



Annual Plan for 2014-16

Part 1 - Operational Plan Document

Calderstones Partnership NHS Foundation Trust

1.1 Operational Plan for year 31 March 2015 and 2016

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

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The attached Operational Plan is intended to reflect the Trust's business plan over the next two 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 Operational Plan is an accurate reflection of the current shared vision of the Trust Board having had regard to the views of the Council of Governors and is underpinned by the strategic plan;
- The Operational 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 Operational 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; and
- All plans discussed and any numbers quoted in the Operational Plan directly relate to the Trust's financial template submission.

Approved on behalf of the Board of Directors by:

Name (Chairman)	Rupert Nichols
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Signature



Approved on behalf of the Board of Directors by:

Name (Chief Executive)	Mark Hindle
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Signature



Approved on behalf of the Board of Directors by:

Name (Finance Director)	Nik Khashu
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Signature



The values we have adopted represent what we are as an organisation.

They demonstrate how the Trust's vision, which is to change lives through excellence, will be realised.

Our strategic aspirations are to deliver life-changing outcomes for our service users, to be the provider of choice and the industry lead for LD services.

They are part of our strategic plan.

They are what Calderstones is about.

Trust



Excellence



Compassion



Respect



Ownership



Communication



Partnership



Changing lives... through EXCELLENCE

Welcome to our Annual Plan

2013/14 was the year that Calderstones was required to address some fundamental and serious governance gaps in the organisation.

Going forward, Calderstones is in a much more robust place to manage risk effectively within the organisation and to have a business-like performance management approach to service delivery. 2013/14 was also a year where there were some quite significant quality issues which arose where there has been significant learning leading to a fundamentally different approach to managing and delivering quality within the organisation.

2014/15 will be a year that we build on these changes in the organisation and look to ensure that the quality of our services for people in this organisation are of the standard that is required both by our regulators and the people who use those services.

There have been significant changes in 2013/14 with the appointment of a new Chief Executive and new Chairman and this has led to a revitalised approach to management of risk, determining our strategic direction and becoming a more “listening “ organisation, focussed on key stakeholders and learning lessons. The community interest company Future Directions (part of the Calderstones group) has gone from strength to strength in terms of improving quality and securing new business.

As we move forward, the importance of strategy planning to ensure there are safe, delivering sustainable services over the next 2-5 years is ever more important for us. This will mean that we will have to embrace true transformational change that focuses on improving and maintaining quality but doing things very differently both within the organisation and with key stakeholders.

The importance of working with our commissioners, service users and our staff has never been required more than in the current climate and I have no doubt there are very challenging times ahead for us. A part of this journey will be deciding what our strategic direction will be and who our key strategic partners are and identifying the transformational change that will enable Calderstones to deliver safe effective services for the people in our organisation. The next year will be one of balancing the fundamental need to deliver quality services while ensuring we are on track to deliver our targets and achieve financial balance.

Finally I would like to thank all the staff who works so hard in this organisation to continually deliver the highest quality services in some very difficult circumstances.

Mark Hindle Chief Executive



Introduction

Calderstones Partnership NHS Foundation Trust is based in East Lancashire providing specialist services throughout Lancashire and Greater Manchester. We have delivered an integrated care pathway for a significant number of years to individuals with learning disability with complex needs across a range of medium, low and step-down facilities and in additional enhanced supported environments. During this time we have constantly taken account of the changing picture of health and social care policy and engaged in positive steps to improve outcomes and ensure the sustainability of our services. Our focus is to deliver evidence based pathways through the range of services that are person-centred focused on promoting independence and real choice for our service users. We have successfully achieved agreed targets without diminishing the quality of our services through working collaboratively with stakeholders across the local health economy. We have a well-established philosophy which guides the whole organisation to do the right things to support service users and that our services are the best we can make them:

a. Our Mission

Our mission is to promote recovery and quality of life through effective, innovative and caring health, social care and specialist community services.

b. Our Vision

The best interests of our service users are at the heart of our strategy. Our vision is simple,

