

Strategic Plan Document for 2013-14

Black Country Partnership NHS Foundation Trust

Strategic Plan for y/e 31 March 2014 (and 2015, 2016)

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

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Date

31st May 2013

The attached Strategic Plan is intended to reflect the Trust's business plan over the next three 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.

Approved on behalf of the Board of Directors by:

Name (Chair)	Bob Piper
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Signature



Approved on behalf of the Board of Directors by:

Name <i>(Chief Executive)</i>	Karen Dowman
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Signature



Approved on behalf of the Board of Directors by:

Name <i>(Finance Director)</i>	Paul Stefanoski
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Signature



Executive Summary

The annual plan describes Black Country Partnership NHS Foundation Trust's (BCPFT) strategic intentions over the coming three years and how it plans to deliver specialist mental health, learning disabilities and universal children's services across the Black Country.

Following the acquisition of services as a result of the national Transforming Community Services (TCS) policy, the Trust now has an annual income of approximately £100 million and employs just over 2000 staff. The Trust has focused its attention on realising the benefits first identified in bringing these services together, whilst also delivering responsive services that provide integrated and high quality care.

In order to comprehensively scope the requirements of this forward plan, the Board of Directors has engaged with the Assembly of Governors through three distinct workshops examining the *Strategic Context and Risks to the operation of the Trust, Possible and Planned Service Developments* and a workshop on the *Quality agenda*. The views of the Governors have been crucial to the development of the Plan and have been reflected within the document.

Our strategic intentions describe how we will manage the quality and financial risks identified in the plan. Through strong partnership working, developing business/service opportunities; underpinned through a transformation programme (focusing on improving quality, productivity and efficiency), we aim to deliver clinically and financially sustainable services.

This Plan covers a time of significant change to the commissioner and provider landscape with a multitude of new commissioners for the Trust, and an increasingly competitive market. These significant changes include the dissolution of pooled commissioning arrangements and the decommissioning and tendering of services which are seen over the plan period.

Key points from the Mental Health Clinical Strategy:

- Review and continue to implement the *Wolverhampton Mental Health Strategy*
- Transfer of resources from older adult inpatient services into community services(Sandwell)
- Develop the *Referral Assessment Service*
- Support the safe transfer of stable patients back into primary care
- Review Estate
- Introduce PbR

Reductions in health and social care funding have meant that some community and voluntary based services are being decommissioned. We believe this is leading to gaps in the support that people have previously relied upon which has started to increase demand on our services. The social factors affecting our population (high levels of deprivation and increasing unemployment) are resulting in a further increase in referrals. As Payment by Results (PbR) in mental health (our largest amount of contracted income) is worked through nationally, our block contract agreements do not currently reflect the increase of this demand, and potentially work against improved efficiency. 2013/14 is therefore a time where we will focus on improving the quality and productivity of our services, marketing these services, and having this acknowledged when PbR and cost and volume contracts come into force in 2014/15.

As our quality strategy enters its second year, the key focus will be embedding processes and mechanisms which ensure services are safe, effective and improve patient's experiences. The Trust has taken measures to improve the quality of the services it provides notably investing in a significant capital redevelopment project at Penn Hospital, implementing a Quality Improvement Business Plan across the whole organisation and enhancing its safeguarding arrangements. These measures contributed to the warning notices issued by the CQC last year being removed, with the Trust

returning to a position of compliance. The Trust continues to build upon its track record of engaging with service users, families, carers and advocacy groups to further improve services.

Key quality priorities planned include the development and implementation of early warning systems to detect potential safety concerns, to ensure all staff are trained and are implementing “making every contact count” in order to improve preventative health care and the development of a patient experience strategy.

The failings at Mid Staffordshire NHS Foundation Trust and Winterbourne View, identified a lack of leadership and identified poor standards of care and a lack of compassion. Work is underway within the Trust to ensure that all our staff are aware of recommendations from Francis and Winterbourne and the Board of Directors are resolved to ensure patient safety and patient experience remains at the heart of all we do.

As such, the Trust has launched an engagement campaign called “Keeping Our Promise” to enable every member of staff to play a part in reflecting and responding to the recommendations from these reports and identify the implications for our services and where improvements can be made. This will ensure the Trust sticks to its pledge that *our community matters* to us and that we will care for them with compassion and respect. Other events are being organised to obtain feedback from service users and carers building on the significant work the Trust already undertakes with our key stakeholders in striving to continually improve services and underpin our clinical strategies.

Key points from the Learning Disabilities Clinical Strategy:

- Enhance community services
- Reduce reliance on inpatient beds (especially assessment and treatment)
- Assess a reduction in the number of inpatient sites
- Implement a 16 week care pathway
- Develop services for people with challenging behaviour, low secure and step down services.

Key points from the Childrens, Young People and their Families Clinical Strategy:

- Implement “Call to Action” and “Healthy Child Programme”
- Increase capacity through role redesign and skill mix reviews
- Develop a Young Adult Service
- Review estate and service co-locations with the voluntary sector
- Expansion of specialist nursing teams

In order to achieve our clinical strategies, we are investing in our staff through robust workforce planning and through our infrastructure (IM&T and estate). The Trust plans to spend £5million on the maintenance of existing assets over the coming three years, and a further £10.39 million on estates and infrastructure developments (eg. Penn, Lighthouse Project, IM&T). This is set against a backdrop of ambitious service developments where the Trust is intending to examine more closely the Trust-wide care pathways for people with autism services, access to crisis support, providing psychiatric intensive care for females, redesigning older adult services and developing CAMHS Tier 3+ and inpatient services.

The Trust sees Service Line Management as a key way to drive forward quality and performance improvements across the Trust in the next three years. We aim to utilise this through clinical engagement, aiding in contract negotiation, enabling Divisions to challenge the level of corporate overheads, pursuing business developments, assessing the decommissioning of services and delivering cost improvement schemes.

The Trust plans on achieving a financial risk rating (FRR) of 3 in 13/14, rising to a FRR of 4 from 14/15. We anticipate that through the realisation of our strategies detailed here, we will achieve our objectives of improving access to a range of integrated services across the Black Country which are sustainable and responsive, our local communities will value the contribution we make to improving people’s lives and we will attract, retain and develop a capable and flexible workforce.

1. Strategic Context & Direction

Black Country Partnership NHS Foundation Trust provides mental health services to people of all ages in Sandwell and Wolverhampton. The Trust also delivers specialist learning disability services to people across the Black Country and provides community based children's healthcare services in Dudley.

The Trust employs approximately 2000 staff and has a turnover of circa £100 million.

The Trust's vision is:

"Our community: you matter, we care",

supported through the Trust's vision statement:

"working with local communities to improve the health and well-being of everyone."

