5m**	**£107.6m**	**£113.4m**	**£113.6m**
of which service developments	*-£2.1m*	*-£1.9m*	*£12.8m*	*£6.1m*	*£0.7m*
EBITDA %	**4.94%**	**6.60%**	**6.33%**	**5.85%**	**5.13%**
I&E Surplus/(Deficit) £m	**£0.5m**	**£1.6m**	**£1.8m**	**£1.6m**	**£0.9m**
I&E Surplus Margin %	**0.51%**	**1.67%**	**1.61%**	**1.36%**	**0.77%**
Cash Balance £m	**£9.15m**	**£7.91m**	**£6.75m**	**£5.64m**	**£5.83m**
Capital Spend £m	**£5.6m**	**£5.7m**	**£6.0m**	**£5.5m**	**£3.2m**


5 Year Normalised Bridge 2013/14 to 2018/19
£'ms
5.00
0.00
-5.00
-10.00
-20.00
-25.00
Forecast Outturn £1.6m normalised surplus 2013/14
£2.2m Increase in Deprecation and PDC due to capital investment in properties and ICT over the 5 year model
Non recurring asset disposal of Churchvale assets £0.009m
PFI payment £0.11m increase due to inflation
£6.4m reduction based on a 1.5% deflator. If expenditure inflation increased would expect the deflator to reduce to offset.
Income reduction of £1.63m due to contract value reductions and the receipt of non recurrent funding in 2013/14.
£2.1m continuation of inflation costs in line with economic assumptions.
Pay Expenditure Inflation in line with national guidance of 1% for staff who do not receive an increment £2.2m
Expenditure increase £6.8m.
Increments £2.7m,
Non Rec CIP achievement £2.8m.
Business Development £0.5m
£3.7m positive net benefit of developments commencing during the 5 year plan
Cost Improvement Programme of £16.7m for the five financial years.
2014/15 - £5.2m
2015/16 - £4.9m
2016/17 - £2.1m
2017/18 - £2.2m
2018/19 - £2.2m
80:20 recurrent to non recurrent split.
Forecast Outturn £0.89m normalised surplus 2018/19
Surplus / (Deficit) 2013/14
Depreciation & PDC
Asset Disposal
PFI (intrest Payable & lease)
Income Deflator
Income Movement
Non Pay Expenditure Inflation
Pay Award Inflation
Expenditure Movement
Service Development Contribution
CIP
Surplus (Deficit) 18/19

4.9.5 Headroom

Movement required	2014/15	2015/16	2016/17	2017/18	2018/19
Headroom before a CoSSR Score of 3					
This is based on either:					
PDC increasing by	**£0.4m**	**£0m**	**Baseline model results in a CoSSR of 3.**		
Operating Expense increase (or income reduction) by	**£0.7m**	**£0.2m**			
Headroom before a CoSSR Score of 2					
This is based on either:					
PDC increasing by	**£1.5m**	**£1.2m**	**£1.2m**	**£0.1m**	**£0m**
Operating Expense increase (or income reduction) by	**£1.9m**	**£2.1m**	**£1.5m**	**£0.2m**	**£0m**

4.10 Strategic summary

The Trust's five year strategic response to the sustainability challenge can be primarily described as "transform". However, in reality there will be a blend of strategic responses across the Trust's service lines given the distinct opportunities and challenges.

Service transformation will be essential in protecting current service delivery across the Trust's service lines in order to protect income. Greater responsiveness to commissioner requirements and efficiency challenges will be required to maintain income levels, in particular across the mental health service lines. For example, the Trust is working closely with Wolverhampton CCG on the refresh of its mental health strategy to realign resources to changes in the patterns of demand and subsequent pressure points. Similarly, the Trust has redesigned its community mental health services in Sandwell to provide a single point of referral.

The majority of the developments included in the strategy involve the expansion of existing service lines rather than a diversification into new areas. The development of Female PICU in the mental health division would see the diversion of existing expenditure currently committed in the health sector in an attempt to transform the range of secondary care services available locally to the local population. The Trust is aware of the potential demand as it has often had to refer this client group on to alternative provision, sometimes many miles from the client's normal home.

Other growth areas identified include Learning Disabilities provision to a wider geographical area and the provision of more appropriate, cost effective, steps in the LD Forensic pathway (step-down). In both circumstances once again this is about the development of improved service provision in areas that have been identified by commissioners as a problem – and for which they are currently paying.

Transforming Community Services (TCS) and the growth of the Trust from both a geographical coverage and service line perspective has brought direct patient benefits. These include:

- The use of the larger Trust estate to be able to urgently reprovide Psychiatric Intensive Care (PICU) in response to safety concerns
- Use of senior level mental health expertise and experience to rapidly turnaround significant clinical concerns at Penn Hospital

- Direct use of lessons learnt from service redesign undertaken in the different localities to improve future service change (eg. lessons learnt in Wolverhampton were used when redesigning Sandwell community services)
- Consolidation of learning disability services has enabled service users to be placed in more appropriate placements within the organisation

At the same time, the TCS process has also put the Trust's infrastructure under increasing pressure. For instance, the potential inability to generate sufficient cash for investment in the Trust's estate in the medium term creates a clear quality risk with a direct service user impact.