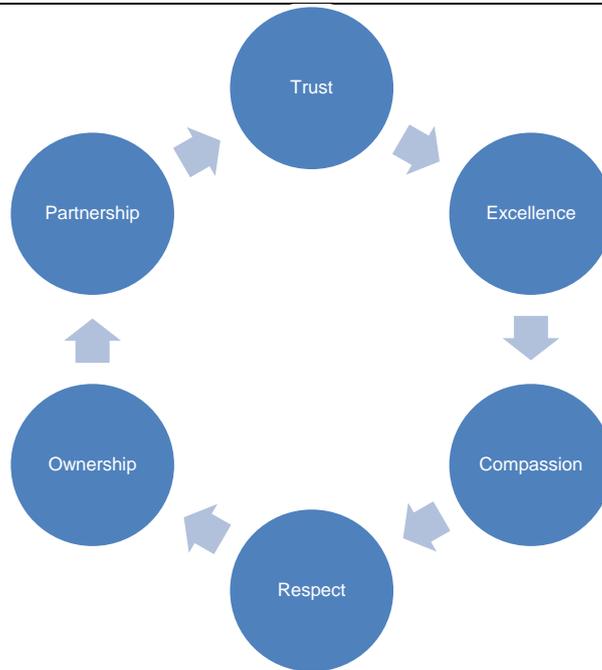
‘Changing lives through excellence’

which we have defined by our three clear strategic intentions:

- **To deliver life-changing outcomes for our service users**
- **To be the provider of choice for learning disability services**
- **To be recognised nationally as the industry lead for LD services.**

c. Our Values

Our vision is underpinned by a set of core values:



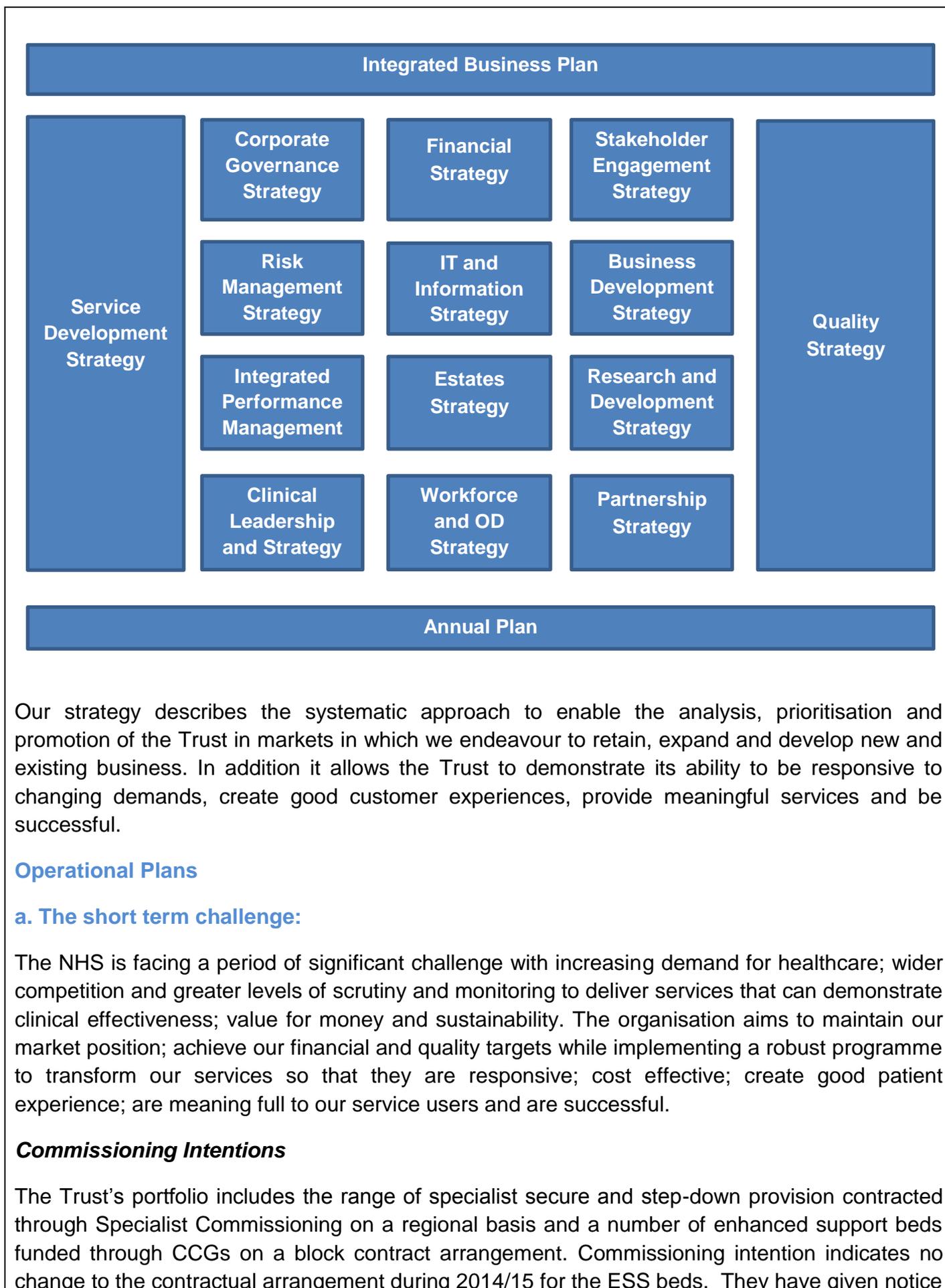
- **Trust** – We keep our promises
- **Excellence** – We continuously strive to deliver the highest standards of care
- **Compassion** – We show empathy and are sympathetic to the needs of others
- **Respect** – We engage, listen to and value the contribution of others
- **Ownership** – We are responsible and accountable for our individual and collective actions
- **Communication** – We are open and honest in our communication
- **Partnership** – We work together with clients, carers, colleagues, commissioners and communities.