By engaging with stakeholders across the broader health and social care landscape (to ensure alignment of goals), the Trust's Board of Directors developed three strategic objectives to underpin and realise our vision, values and goals. These are as follows:

- **We will improve access to a range of integrated services across the Black Country which are sustainable and responsive**
- **Our local communities will value the contribution we make to improving people's lives**
- **We will attract, retain and develop a capable and flexible workforce**

The radical re-shaping of the commissioning landscape resulting from the Health and Social Care Act means that GPs are now responsible for managing the majority of NHS budgets. The commissioning infrastructure nationally and locally sees Clinical Commissioning Groups (CCGs) taking the lead in contracting for the majority of the Trust's existing contracts. However, NHS England commissions specialist services (forensic learning disabilities) and health visiting before the latter is transferred to public health services alongside school nursing. Locally, this has resulted in a loss of organisational memory in CCGs and an increase in the number of commissioners for the Trust.

A significant proportion of the Trust's services are either funded directly or jointly by health and local authority funding streams. The economic environment continues to pose risks to the Trust as commissioners seek to prioritise funding and find value for money through significant redesign programmes including tendering of existing services. This can potentially destabilise the delivery of services currently provided by the Trust and may in some cases fragment care pathways.

As foreseen in last year's plan, pressures on local authority budgets have had an impact on Trust services where there are joint funding arrangements. The exposure to these risks have lessened to some extent as a number of services have already been tendered (e.g. addiction services) or decommissioned by councils such as rehabilitation and day care services. Consequently, local authority funding now accounts for only 10% of the Trust's overall contracted income. In Sandwell, the Trust is working collaboratively with the local authority in order to examine how the reduction in funding can be delivered. The local authority have therefore served notice on the existing s.75 arrangements and are in the process of forming a joint working group in order to facilitate a review of future requirements and establish a way forward.

Demand changes within the Black Country population mirror those throughout the Country, in particular the most significant population change is expected to be in the elderly with the forecast that 1:20 people over the age of 65 will have dementia with this rising to 1:4 over the age of 85. This is against a backdrop of high levels of deprivation and unemployment.

Further changes to the provider landscape see the increased penetration of third sector and independent sector providers in traditional NHS markets. It is anticipated that this will continue as services are increasingly tendered. This has also been seen within the Black Country where over the last 3 years the following services which have been decommissioned; inpatient rehabilitation, primary care mental health, substance misuse and respite services.

The Trust is therefore working with commissioners to support their commissioning decision making processes. To illustrate this, we are now part of a Black Country wide Learning Disabilities Programme Board which has jointly developed a consistent set of CQUINs across the region. The Trust has also attempted to work in collaboration with local authorities on the disaggregation of Section 75 agreements to minimise financial risks, however the disaggregation of service provision has led to some issues of duplication and service pressures. We are also working with Wolverhampton and Sandwell CCGs to examine gaps in service provision and develop collaborative transformation strategies. For instance, in older adult community mental health services, the Trust is exploring the provision of home treatment, specialist memory services, crisis, end of life and integration with primary care. The Trust acknowledges that it will need to be able to react to an increase in demand for the associated health and social care needs of its population and will work with commissioners to develop service models, pathways and workforce accordingly.

The Trust's approach to mitigate against the risks from these changes is twofold –

- Firstly, to work in partnership to develop business/service opportunities, and
- Secondly, to realise internal efficiency gains through transformation.

A strategic priority for the Trust will be to formalise our commitment to developing partnership working. This will be realised through a trust-wide strategy, approved by the Board of Directors in 2013/14.

The Trust will continue to deliver the clinical, quality and financial vision of the Trust through its QIPP and Transformation programmes outlined below:

Diagram 1: QIPP Programme

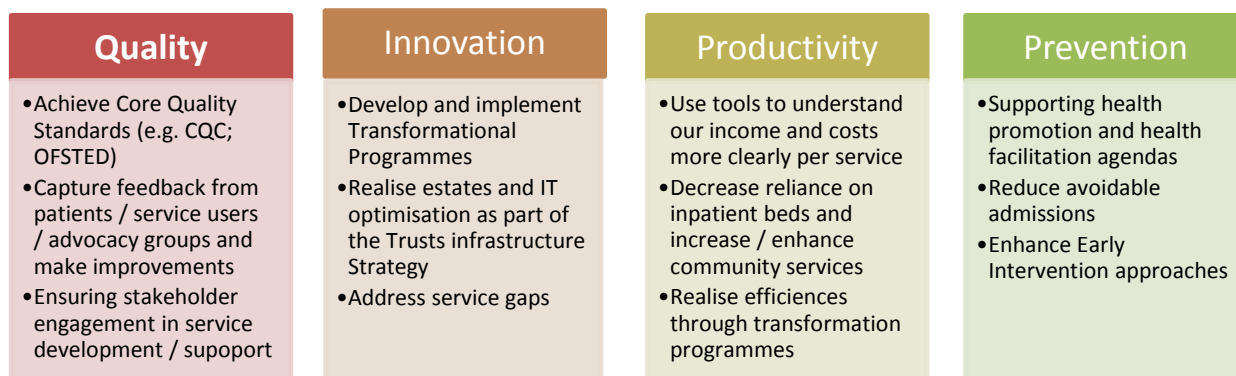


Diagram 2: Transformation Programme – Key Delivery Milestones

Work stream	Key project areas	Delivery
Mental Health	• Implementation of redesigned Sandwell Adult and Older Adult Community Mental Health Services	Q3 – Q4 2013
	• Reduction of Inpatient beds and support of £950k dementia bid at Edward Street Hospital	Q2 2013 / 2014
	• Review of Hallam Street Hospitals to address identified risks.	Q2 2013 / 2014
	• Community estate rationalization in Wolverhampton	On-going 2013 / 2014
Learning Disabilities	• Reconfiguration of inpatient beds	On-going 2013 / 2014
	• Specialist community multi-disciplinary team development	On-going 2013 / 2014
	• Implementation of lean care pathways	Q1 – Q3 2013
Children, young people and families	• Health Visitor redesign implementation	Q1 2013
	• Children with Additional Needs service review and implementation	On-going 2013 / 2014
	• Review of School Health Advisor Service	On-going 2013 / 2014
	• CAMHS and Young People service review	On-going 2013 / 2014
	• Implementation of lean care pathways	Q1 – Q3 2013/14
Corporate	• Review capacity and skills requirements to deliver the Infrastructure Strategy, including IT development, business intelligence and benchmarking capabilities.	Q3 2013 / 2014
	• Pilot flexible working approaches with a view to wider roll out across the Trust.	On-going 2013 / 2014
	• Continued development of corporate joint working including embedding ethos and customer satisfaction work.	On-going 2013 / 2014
Infrastructure	• Implementation of single IT network	Q2 2013 / 2014
	• Rationalisation of clinical information systems	Q1 2014 / 2015
	• Design Electronic Health Record (EHR)	Q2 2013 / 2014
	• Implement EHR	Q4 2014 / 2015
	• Develop Estate Transformation Plan for long term estate development to support transformational change	Q2 2013 / 2014
	• CYPF estate rationalisation into St James Medical Centre	Q3 2013 / 2014
	• Development of Gerry Simon Clinic to meet CQC requirements	Q4 2013 / 2014

In doing the above, the Trust is involved in the planning of service change and is in a position to be more responsive and adaptive to the changes in the provider and commissioner landscape.