Through the Trust's service line evaluation, loss making service lines were identified for the 2014-15 contract round and used as evidence for contract rebasing. This was largely successful and as such there are currently no major service lines being subsidised within contracts. The absence of a Payment by Results system in mental health creates the risk that over time the detail within service contracts becomes less reflective of the costs of service provision. This position will be kept under review, but with less in year variability of income due to the predominance of block (and "tight" cost and volume) contracts, cost control will be the main focus.

Due to the size of the Trust and the margins with which it operates, the scope to mobilise multiple service developments concurrently or provide essential services at a loss is relatively low. In addition, the danger of significant contract reductions is the subsequent impact on other costs due to the lack of flexibility of overhead costs. The need to maintain a critical mass of support services reduces the ability of the Trust to absorb major income reductions which would increase the overall sustainability risk of the organisation. For this reason, "shrink" as a strategy for the Trust is neither desirable nor sustainable.

Whilst the Trust is sustainable in each year of the Strategy, the financial projections from 2017-18 onwards suggests that some form of partnership or collaboration, if not formal merge, may be required to take the Trust beyond the current planning period. Without the further acquisition of new business or the significant expansion of existing service lines from 2017, or a change to service delivery that creates a step change to the cost base, the Trust will start to face the prospect of using cash reserves to maintain the infrastructure required for high quality service delivery.

Therefore the Trust will use the period to Q3 2014/15 to identify preferred solutions using the analysis and the issues identified in this Strategy. In particular it will seek solutions to the following issues:

- Opportunities for estate rationalisation and investment in the retained estate
- Continued investment in IT infrastructure
- Greater access to expertise – R&D and innovation
- Recruitment and retention of high quality staff
- Reducing overheads as a proportion of turnover.

In order to engage the Trust's key stakeholders, as well as alert potential partners, the Trust will embark on a communication exercise to seek views and wider support for this Strategy – as outlined in section 5.3.

The Trust believes that the underlying assumptions are contained in the analysis are both reasonable and in line with the current understanding of the economic environment. The current stable financial

position of the Trust enables the organisation to work towards the delivery of the key actions in this Strategy while assessing the options to solve the underlying financial risks highlighted.

This Strategy will be reviewed and refreshed in light of the option appraisal to be carried out as identified above.

5 Management of the strategic plan

5.1 Monitoring progress against the plan and resource requirements

Removed from summary plan – available if required

5.2 Risks to plan delivery

The Trust maintains a high level risk register (HLRR), with the following table highlighting the main risks to the delivery of this strategy.

The risks and mitigating actions will be monitored by the Committees identified at the right of the table through ensuring that the cycle of business for each Committee is aligned to the actions within the Operational and Strategic Plans.

Category	Description	Impact	Element of plan affected	Mitigating actions	Committee responsible for on-going monitoring	Committee providing assurance
Political	Potential change in policy due to the election in May 2015 & potential changes to commissioning landscape as a result	High	Financial plan Operational priorities Development plans Quality strategy	Quarterly refresh of the long term financial model in line with revised assumptions and/or policy	Business & Performance	Investment
Environmental & Demographic	Increased demand due to aging population, continued economic issues, continued pressure on acute services and parity in mental health resulting in squeeze on overall funding levels to commissioners	High	Quality strategy Financial Plan	Regular review of demographics & benchmarking data to ensure that service lines are as competitive as possible Joint working with Commissioners to agree priorities and what services will not be provided within the financial envelope	Business & Performance	Investment
Economic	The Trust may not be able to maintain quality services (unable to invest in estate, IT, infrastructure, innovation or deliver the Quality Strategy) required to deliver the plan due to the erosion of margins on existing and new services	High	Quality strategy Financial Plan Development Plan Operational Plan	Regular review of capital programme Development of partnerships which share Trust Vision & Values Rationalisation of estate as part of estates strategy to ensure most effective use of capital Measuring progress through integrated performance dashboards. Mock inspections by Board of Directors Continued involvement in the Care Clusters and pricing mechanisms used for Mental Health	Quality & Safety Steering group Business & Performance	Quality & Safety Committee Investment
Market	The Trust is unable to compete on price for new business and risks losing existing business. Potential impact to quality if the Trust is forced to reduce prices. Inability to identify or compete with	High	Financial Plan Development Plans Quality Strategy	Commissioner relationship management Regular market analysis Enhancement of service line management to support commercial awareness of Divisional & Clinical managers and understand the market position of individual service lines	Business & Performance Divisional Management Boards Sustainability	Investment Committee

	aggressive marketing of independent sector for new developments or diversification opportunities to risk sustainability in the longer term			Review of benchmarking data to highlight specific risk areas and development of improvement plans Deliver productivity improvement plans to ensure competitive prices Restructure of Corporate services to ensure resources are aligned to Trust priorities Development of strategic, commercial development and PMO roles and the relationship with clinical services	Working Group	
Operational	The Strategic Plan presents a significant challenge to the Trust, and there may not be sufficient capacity or capability within the organisation to deliver the developments and initiatives identified Communicating the risk to sustainability with stakeholders may have reputational impact affecting the ability to win new business and attract & retain a high quality workforce Significant productivity targets required	High	Quality strategy Development plans Financial plan	Implementation of resource plan Enhanced PMO approach (see section 5.1) Improved governance and accountability structure for individual posts and clarity of groups responsible Investment in infrastructure to support agile effective working and increase patient facing time available to clinicians. Transformation & redesign of pathways to reduce waste and improve quality to patients	Business & Performance Sustainability Working Group Workforce Development Group	Investment Board of Directors

5.3 Communications plan

Removed from summary plan – available if required