d. Our Strategic Objectives

Our strategic objectives are integral to our vision, mission and values and address the needs of our stakeholders. We have developed five strategic goals to deliver our vision and values:

- To work collectively with service users and carers to agree desired outcomes, enable progression through the care pathway and to influence and develop best practice in service delivery
- To work with stakeholders to influence and develop future care pathways that are best for service users
- To develop and engage our workforce to design and deliver high quality care
- To implement innovative new ways of using physical resources to deliver care in more economical, effective and efficient ways
- To secure long term financial viability
- To build the Calderstones brand to achieve national recognition as a leader in the learning disability field.

A number of supporting strategies are being developed to enable us deliver our against our objectives:



Our strategy describes the systematic approach to enable the analysis, prioritisation and promotion of the Trust in markets in which we endeavour to retain, expand and develop new and existing business. In addition it allows the Trust to demonstrate its ability to be responsive to changing demands, create good customer experiences, provide meaningful services and be successful.

Operational Plans

a. The short term challenge:

The NHS is facing a period of significant challenge with increasing demand for healthcare; wider competition and greater levels of scrutiny and monitoring to deliver services that can demonstrate clinical effectiveness; value for money and sustainability. The organisation aims to maintain our market position; achieve our financial and quality targets while implementing a robust programme to transform our services so that they are responsive; cost effective; create good patient experience; are meaning full to our service users and are successful.

Commissioning Intentions

The Trust's portfolio includes the range of specialist secure and step-down provision contracted through Specialist Commissioning on a regional basis and a number of enhanced support beds funded through CCGs on a block contract arrangement. Commissioning intention indicates no change to the contractual arrangement during 2014/15 for the ESS beds. They have given notice

that it is their intention to move to a cost-per-case basis for future ESS beds. The impact of the loss of ESS income (anticipated to be in the region of £5-£10m) will be significant in the medium to long term sustainability of Calderstones Partnership NHS Foundation Trust. Discussions are ongoing with CCGs to try to ensure that the transition is managed with NHS England and does not destabilise the Trust. Our long term financial model (LTFM) clearly indicates that the organisation needs to go on a fundamental transformational journey to ensure the continued long term provision of high quality services for people in medium secure, low secure and step down services. It is likely that we will need to do this in partnership with other providers and during 2015/16 our strategy will be developed to facilitate this. During this time, we will focus on the management of strategic risks and the quality of services during this period of transition. The impact upon the Trust of this change in contractual arrangement will be loss of income. However, this situation presents the Trust with an opportunity to work alongside commissioners in transforming the model of enhanced service to create a specialist service fit for the future.