2. The Trust's Over-arching Approach to Quality

2013/14 sees the second year of the implementation of the Trust's three year Quality Strategy. This plan supports the continued improvement in the quality of services and is aligned to the Quality Governance Framework as described by Monitor.

The Trust's revised goals and strategic objectives focus on the need to provide high quality care, in the right place, at the right time. The Quality Strategy describes how our goals will be achieved and how high quality care will be monitored, reported on and continuously improve within the Trust.

A new committee structure (again informed by Monitor's Quality Governance Framework) is now in place which strengthens quality governance and leadership; running from the front line of service delivery to the Board of Directors, providing a greater degree of assurance to the Board in respect of quality and patient safety.

The strategy also covers the following areas:

- The duties of staff in respect of quality
- A description of the quality measures and reporting structure to the Board of Directors.
- How audit will operate in the organisation and will be used to improve the quality of our services
- How quality accounts will contribute to the Trust's improvement agenda
- The role of CQUINs in supporting continuous quality improvement
- Accreditation and / or peer review schemes
- Developing surveys as feedback mechanisms.
- Implementation of NICE guidance, guidelines and quality standards

The strategy includes a definition of quality which focuses on the three areas first identified in "High Quality Care for All" (Department of Health: 2008). This is:

1. **Safety** - Ensuring that people feel safe and come to no harm when they use Trust services
2. **Effective** - The treatments provided are the right ones, delivering the best possible outcomes for people who use Trust services
3. **Patient Experience** - People respond positively about their experience of using Trust services.

2.1 Regulatory Compliance

The Trust has received a number of visits from quality regulators in the past year. Any variance from compliance is taken very seriously by the Board of Directors and the descriptions below demonstrate how through remedial planning, concerns which were originally raised have now been resolved with the Trust returning to full compliance with a only few minor concerns outstanding (but expected to be resolved within 2013).

Compliance with Care Quality Commission essential standards of quality and safety In the Mental Health division

The CQC has carried out compliance visits on two sites within the Mental Health division over the course of 2012-13. The compliance visit to Penn Hospital in March 2012 led to the issuance of three warning notices (further to concerns being raised previously regarding the suitability of the premises at Penn Hospital). This led to the agreement for a redevelopment of the Penn Hospital site and a £10 million refurbishment of the three wards.

Whilst there were immediate actions required to address the concerns, the Board of Directors recognised that sustained improvements were required and developed a Quality Improvement Business Plan for the whole organisation which focused on developing a culture of sustained change across the Trust. This was successfully implemented during the year. The CQC revisited in July 2012 and declared Penn Hospital compliant in all three areas inspected. The Penn redevelopment programme has led to two wards being relocated into newly developed ward areas in December 2012 (male ward) and January 2013 (older adult ward), the third ward is due to move into its new premise in Quarter 2 of 2013/14.

Compliance with Care Quality Commission essential standards of quality and safety in the Learning Disabilities division

All 7 of the Trust's Learning Disability Units were assessed by the CQC as part of a national review following the appalling standards of care uncovered at Winterbourne View. Whilst this did not highlight any major concerns within the Trust's services a programme of work was undertaken to ensure sustained improvements in the quality of our services. Many of the initiatives have been co-produced with Changing Our Lives, an advocacy group employing people with learning disabilities.

2.2 Ofsted Inspection

Dudley children's services received a visit by Ofsted in December 2011. This identified a number of areas for improvement, the main risks relating to the capacity to provide safeguarding supervision and to undertake audits to ensure good practice is embedded in safeguarding practices. Working closely with Dudley CCG and Dudley Metropolitan Borough Council, an action plan was produced which is now monitored and reported on internally and externally through key partners. Working jointly, the Trust has streamlined processes removing unnecessary duplication (freeing capacity), invested in additional resources (secured additionally from commissioners) and appointed a senior nurse to lead the safeguarding team across the organization.

Sandwell children's services (overseen by the local authority) received an unannounced Ofsted inspection in March 2013. The overall effectiveness of the arrangements to protect children in Sandwell was judged to be inadequate. Whilst there were no specific comments for BCPFT as provider of the CAMHS service in Sandwell, we are fully engaged in the work plan for improvement which will be reported into the Trust and monitored via the existing robust governance arrangements.

Similarly, Wolverhampton Local Authority participated in a peer review early in 2013. This was undertaken as a precursor to an impending Ofsted inspection. As a result of this it has been identified that services provided by the Trust for adults with mental health problems were not as fully engaged with the safeguarding children agenda as they need to be. During 2013/14 work will be undertaken to strengthen awareness and engagement of staff in these services to ensure greater understanding of the processes and engagement with them.

2.3 Key Quality Risks and Mitigations

The key findings and recommendations in the Francis Report increases the Trust's determination to improve services and enhance the culture of the organisation and the experience that patients and their families receive. Through embedding a culture of compassionate care, a Duty of Candour and implementing CQUINs, the Trust will adopt innovative and responsive practices.

The Board of Directors regularly review the High Level Risk Register. Assurance is also provided through review of the Board Assurance Framework, regular internal and external audit activity, peer

review, self-assessment and triangulation of evidence across the areas of finance, workforce, patient experience and patient safety.

Further to this and in accordance with Monitor's Quality Governance Framework, the Trust has detailed its plan for the clinical and quality strategy focusing on the following priorities:

1. Improve patient safety and reduce harm
2. Improve clinical effectiveness and outcomes
3. Improve service user and carer experience
4. Improve the accessibility and quality of information currently available to service users and carers

The Trust has already laid out how it will manage the associated risks and measure progress with the above. Notwithstanding this, there are a number of additional functional systems and processes which will be used to measure and manage on-going and operational risks associated with delivering quality care.

2.4 Investing in systems for managing failures in quality standards

A key area for development in 2013/14 will be the introduction of an early warning system to allow the detection of services where risks may be increasing e.g. due to reduced staffing levels or an increase in complaints etc. This will allow staff the opportunity to intervene early and prevent deterioration.

This is underpinned through a range of existing governance mechanisms. The Governance Committee receives a quarterly complaints report. This report includes a trend analysis indicating changes in the number and types of complaints and concerns received into the trust. In addition this report indicates if the key reporting indices have been achieved. The Governance Committee also receives a quarterly risk management report. This presents aggregated data for serious incidents alongside trend analysis and information that supports triangulation and potential 'hot spots' in terms of risk for the organisation. This committee is chaired by a Non-Executive Director who reports on the proceedings of the committee to the Board of Directors meeting. Assurance visits to services areas are also undertaken by teams of senior staff and non-executive directors to provide additional assurance around essential standards of quality and safety.

This quarterly report is supplemented by a Serious Incident (SI) report to the Board of Directors. This development has allowed the non-executives to review the nature of the serious incidents that occur. The organisation has approved further projects to improve business processes around notification, sign off and analysis of incidents in order to provide the Board with an improved level of assurance with regard to the nature of risks and their mitigation. Quality Impact Assessments are already undertaken against any changes to service delivery models but this process has been reviewed in year(following the Francis Report) to ensure the clinical quality aspects of assessment, delivery and outcomes in relation to patient safety are as developed as they can be.

All major changes to service models will be signed off through the Trust's Executive Committee, to ensure that any service developments do not compromise clinical quality, safety or clinical effectiveness and that they maintain an appropriate level of staffing and skill mix (in line with the recommendations of the National Quality Board).

Diagram 3: Non Financial Risks/ Risks to Quality

Category of risk	Description of risk (including timing)	Potential impact	Mitigating actions / contingency plans in place	Residual concerns	How the Board of Directors will monitor residual concerns
Commissioning	The lack of clear commissioning intentions.	High	<p>Maintenance of close dialogue with service commissioners e.g. CCGs, Public Health.</p> <p>Robust contract management Service line management Encourage consistency in commissioning across Clusters/CCG's e.g. Black Country LD Strategy</p>	Disparate commissioning intentions may develop	<p>Planned Investments and Divestments over £250k pa reported directly to Board.</p> <p>Regular review of High Level Risk Register</p>
Service Quality	The demise of models of integrated care, as Local Authorities seek to retract from established partnership agreements.	High	<p>Promotion of integrated care pathways</p> <p>Maintenance of close dialogue with service commissioners Robust contract management Service line management Engage with CCG's at early stage</p>	Local Authorities may still retract from partnership agreements due to austerity measures	<p>Planned Investments and Divestments over £250k pa reported directly to Board.</p> <p>Board review of partnership arrangements Regular review of High Level Risk Register</p>
Service Quality	Continuing high levels of delayed transfers of care caused by lack of local authority investment will impair the quality of	High	<p>Maintenance of multi-disciplinary team approach Regular dialogue with Local Authorities Social Services Departments and Service</p>	<p>Pressure on Local Authorities funding may still result in non-prioritisation of transfers</p> <p>Alternative care models/provider s may not be acceptable to</p>	<p>Regular reports on levels of delayed transfers of care to Board</p> <p>Regular review of High Level Risk Register</p>

	services to patients and prohibit more efficient use of the Trusts inpatient facilities		Commissioners Explore alternative care models/providers to enable appropriate discharge	Commissioners Safeguarding issues and out of area placements of people with challenging behaviour with regard to nursing homes limit places available to the Trust and may cause admissions delays	
Compliance with CQC standards of care	Not maintaining compliance with the Care Quality Commission registration standards for services provided, especially in relation to Penn Hospital	High	Detailed action plans to address concerns in place Measures to ensure a sustainable position (regular reviews and auditing of on-going compliance) to be put in place	Changing expectations and inconsistent demands of regulatory authorities MHAC and CQC	Progress with implementation of remedial action plans reviewed by Board Regular review of High Level Risk Register
Compliance with Terms of Licence	Not meeting the performance standards within the NHS Foundation Trust compliance regime as prescribed by "Monitor", the independent regulator of NHS Foundation Trusts.	High	Systems and procedures updated to ensure data capture and reporting. Data quality procedures to be updated Measures to ensure a sustainable position (regular reviews and auditing of on-going compliance) to be put in place		Monthly reports to Board relating to performance against compliance targets Regular review of High Level Risk Register

3. Our Clinical Strategy- Delivering Sustainable Services

Following the acquisition of services resulting from TCS, the Trust has embarked on an ambitious Transformation programme not only to integrate services, but also to enable the identification of service gaps and opportunities for development. The Transformation programme underpins the clinical strategy of the Trust reviewing service redesign, infrastructure (including IM&T and estate) and workforce planning and coupled with tools such as Service Line Management, will allow the Trust to dive forward financially and clinically sustainable services.



Sir Robert Francis published his final report into the failings of healthcare at Mid Staffordshire NHS Foundation Trust in February 2013. Failings included a lack of leadership, identified poor standards of care and a lack of compassion. The report highlights many recommendations for change in the NHS and our staff have a part to play in any potential changes that needed to be made. Work is underway within the Trust to ensure that all our staff are aware of Francis and Winterbourne and the Board of Directors have discussed the implications to identify what we need to do to ensure patient safety and patient experience remains at the heart of all we do.

Whilst the Government is considering how to take the recommendations forward, the Trust has launched an engagement campaign called *Keeping Our Promise* under the Trust's brand 'Our Community, you matter, we care'. This will enable every member of staff to play a part in the way the Trust responds to Francis and Winterbourne through a series of focus groups and roadshows (ongoing mechanisms for staff engagement will continue after this time). This will give staff an opportunity to reflect on the recommendations from these reports and the implications for our services and where improvements can be made. This will ensure the Trust sticks to its pledge that our community matters to us and that we will care for them with compassion and respect. Other events are being organised to obtain feedback from service users and carers building on the significant work the Trust already undertakes with our key stakeholders in striving to continually improve services.

3.1 Mental Health

The Trust has implemented significant parts of the Wolverhampton Mental Health Strategy which was approved by Wolverhampton commissioners prior to services transferring in August 2011. This Strategy is consistent with the national "*No Health, Without Mental Health Strategy* (DH, 2011)". The Trust has developed a Referral Assessment Service (RAS) as a single point of access and is providing greater help to people in their recovery from mild and moderate mental health problems through enhancements to Healthy Minds and Wellbeing services (IAPT) and a newly developed community service model. These major developments have been undertaken at the same time as successfully overcoming quality concerns raised by the CQC in the provision of inpatient services at Penn Hospital.

Elements of the Mental Health Strategy which have not been successfully implemented relate in particular to those under the responsibility of Wolverhampton PCT / CCG. These include the transfer of stable patients back to primary care; shared care arrangements and gaps in the commissioning of crisis support to people not already known to services (which is an issue highlighted by Governors / members as a key area of concern).

The Trust is beginning to see the effects of the harsh economic conditions and cuts to welfare benefits which disproportionately affect the most vulnerable people in society. There has been an increase in reported suicides nationally and an increase in the demand for community and inpatient services across both Wolverhampton and Sandwell boroughs. In addition, local authority funding cuts have led to an increase in delayed transfers of care which the Trust is working hard with commissioners to address. This is hampered by the inability of mental health trusts to financially penalise commissioners for these delays (unlike in the acute sector).

The Trust has agreed to undertake a rebasing exercise to ensure that income and costs for Wolverhampton services are correctly aligned and underpinned by service line management. There will be a jointly commissioned independent review in 2013, with Wolverhampton CCG of the Mental Health Strategy which will inform the future strategic direction for services.

A further priority for 2013/14 will be the introduction of payment by results for mental health as a crucial driver of future income. The refinement of finance processes and systems will be a key enabler in costing and pricing activity as care packages and pathways are developed locally for each cluster.