Stakeholder Engagement

The Trust's strategic vision and business objectives will be delivered through the organisation working in partnership with a range of key stakeholders. There is a commitment to being recognised nationally as the leading provider of specialist Learning Disability services whilst being locally relevant to all its stakeholders. Our aim is to build upon our reputation and to improve our image and brand locally and nationally. A planned approach will be the key vehicle for guaranteeing the Trust's values, vision and service delivery are acknowledged and understood by stakeholders which will drive new business relationships, protect existing relationships and to customise how we communicate with them now and in the future. The Trust needs to understand the changes and where decision-making and accountability lies within local areas so that we can be responsive and open to commissioners requirements and service specifications. Positive relationships with service users, families, referrers and commissioners are essential at all levels to ensure we are delivering the services that are needed regionally and locally.

Service user involvement is part of the Trust's ongoing commitment to involving service users/patients in shaping the services the Trust provides. We have well established structured discussion forums that are supported by Ward Managers, Occupational Therapists and the Trust's Patient and Public Involvement Manager. The aims are to:

- Give service users/patients the opportunity to be actively involved in improving services.
- Enable service user/patients to express views and make suggestions which will inform service development.
- Improve the communication of information according to individual need.
- Help the Trust to develop information in a format that best meets the needs of service users/patients.
- Support service users/patients in making their views known and heard.
- Establish an effective communication loop which communicates service users/patients suggestions and ideas to managers and the Trust Board and ensure that feedback of improvements and changes are given back to the User Groups.
- Ensure that service users/patients are consulted on matters of policy affecting their care.
- Assist communication links between service users/patients and all parts of the Trust.

The Board has established a framework to ensure regular and meaningful engagement with the Council of Governors (COG). The Trust's strategy is to ensure that information and activity is captured and reported to the COG that acknowledges their integral role within the organisation. All Board members are actively involved through attendance at events and meetings where there are opportunities to contribute to the strategic direction of the Trust and raise and discuss issues of importance.

Leadership

We acknowledge that strong leadership throughout the organisation is crucial through this difficult period of change if we are to have a shared commitment to achieving our objectives. Leadership is fundamental for sharing responsibility for the success of the organisation and the services we deliver. Our approach will ensure we have a comprehensive framework to monitor and assess our performance and activity that encourages contribution from across all services and levels. The strategy aims to oversee the day-to-day management of an effective system of integrated governance, risk management and internal controls across the Trust. It aims to review, monitor and provide assurance as appropriate through:

- The underlying assurance processes that indicate the degree of the achievement of corporate objectives.
- Structures, processes and responsibilities and managing key risks.
- Operational effectiveness of policies, procedures and the documents ensuring compliance with regulatory, legal and conduct requirements.
- All risk related disclosure statements.

b. Quality Plans:

Our Clinical Quality Strategy 2013 - 2018 brings together all the aspects that contribute to high quality services; our five year Integrated Business Plan (IBP); Workforce Strategy, Commissioning for Quality and Innovation Schemes (CQUIN), Quality Account, and Carer Strategy. It details how we will ensure quality remains at the heart of how we plan and deliver our services over the next five years. It describes the intentions of our Trust to continually improve the quality of our services and the experiences of people who use our services. In developing our Clinical Strategy, we have consulted with a range of stakeholders including service users and carers, our staff and a range of commissioners. The key messages we have received are that our services need to be safe, person-centred, and focused upon discharge, with prompt assessment and a treatment and care plan developed jointly with the person using the service. We will demonstrate that we are a listening organisation that responds to feedback, changes clinical practice where necessary and will strengthen our means for receiving feedback from all our stakeholders.

Implementation of the Clinical Quality Strategy includes:

- Agreeing and promoting quality priorities within services to meet the Trust strategic goals
- Raising awareness of what drives quality by defining our quality priorities
- Promoting leadership at all levels to deliver the quality priorities

- Creating an understanding of the role and contribution every staff member can make to improve quality
- Promoting individual responsibility for taking action to improve safety, experience and outcomes for the people who use our services, their families and staff

Key Quality Risks

The Trust Board will actively engage in the delivery of quality objectives, and as appropriate ensure the allocation of resources, including where necessary executive leadership and support. In addition the Trust Board will take a proactive leadership role to improve quality, including actively promoting organisational learning by applying the lessons learnt from horizon scanning practice across the health and social care environment. The Quality Committee (on behalf of the Trust Board) will review, approve and monitor the actions developed from benchmarking documents of National and High Level Inquiries.

The Trust Board risk register will be supported and informed by quality issues captured in respective directorate risk registers (e.g. Forensic and High Support Services). The Incident and Risk Committee will continue to provide assurance to the Trust Board that the risk register is comprehensive and contemporary.

The directorates on behalf of the Trust Board will continue to ensure the content of the risk register covers potential future external risks to quality, such as:

- New techniques/technologies
- Competitive landscape
- Demographics
- Policy change
- Funding
- Regulatory landscape
- Internal risks

Transparency

The Trust Board will ensure transparency and openness in respect of the Trust's quality outcomes, and are made public through the annual Quality Account accessible through the Trust's website. We expect to be held to account for delivering our clinical Quality Strategy. In order for this process to be transparent we will:

- Produce an action plan, detailing the work required to achieve each commitment. This will include specific outcomes agreed with our commissioners, which will then be regularly monitored, both internally and externally
- Identify where additional investment and resources are needed to deliver the clinical priorities and the partnerships necessary to achieve them
- Provide regular updates at our public Board meetings and on our Trust website about progress on our key clinical development priorities

National and Local Commissioning Priorities

The Trust has taken account of both the national and local commissioning priorities when developing its quality plans. These include:

- The applicable elements of the NHS Outcomes Framework 2014 – 2015, including reducing the premature death of people with learning disabilities; enhancing the quality of life for people with long term conditions; ensuring the people who use our services have a positive experience of care; and treating and caring for people in a safe environment and protecting them from avoidable harm
- The national CQUINS as mandated by NHS England (specialist secure commission) will include a focus on promoting physical wellbeing; the development of a collaborative clinical risk assessment framework; promoting carer involvement; developing preadmission formulations and administering the 'Friends and Family Test'.

POC and then CRG name	CQUIN Description	%
MH POC - Mandatory	Improving physical health to reduce premature mortality in people with severe mental illness (SMI)	0.25%
MH POC - Mandatory	Friends and Family Test	0.25%
MH POC Low/medium secure	Collaborative risk assessment	0.60%
MH POC Low/medium secure	Supporting carer involvement	0.60%
MH POC Low/medium secure	Pre-admission formula	0.60%
MHPOC	Dashboard	0.20%

- Local CQUINS are under development encompassing the domains of keeping people who use services safe; ensuring the people who use services have positive experience of services and ensuring the effectiveness of clinical services with the draft CQUINs as follows:

CQUIN 2014/15	
1.	Friends and Family
2.	Safety Thermometer
3.	Improving Physical Healthcare to reduce premature mortality in people with severe mental illness (SMI)
4.	Care planning with supported discharge
5.	Assessment of progress in developing a safety culture

We continue to work collaboratively with NHS England and the CCGs to ensure we are fully engaged in the CQUIN programme and delivering all of the targets.

A full implementation plan will ensure the appropriate training and support is available to ensure the targets are met and reporting through the dashboard is met within the agreed timescales.

The foundation Trust's quality goals, as defined by its quality strategy and quality account

The Trust has clearly defined its quality goals through consultation with a range of stakeholders including the people using our services and carers, our staff and our commissioners. This work is underpinned by the Trust's strategic goals, and operationalised via the Clinical Quality Strategy as 'Quality Commitments':

- **Commitment 1: Maintaining the very highest standards of care**

We will demonstrate this by comparing ourselves with other services, checking and auditing that we are meeting our own and national standards, and acting on and learning from feedback from the people who use our services.

- **Commitment 2: A promise to continuously strive to improve the quality of services**

We will demonstrate this by active involvement in research at a local, national and international level. We will continue to invest in developing services that are modern and fit for purpose. In addition, we will keep our staff up to date with the specialist knowledge to deliver best practice in the treatment and care of the people who use our services.

- **Commitment 3: Responding to the changing needs of people who use our services and those who commission them**

We will demonstrate this by engaging and working collaboratively with people who use our services, their families and carers, and our commissioners. We will be the forefront of developing services by responding to the needs of the population we serve, and develop effective treatment and therapy to ensure they progress as quickly as possible.

- **Commitment 4: Safeguarding the welfare of the people we care for**

We will demonstrate this by ensuring we understand the risks that affect the people we care for, and develop plans to protect and ensure the safety of all who use our services.

- **Commitment 5: Listening and responding to the people we care for, their families and carers, staff and partners**

We will demonstrate this by offering choices and opportunities to the people we care for to influence service delivery and their own personal treatment and care. We will ensure that treatment and care is personalised, flexible and responsive to each and every individual.