The Trust is also keen to work with Wolverhampton, Sandwell and other Black Country commissioners to develop services locally which are currently provided out of area (e.g. female Psychiatric Intensive Care - PICU).

In Sandwell, older adult wards have been consolidated and the savings that will be realised shall be re-invested into a new community model covering all ages aligned to the primary care model. In particular, gaps in crisis support for older adults will be addressed through this development. A single point of access will be developed and the move of stable patients back to primary care will enable the Trust's secondary care services to focus on more complex cases. This will require proactive involvement of Sandwell and West Birmingham CCG to ensure that issues faced in Wolverhampton are not repeated.

The estate presents a significant challenge for the Mental Health Division and the Trust overall in ensuring that it is fit for purpose. Significant issues with the estate at Penn Hospital are being addressed by a £10m capital redevelopment of the site which will be completed by quarter 2 2013/14. This has enabled the reprovision of 3 inpatient wards into modern facilities, with ensuite bedrooms, larger therapeutic spaces and access to activity rooms and gardens. The Hospital sites in West Bromwich, Hallam Street (which is a PFI) and Edward Street Hospital present constraints and limitations on what can be affordably done to provide similar modern facilities and accommodation for patients. The Board of Directors will be considering options on the future of its estate through an Estates Transformation Plan in the summer.

Trust senior officers have worked closely with Governors to understand some of the gaps in service and where existing services can be improved. Notably, access to crisis support in Wolverhampton and pathways for people with autism are two key areas the Trust will work with Governors; Commissioners and other agencies on during the next year.

3.2 Children's, Young People and families

In universal children's services, commissioners have continued to articulate a desire to develop more integrated models of service delivery between Dudley CCG and Dudley Metropolitan Borough Council which reduce duplication, enhance early intervention and ultimately secure better outcomes for children, young people and families. There will be continued work on the implementation of the health visiting 'Call to Action' programme of work ensuring that any reconfiguration of health visiting

is properly developed with full involvement of general practitioners, pre-natal and maternal mental health services. The delivery of children's services will also focus on the Healthy Child Programme, emphasising prevention, protection and health promotion, ensuring that there is early help and advice available to young people at the times when they need it. Coupled with this, the Trust continues to enhance its Early Intervention services, CAMHS and eating disorders to detect issues early in life and support the recovery of individuals proactively before more serious problems develop.

The CYPF strategy will therefore examine the following areas:

- Identifying and releasing capacity through role redesign, especially in school age services
- Develop children's complex care and palliative care services
- Work force re-design and integration of therapy services and care pathways to enable seamless and co-ordinated intervention.
- Review of estate and service co-location options with the voluntary sector
- Expansion of specialist nursing teams/long terms conditions service: haemoglobinopathy, asthma, diabetes, epilepsy and continence services.
- Develop and enhance Crisis and home treatment services across Sandwell and Wolverhampton.
- Examine an innovative model for Tier 3+ and Tier 4 service provision to ensure children and young people are able to access local responsive services closer to home when these are required.
- Develop a Young Adult Service that can support young people with mental health problems (with and without learning disabilities) that will support from 16 -25.

3.3 Learning Disabilities

The Trust's Learning Disability Strategy was approved by the Board of Directors in October 2012 and has been endorsed by commissioners across the Black Country. This Strategy is consistent with the recommendations of both the interim (June 2012) and the final Winterbourne View Reports (December 2012). The Trust is focused on enhancing community services and reducing reliance on inpatient beds, particularly for acute assessment. The Trust has already implemented some innovative models in line with this Strategy, for example the establishment of a Community Behavioural Support Team in Sandwell has reduced the likelihood of service users going into crisis and needing hospital admission. Specifically for assessment and treatment services, a 16 week care pathway has been developed (endorsed by Black Country commissioners) which provides checkpoints and a duration in which someone would normally receive a service. The Trust has also focused on reducing the number of delayed transfers of care, although this is often impacted by the number of placements available under local authority social care. These initiatives focus on ensuring that service users are only in hospital when needed and do not stay in hospital any longer than is necessary.

The Strategy over the next three years, supported by commissioners, aims to extend the range of specialist learning disability services available across the Black Country, whilst enhancing community support. To afford these improvements, it is recognised that inpatient services will need to be provided from a smaller number of sites. It is also recognised that under Winterbourne a number of service users will be repatriated to the local area will inform the Trust's future configuration of services. The Trust aims to develop services specifically for those presenting with challenging behaviour; separate male and female units and enhancement to low secure and step down services. The Trust will be exploring the possibility of operating some of these services in partnership, perhaps with a housing association.

3.4 Clinical Quality Priorities and Milestones: Progress So Far

As outlined above, the Trust set itself a number of clinical and quality priorities last year categorised under the following headings:

1. Improve patient safety and reduce harm
2. Improve clinical effectiveness and outcomes
3. Improve service user and carer experience
4. Improve the accessibility and quality of information currently available to service users and carers

Significant progress has been made against each of these areas. Notably in:

- **Patient Safety** - The appointment of a matron to lead the physical healthcare agenda and Staff in mental health and learning disability settings have received training in managing physical health care
- Additional resource into safeguarding teams to ensure that all staff are competent and skilled at identifying patients at risk of abuse and working with them, their families and carers.
- **Clinical Effectiveness** – Development and implementation of a new system (Safety Thermometer) for monitoring and gathering patient safety information.
- Improvements to the way staff manage violence and aggression
- Development and roll out of a staff competency framework to ensure staff have the right skill set, competence and confidence to deliver high quality care
- **Patient Experience** - Review of care plans and training to ensure care plans are personalised to patient need and patient choice is an integral part of the care planning process
- Enhancing a culture of dignity and compassion by the introduction of dignity champions, revisiting the Trust vision and values and the roll out of top tips for promoting dignity.
- Patient and Staff stories - service users, carers and staff are invited to speak at the Board of Directors to inform effective decisions in order to improve the quality of our services
- Quality of Life Adults undertaken on all our inpatient areas by Changing Our Lives (an advocacy organisation employing people with learning disabilities). These particularly focus on the experience the patients / services users have of our services and improvement plans are agreed by the Trust in conjunction with Changing our Lives.