An outline of existing quality concerns (CQC or other parties) and plans to address them

The Trust's primary quality concerns include ensuring people who use our services are safe and receive person centred care. Both the Care Quality Commission and Monitor have sought assurances from the Trust about the safety of services and further development of corporate and clinical quality assurance mechanisms. The Trust had two CQC moderate findings and remedial action plans are in place.

An overview of how the board derives assurance on the quality of its services and safeguards patient safety

The Trust Board derives assurance on quality via:

- Board Assurance Framework and Corporate Risk Register clearly redefined
- Revised Clinical Quality Strategy
- New Assurance and Escalation Framework
- Drill down functionality of performance dashboards
- Dedicated PALs (Customer Care) role
- Reportable Issues Log implemented
- Revised CIP / Transformation Scheme
- Additional Metrics development – data quality, HR, cleanliness and maintenance

It also receives assurance on safeguards and patient safety via:

- Safeguarding incident reporting alerts to Ward Managers, Patient Safety Lead, Safeguarding Lead and Governance Department
- Increased presence of Ward Managers and Senior Managers within enhanced support packages
- Independent Advocacy regular visits
- Safeguarding awareness training delivered to all staff coming into contact with service users
- Social Worker visits to enhanced care package environments
- Thematic analysis of physical intervention, safeguarding and complaints through quarterly reports
- Performance dashboard drill down functionality by ward location

What the quality plans mean for the foundation Trust's workforce?

There has been a series of engagement events with staff groups to discuss the Trust's quality plans, which have resulted in refreshing Trust values and a staff quality practice standards. Within these standards the workforce have committed to ensuring the safety of the people we care for, and delivering the Trust's vision through 'changing lives through excellence'

The Trust's Transformational Quality and Cost Improvement Plan have been developed to take account of the quality initiatives outlined in the annual plan and quality account.

The Trust's Workforce Development Plans for 2014-2015 include further enhancement of the performance management function and the engagement of staff through the Organisational Development Lead.

The foundation Trust's response to Francis, Berwick and Winterbourne

The Trust has taken account of the key national reports and their recommendations, including Winterbourne, Francis, and Berwick. The Trust has benchmarked practice against the key recommendations and developed a plan for service improvements as integrated into the annual plan and quality account. Examples of key initiatives include:

- Further development of patient reported outcome measures related to the use of physical intervention
- Developing further its programme of themed Director visits and patient safety visits, and soft intelligence will be triangulated against quality metrics and Trust vision values
- Establishing a mechanism in which staff can listen first hand to feedback about organisational learning from serious incidents, safeguarding, and serious complaints
- The testing of how embedded organisational learning is in practice through routine surveying of staff using a validated tool and developing an improvement plan
- Providing an annual physical health check for all inpatients. All in patients with chronic health will receive additional complex case management support from a dedicated advanced nurse practitioner
- Improving transparency of quality information by further developing the quality dashboard and automated informatics systems

The key quality risks inherent in the plan and how these will be managed

The Trust has ambitious targets for improving quality as outlined within the Annual Plan and Quality Account. These are benchmarked and aligned to the Monitor Quality Governance Assurance Framework (QGAF), and we are receiving external assurance on Trust progress.

The key clinical risks:

- Failing to keep people safe
- Failing to provide a focused person centred service

The key challenges to this process are:

- Capacity and capability of the governance structures and clinical teams to monitor and deliver the changes
- Embedding changes in practice

These risks will be managed via:

- Investment in quality governance function
- Increased accountability within organisational structures
- Further development of performance management functioning
- Independent monitoring and assurance
- Introduction of an Organisational Development (OD) Strategy supported by a new professional OD Lead to engage and embed changes across the Trust

c. Operational requirements and capacity:

Activity and Demand Pressures

The on-going outlook for the national economic situation has stimulated the need to take radical action to deliver efficient social and health care services in a less traditional way to a population with ever increasing complexities of need. This not only impacts on the commissioning of services and how they ensure the most appropriate services are sustained within stretched resources, but demands providers to contribute and work in partnership to control spiralling costs whilst maintaining levels of quality services. Commissioning intentions indicate during 2014/15 the number of secure and step-down beds overall will remain unchanged. The ESS beds will be

subject to further discussion with CCG Commissioners.

Commissioner	Service	Year – Bed No's	
		2013/14	2014/15
NESCG	Mediums secure	48	48
NESCG	Low secure	89	89
NESCG	Step-down	20	20
CCGs	Enhanced Support	48	44 or 48
Total		205	201 Or 205

The organisation is committed to ensuring our delivery and configuration of services are able to demonstrate and evidence positive outcomes and value for money. However, it also presents an opportunity for Calderstones to exploit our position as the leading provider of specialist learning disability services to be influential in shaping and delivering future services.

The business strategy has prioritised a number of areas for the Trust to focus upon. The aim is to identify where we need to invest to modernise and transform our current services so that they remain sustainable and right for service users now and in the future:

- Improving and modernising existing provision
- Expansion of existing services
- Taking opportunities to enter new markets
- Developing new services that complement our existing services and skill base
- Extending the geographical reach of our services
- Scrutinising the dynamic marketplace and our competitors
- Seeking benefits from changes in healthcare commissioning
- Implementing new structures to become more cost competitive
- Exploring and developing partnership opportunities

During the next 12 months we plan to undertake an option appraisal for the transformation of the range of secure and enhanced services that we deliver. There are a number of initiatives and projects that have been agreed to progress during 2012/13 and are in varying stages of development or are being scoped or have been raised in light of commissioning intentions:

- Transformation and re-provision of enhanced support services
- Reviewing and improving the deliverance of the Step-down service against the agreed service specification in conjunction with Specialist Commissioners
- Actively pursuing opportunities for economic growth through establishing partnerships with other organisations
- Undertake a market analysis of the potential impact upon secure provision of the introduction of proposed Assessment and Treatment units in the North West and the ability of Calderstones to deliver this service
- Improving and managing the Tender process aimed to improve the current success rate
- Collaborative working opportunities between Calderstones and Future Directions CIC.

Added Value:

We want to emphasise our commitment to ensuring commissioners; services users and their carers, have access to services that deliver high quality and efficient learning disability services but also demonstrates our ability to deliver additional value in a number of areas such as:

- ***Value for Money***

Our approach to delivering efficient and effective services is to be the best on quality and to keep prices to the minimum commensurate to meeting financial targets. We ensure that efficiencies are proactively acted upon without reducing the overall quality of the service we offer. We achieve this by being innovative and improving efficiency; reducing overheads and working in partnership with commissioners and service users to implement change where it can be demonstrated to improve quality and deliver best value. We remain committed to being a specialist health care provider and have developed a strategy for maintaining quality and reducing costs so that we continue to be provider of choice.

- ***Internal Review Process***

We ensure that service delivery improvements are in line with Government legislation (e.g. Valuing People, Putting People First, Autism Strategy, Fulfilling Rewarding Lives, DoH 2007/2011 MSU/LSU Service Specification, RCPsych Peer Review etc.). We undertake periodic benchmarking of our performance against practice, national guidance and statutory requirements and continue to operate a robust assurance compliance framework to meet the requirements of the Care Quality Commission's (CQC) Essential Standards of Quality and Safety. Where scope for improvement is identified this is used to inform the organisations quality objectives.

- ***Partnerships***

Partnership and collaboration is essential to ensure we have a consistent but flexible approach to building independence and increasing opportunities for social inclusion. Our emphasis is on wider partnership working with the range of health and social care agencies. By actively engaging with local partners and communities we ensure improved communication resulting in better understanding and less discriminatory practice; increased community presence; service users having a voice on matters that concern them and having a valued in their local community.

Organisational Development

The organisation is able to demonstrate that it is developing a culture that meets the needs and expectations of its service users and carers in delivering service excellence. Through organisational development priority areas, actions can be evidenced to address our current/future organisational development needs. There is evidence of communicating a purposeful and shared vision describing intentions to our workforce. The values and behaviours embody the organisation and are embraced by our workforce. The values underpin the branding of the organisation, and shape how the workforce is developed to ensure it has the skills to demonstrate the behaviours which are central to the development of a cohesive organisation that can project its vision and strategic aspirations through its workforce and relationships with its service users, carers, stakeholders and partners.