3.5 Clinical Quality Priorities and Milestones: Planned Developments

Work in the following priorities will be continued in 2013/14:

1. Improve patient safety and reduce harm

- Prevention of in-patient falls in our hospitals by ensuring the roll out of risk based falls assessment and the provision of additional supportive equipment and training
- Maintenance and audit of the risk assessment process used for identifying those patients who may develop a venous thrombo embolism
- Ensuring best practice is maintained in the management of pressure areas and prevention of pressure ulcers
- Improve the nutritional status of “at risk” patients within in – patient settings by the roll out of the national screening tool and regular audit activity
- Maintain a zero tolerance to healthcare acquired infections

2. Improve clinical effectiveness and outcomes – priorities

- Development and implementation of early warning systems to detect potential patient safety concerns
- Review clinical records to improve documentation and coordinated care planning
- Improve the physical health care of patients by the roll out and maintenance of the physical health skills training that has been introduced
- Ensure all staff are trained and implementing “making every contact count” to improve preventative health care
- Roll out of the competency framework to ensure staff have the right skill set to deliver high quality care

3. Improve service user and carer experience - priorities

- Implementation of the Duty of Candour and re launch of the “Being Open” process
- Focus Groups – Improving patient experience through facilitated workshops with people who use our services.
- Patient and Staff stories - service users, carers and staff are invited to speak at the Board of Directors to inform effective decision making – this will be extended to offer a wider variety of engagement methods in order to improve the quality of our services
- Maintaining privacy and dignity of patients and service users - audits conducted by service users and “experts by experience” across a number of services will take place.
- Review of recruitment processes to ensure staff are recruited who demonstrate the right values as well as the right skill set
- The development and roll out of a family friendly survey test for all inpatient users

4. Improve the accessibility and quality of information currently available to service users and carers

- Mapping of all existing involvement activity and the information service users receive to determine development needs.
- Development of a Patient Experience Strategy to provide strategic direction and identify additional ways to capture patient and carer experience
- Review of current patient information literature to streamline literature and ensure all information meets identified standards
- Coordination of a consistent approach in involvement and experience activity across the Trust to be developed.
- Review the ways in which information is passed on to service users e.g. Information Boards in waiting areas, consultation events and the development of partnerships with other agencies

3.6 Service Line Strategy

The Trust implemented service line reporting a number of years ago, and has used it as one of the tools to support the development of the Divisions as business units. The service line reports have been reported as one of a suite of reports for Divisions, which includes the traditional budgetary style of reporting. Apportionments under SLR have gone through robust review, income contracts have been rebased to reflect the services lines and service line reports are now embedded. The Trust sees Service Line Management as a key way to drive forward quality and performance improvements

across the Trust in the next three years. The key ways which the Trust aims to progress this strategy are detailed under the following headings:

Through Clinical Engagement

Whilst service line reporting information is reported monthly to divisional management teams, the Trust's strategy is to widen this audience and engage with a wider variety of medical, nursing and Allied Health Professionals to ensure that the full benefits of Service Line Management can be realised. Helping clinicians understand the income and costs associated with providing their services will engender greater debate and involvement in how services can be provided more efficiently.

To aid Contract Negotiation

The Trust has used service line information to support contract negotiations and intends to continue to do this in the future ensuring Commissioners understand the implications of the continued requirement to achieve cash releasing efficiencies in addition to QIPP schemes and highlighting where services are operating without sufficient resource. This is of critical importance due to the lack of tariff for the services which the Trust provides. By utilising information provided it can be used as a basis to inform discussions around any decommissioning, new business and amendments to contract lines to reflect actual spend on services. The Trust has already used the cost analysis from service line reporting to rebase a number of its contract lines to minimise the impact of service change.

The service line information will also be used to produce Payment by Results local tariffs and reference costs identifying the resources used across clusters. This will ensure that the impact of the move to a national tariff is minimised.

The Trust is also assessing the requirements for a patient level costing system to further minimise the impact of the implementation of a national tariff. The work completed to develop service line reports would be used to populate the patient level data.

Enable Divisions to challenge level of Corporate Overheads

The information in service line reports allows Divisions and the Trust to challenge services to demonstrate they are providing value for money, and highlight areas where the costs need to be reduced to provide a contribution towards Trust overheads. By providing information and breakdown on the cost of overheads, this will allow the divisions to challenge the services provided by corporate functions to identify efficiency improvements and ensure that support services meet their needs to support the Divisions to deliver their clinical strategy with the level of resource available. This should ensure that the Trust cost base is more clinically focused and driven and that the Divisions agree with the level of overhead required to operate the business effectively. The Trust expects this to provide some independent challenge to the costs incurred by the Corporate Services Division, and potentially identify further back-office savings to reduce the savings impact on direct patient care.

Where services are not contributing to the overall financial position for the Trust the Division is able to assess whether the service should continue to operate, whilst assessing the impact to the operation of the Division, and Trust, as a whole.

Business Developments

Information from Service Line reporting will be used to inform future business developments of the Trust, supporting the Clinical strategy of the divisions to ensure services are high quality and financially viable for the future. It will enable the Trust to have an understanding of the big picture and ensure investment decisions are made based on sound financial information.

Decommissioning

By using service line reporting information the risks from decommissioning of services is reduced in two ways. Firstly, through rebasing of income contracts to match the full service costs of each service line the true value of the service is identified by Commissioners, rather than an historical arbitrary figure. Secondly, there is more potential for overheads and support service costs to be included within TUPE arrangements to new providers or more easily identified as an associated cost pressure to be reduced following the loss of a service.

Cost Improvement Schemes

The Trust has used the service line reporting position to allocate out savings targets in the past and will continue to use this method in the future. The continued achievement of efficiencies of c. 5% per year becomes increasingly difficult, but using this method ensures that savings targets are allocated against the services that are the least competitive/efficient according to the costing information.

To ensure that the prices offered by the Trust are competitive benchmarking regularly takes place using reference costs and prices for similar services by other providers. The work completed around the implementation of payment by results has provided useful information across the region and nationally to compare performance and identify potential areas to improve efficiency.

3.7 Clinical Workforce Strategy

The Trust has now consolidated and integrated the services transferred from PCTs in 2011. This has included the implementation of new management structures and the harmonisation of a wide range of workforce and clinical policies. In a number of services there have been quality improvement programmes which have concentrated on developing the right level of competency in clinical staff. This has been initially focused on Penn Hospital as part of quality improvements in support of CQC recommendations. Plans are being developed for a roll out of this work across the Trust.

The structure and key elements of the Trust's workforce strategy have been agreed by the executive team and other senior leaders. The focus of the strategy is to build on these improvements to ensure that the most effective workforce policies, processes and training and development, are in place to ensure that the quality of care can continue.

Trust Approach

The key Trust systems to deliver this are;

- Each division develops detailed workforce plans within the overall context of the Trust's workforce strategy
- Multi disciplinary "Workforce Development Group" oversees the implementation of key workforce initiatives

- Organisational change programmes are implemented through the agreed change management processes
- A HR Business Partnering model supports divisions
- New balanced scorecard is reported on a monthly basis with supplementary quarterly reports focussing on recruitment, diversity and change management.

Workforce Initiatives

Managing for Excellence – Programme to train all operational managers to a high level of competence in key HR management policies and HR practice

Appraisal – New process in place with 80% compliance achieved, with plans to achieve 95%. Training to be rolled out for managers and evaluation through quality audits.

Mandatory training – New participative training in place, with plan to achieve 95% compliance with further support through the adoption of the same approach to induction.

Agenda for Change – Proposals to be developed to deliver positive benefits to staff and the organisation from the new freedoms within agenda for change.

Widening Participation – Project to be developed working with the Health Education West Midlands to effectively widen access to health care careers through apprenticeships, work experience and consideration of assistant practitioner roles.

Temporary Staffing – Development plan in place to dramatically improve the quality and flexibility of the bank and reduce agency usage

Health and Wellbeing – Project to improve sickness levels including a project team and the implementation of a new sickness management policy, training for managers, new occupational health services and new monitoring processes

Workforce Planning – A new more comprehensive and qualitative process has been developed and will be implemented over the next year

Organisational Development – The trust has started to develop a comprehensive programme led by the Executive team who have already held an away day to agree initial actions

Leadership – The trust has started to develop a comprehensive leadership and talent management strategy that will be finalised in 2013 and subsequently implemented

3.8 Risks to the Delivery of Sustainable Services

Within the Trust there is only one area where there is a shortfall in respect of consultant availability in order to cover clinical areas. This is the Early Intervention service in both Wolverhampton and Sandwell.

As noted above, it is planned that a young people's service in Wolverhampton service will resolve this through the movement of resources from adult services to the new model (development of this is taking place from October 2013 with an implementation date during 2014).

The issue in Sandwell has been raised with commissioners who are considering the current service model. No clear resolution to having dedicated medical input to this service is currently available. In terms of quality and safety of the service cover is provided by consultants from adult services.

There are also a couple of areas where given their size, small teams are particularly vulnerable to changes in demand and capacity. Eating disorders (Sandwell and Wolverhampton) and the See Saw Team (Dudley) are both very small teams. The Trust is working with commissioners to highlight the increased need for investing in local capacity as well as examining the overall pathway in order to improve the longevity of the services.

4. Productivity & Efficiency

As described earlier, the Trust is embarking on an ambitious Transformation programme which underpins the delivery of improved quality, productivity and efficiency. In addition to the Transformational schemes, the Trust has developed a 3 year schedule of Cost Improvement Plans (CIPs) and together they are integral to the financial sustainability of the Trust.

4.1 CIPS

The overall CIP programme is consequently a mix of schemes comprising of transformational themes and incremental initiatives developed within each division and across corporate areas. CIPs relating to the Transformation Programme are generally those which are planned as part of large scale or radical redesign in clinical and corporate services.

Targets and schemes identified during the year are reviewed as part of the annual planning cycle. Service line reporting is used to ensure a CIP target is proportionate to the contribution that the service makes. These are agreed by the Board of Directors, shared with Governors and submitted to Monitor as part of the annual plan documentation.

Together with the Transformation Plans, over the last few years the Trust has used a programme management approach to provide an oversight to ensure the full impact of the various schemes are effectively managed. Schemes are individually identified, but form part of the following programmes, large enough to enable effective control, review and assurance at a strategic level:

- Workforce, pay & conditions
- Financial & Budgetary
- Infrastructure & Procurement
- Service Redesign & Transformation
- Productivity & Service Line Reporting

Individual schemes are assigned owners and managed as projects in their own right. Each scheme will identify the likely benefit, timely milestones, non-recurrent costs required for achievement, risk to achievement or quality and any mitigation to reduce risk. This is captured in the standard templates used to identify and manage CIPs.

The performance against the schemes are reported across a number of organisational levels (see below), and intrinsically linked to the Quality Strategy domains of safety, effective care and patient experience through each scheme being required to have a Quality Impact Assessment:

- Divisional Management Board (membership: senior management from Divisions) – each Division maintains an overview of all schemes at their monthly Board meeting which would also highlight exceptional issues.
- Monthly CIP meetings (membership: senior representatives from Divisions) – a detailed review of each scheme is undertaken at these meeting which also provide an opportunity to identify potential future schemes cross referencing against the SLR position.
- Quarterly Performance Review – each Division's performance is reviewed on a quarterly basis. Part of this review relates to performance against CIPs and the potential implications on quality and financial sustainability using service line management tools.
- Workforce Modernisation Group (membership: Human Resources (HR) and Finance senior managers with Divisional Directors) – develop and manage trust-wide projects which will contribute towards CIPs
- Infrastructure Implementation Group (membership: senior managers across the Trust including Executive Directors) – managing the development of the IT and estates strategy ensuring a trust-wide approach and consideration so that the Board of Directors are aware of all potential investment decisions rather than being asked to agree enabling funding in isolation.

- Executive Committee (membership: Directors and Divisional Directors) – Provides challenge to corporate and trust-wide schemes
- Transformation Board (membership: Directors, Divisional Directors & Transformation leads) – Review corporate and trust-wide schemes supported by the transformation team
- Investment Committee (membership: non-executive and executive directors) – assurance that schemes do not adversely impact quality and are on target. The Committee expects to receive assurance and evidence that each of the schemes has a QIA and that the leads of schemes or programmes report to the Committee on an exceptional basis as decided by the chair of the Committee (non-executive).
- The Governance Committee has the responsibility to scrutinise the QIA of each CIP scheme ensuring that the quality of services are not detrimentally affected.
- Board of Directors – monthly reporting of performance and report from the chair of Investment Committee where CIPs are discussed and assurance provided in more detail.

Managing through this process has allowed the Trust to achieve the level of cost improvements required to meet financial targets whilst maintaining quality services. Given the financial environment, there is continued pressure to release further savings and the Trust will continue to monitor and improve processes to ensure that the quality of services is not adversely impacted.

There has been a trend of achieving a higher than planned proportion of non-recurrent savings. For example, slippage on procurement (delays on tendering and rationalisation from TCS) and infrastructure (estate & IT delayed to fully align to clinical service strategies) schemes required additional savings to be made to cover shortfalls. Additional schemes implemented to offset the shortfalls included:

- Over-achievement on Divisional schemes
- Usage of non-recurrent income negotiated through Transforming Community Services (TCS) to allow time to achieve the planned savings
- Provision of non-recurrent services/projects within current resources or at a lower cost than income received
- Held vacant corporate posts while the requirements for support is reviewed

This demonstrates the ability of the Trust to adapt to circumstances and respond positively to opportunities to save money throughout the year, but highlighted to the Trust that improvements were required to ensure that schemes achieved recurrent savings and delivered to planned timescales.

The rigorous structure applied to Divisional schemes during 2012/13 contributed to the improved proportion of recurrent schemes, and it is anticipated that this will continue into 2013/14. To ensure that this improvement is replicated in Corporate and Trust-wide schemes the Trust has added additional rigour through the reporting to Executive Committee and Transformation Board (as identified above). Through this improved challenge, increased transparency of overhead costs using service line management, and realising the transformational opportunities following TCS, the Trust expects to improve the level of recurrent savings to 80% during 2013/14, increasing to 90% from 2014/15.

Given the compounded effect of achieving savings non-recurrently and the risk this places on the Trust's continued financial viability, the Board of Directors have identified this as a high risk. In

mitigation, a contingency plan has been developed (to remove back office costs on a phased recurrent basis) to be initiated from Q2 (2013/14) should the planned milestones not be met.

Post the recommendations from the Francis report and in response to 'How to Quality Impact Assess Provider Cost Improvement Plans' guide issued by the National Quality Board (NQB), the Trust has recently reviewed assurance of CIPs and QIAs and has agreed to use its Executive Committee (a sub-committee of the Board of Directors) on a monthly basis to ensure that senior clinicians scrutinise (and support) the schemes and their implications.

This process will allow the Medical Director and Nursing Director to provide constructive challenge to Divisional Directors and Clinical Directors (and other executive members) on all aspects of CIPs, particularly focusing on the expected impact on the quality of services. Examining CIPs on this strategic level will provide an opportunity to explore inter-relationship between variables, challenge the efficacy of CIPs and examine the overall impact on the delivery of patient care.

5. Financial & Investment Strategy

The Trust is reporting the achievement of the planned financial risk rating (FRR) of 3 for the year ended 31st March 2013. The weighted score for the Trust would have resulted in an FRR of 4 but is restricted by the Trusts historically low EBITDA margin of less than 5%. To seek to improve this by increasing the planned surplus would have put unnecessarily additional pressure on services.

The Trust exceeded the planned surplus and achieved a surplus margin of 1.5%; however, this was partly due to the non-operating benefit (less PDC dividend than planned) from the transfer of assets from Primary Care Trusts that took place on 1st April 2013 rather than the originally planned date of 31st March 2013.

The Trust continues to have a healthy cash position, holding c. £15m in the bank at the end of 2012/13. The net return after financing was strong at 5.4%. The Trust has not borrowed money or required access to the working capital facility. Some of the funds held relate to the balance of funds from Wolverhampton PCT for their contribution to the capital works at Penn hospital, which have not yet been paid to contractors.

During 2012/13 the income received was £2.9m above plan for a number of reasons. £1.2m of this relates to income contracts over-performing; £0.5m relates to charges made to Wolverhampton PCT for Mental Health services received not contracted for (off-set by bad debt provision); £0.8m relating to Children Young People & Families (CYPF) developments.

Although the income received in 2012/13 was well above plan, the Trust has had to increase the bad debt provision to £1.1m which is significantly higher than previously. This provision has partly been driven by structural changes in the NHS and the risk of legacy issues post April 2013. The Trust has continued to have difficulties in receiving owed funds from councils (Wolverhampton, Sandwell and Staffordshire), but expects that some changes to commissioning arrangements will alleviate this issue. Given the level of bad debt provision in 2012/13 compared to previous years the Trust intends to improve credit control and escalate non-payment at an earlier stage in the process to enable robust challenge to Commissioners, and action to be taken where charges are disputed to minimise the financial risk.

The largest proportion of the Trust's costs have been managed to plan in 2012/13 with pay costs only exceeding plan by £0.7m (less than 1% variance to plan). The majority of that (£0.6m) was caused by the transfer of facilities management services at Hallam (PFI) in-house. The costs also included provision for potential redundancies caused by decommissioning and service redesign that were higher than had been originally planned.

Reducing agency costs for Wolverhampton Mental Health services was identified as a key efficiency requirement after the transfer of TCS services. The Trust has successfully managed to reduce these costs more quickly than planned and therefore offset the pressures from redundancy provisions. Costs on agency continue to be above the target level by the Trust and therefore this will continue to form part of the CIPs.

The higher than normal provisions on employment tribunals, and bad debts has been offset by the benefits described on the income position. The Trust seeks compensation via the indemnities in the Business Transfer Agreement (between the Trust and the former PCT) to recover some of these costs such as the redundancy costs incurred as part of the decommissioning of drug services in Wolverhampton.

As described above, the Trust achieved the required level of £4.8m from cost improvement plans (CIPs).

Expenditure on capital was £0.5m below plan. There was, however, a significant amount of works managed by the estates & facilities team due to the significant development on Penn Hospital to address the areas of non-compliance highlighted by the CQC. This was classed as capital works on the books of Wolverhampton PCT (the owners of the asset for 2012/13).

During 2012/13 the Trust managed the £8.5m works from the contractors (spent £7.1m) as from 1st April 2013 the asset transferred to the Trust and the completion of the works will be met by the Trust.

5.1 Key Financial Priorities and Investments

Having doubled turnover by the acquisition of services through the TCS transactions, the Trust does not currently plan any significant transactions between 2013 and 2015. The Trust's strategy will be one of consolidation and transformation.

The Divisions have been developing their service strategies following integration and are examining enhancements to current core business such as child and adolescent mental health services at Tier 3+ and 4 and female psychiatric intensive care.

Delivery of the transformation programme and infrastructure strategy and their associated cost improvement schemes are key to achieving the financial plan.

As described earlier, the key priority for the Trust is ensuring the on-going financial and clinical sustainability of its services. Service Line Management (SLM) and patient level costing and information systems (PLICS) are important tools to understanding profitability and service continuity. Full implementation of SLM and PLICS is planned during the annual plan period. Overall the aim is to ensure each service line delivers a surplus by the end of 2015.

The further priority for 2013/14 will be the introduction of payment by results for mental health as a crucial driver of future income. The refinement of finance processes and systems will be a key enabler in costing and pricing activity as care packages and pathways are developed locally for each cluster.

Key actions related to finance in the APR period are:

- Payment by Results (PbR) development - Influencing the development agenda; ensuring internal systems are fit for purpose; and engaging with commissioners
- Implementation of SLM building on current SLR information
- Delivery of transformation programme including recurrent CIPs
- Delivery of Infrastructure Strategy including Penn Refurbishment and delivery of the estates transformation programme
- Building partnerships within the new commissioning landscape to manage future financial risks and opportunities.

5.2 Key Risks and Mitigation

Key Risk	Mitigation
Lack of comprehensive commissioning strategies across the range of the Trust's services leading to piecemeal decommissioning or competitive tendering exercises	Engagement with clinical commissioning groups to ensure involvement with and understanding of strategic planning
Inability to deliver the infrastructure strategy to required timescales and within planned budget, thereby adversely affecting the transformation and cost improvement programme	Estates transformation plans developed by Divisions ensuring that service strategy & trust strategy are in line and funds are invested to maximise benefits for the Trust
Pay - future pay awards are unclear and pay bargaining may be local in future. Attracting talented staff could have cost implications.	Benchmarking and market analysis to understand pay relative to other providers. Monitoring of developments in agenda for change and modelling of financial impact through SLR.
PbR - lack of clarity about precisely which form it will take and when it will be fully implemented and the potential financial and service impact	Influencing systems in place to model and forecast the potential impact; Scenario planning; Contingency planning
Inability to generate recurring efficiency savings to the level required, without impairing the quality of service provision	Divisional leadership of transformation programme; Governance processes for management of CIPs; Development of Star Chamber approach to QIA of CIPs; Challenge of CIPs at Divisional quarterly performance reviews