Skilled Workforce

In this respect, the organisation can demonstrate a workforce that has a high level of skill and experience within specialist learning disability services. Our central knowledge base has been built up over a significant number of years successfully delivering a range of specialist, community and supported living services across the North West region. This places our workforce in a strong position to be able to meet highly complex needs and to ensure that on-going support, advice and training and development is readily available to maintain this high level of skill. Training, learning and development has been fully integrated within workforce planning based upon Training Needs Analysis using information including statutory requirements, best practice guidance, personal development planning and person-centred planning and review processes of service users and their carers.

Capacity

Managing capacity and demand will require a range of strategies to maintain a dynamic pathway. To ensure the effective and efficient operation of the pathway; a robust bed management system has been established. The objective of the system is to ensure:

- Bed capacity meets demand across the pathway
- Waits for an admission bed are minimised
- Admission dates can be confirmed at the earliest opportunity
- Ensure pre-admission work is commenced to promote effective therapeutic engagement
- Delayed discharges are reduced
- Prevent blockages across the pathway and minimises the need for OATs.

The key to effective bed management is to undertake good communication. It is essential in developing and building a cohesive team and ensures everyone is kept up-to-date and that all relevant stakeholders are fully engaged in the system

Key Risks

- Changing of contractual arrangement with CCGs which would have a negative impact on the income for the service
- Derogations against low secure specification on West Drive
- Development of Assessment and Treatment centres which may have a potential impact on the future admission rates for secure service
- Monitor compliance and external perception
- Impact upon workforce during transformational change
- Capital investment for future off-site developments

d. Productivity, Efficiency and CIPs

Like all other NHS providers the Trust is required to deliver year on year productivity and efficiency savings without compromise to the quality, safety and experience to our service users. This will ensure Calderstones provides services which are sustainable and safe going forward.

The Trust has a good track record of achieving its efficiency obligations which provides assurance to its future achievement. However, transactional type savings are becoming limited and the Trust will have to look for transformational efficiencies which are more complex and require longer lead in times.

For 2014/15 the Trust is planning a CIP target of c£1.3m to enable the achievement of a small reported surplus (c£0.1m) and planned CoSRR of 4. Development of CIPs is within a multidisciplinary environment to ensure equity, fairness and transparency in ideas.

Planned investments in corporate governance and assurance have added costs in 2014/15 which will have to be managed through partnership working and/or CIPs. At this stage we estimate this to have a net impact of c£0.2m.

The 2014/15 contract and commission intensions meetings have been transparent and open. CCGs intentions are to move to a cost per case contract from April 2014, which is different to the block contract historically agreed. Financial pressures and national guidance requires them to ensure value for money on all contracts.

At this stage the CCGs are planning to reduce spend in secondary care over the next 3 years, in line with national policy and direction. The Trust will consider mitigation actions with the CCGs so not to destabilise services in an unplanned manner, but working to a longer term solution. This potential loss of income presents the Trust with additional risks in relation to:

- i. Workforce: staffing levels will need to reduce in line with the CCG contracting intentions. If suitable replacement service provision is not identified to replace the ESS contract loss this may lead to the need for a redundancy programme which may have an impact on the whole health economy. However the Trust may look to work with Commissioners to redeploy and mitigate losses wherever possible.
- ii. Cost improvement plans: as service provision reduces in line with contracting intentions this reduces the Trust's scope to identify suitable schemes to achieve required savings;
- iii. Financial viability: taking all of these factors into consideration financial sustainability becomes an issue in the medium to longer term.

Action

Consequently there is a need to take urgent action and take some key decisions to manage expenditure and generate additional financial efficiencies. These include:

- Reviews of all non-core expenditure
- Reviewing all non-pay expenditure
- Re-assessing CIP delivery

Transformational Plan

The Trust is committed to establishing a comprehensive approach to improving the quality, effectiveness and value for money (VFM) of clinical services. The Transformation Group (TG) has been established to construct a transformational approach to service change that will place clinical service quality and service user experience at its heart. The TG is responsible for the

design and delivery of a quality-focused approach to transformation where clinical service quality and service-user experience are at the heart of the process. It has been established to bring about a step change approach to service quality and value for money improvement, through inclusive, integrated and innovative approaches to service change transformation. A transformational and change plan has been developed which ensures we are able to deliver the most cost effective services as possible. To ensure schemes and proposals are assessed for both quality and financial risks and benefits we have developed a Quality Impact Tool (QIA) and procedure. This enables the quality impact of change to be assessed alongside the economic performance of each scheme at each stage, from inception to evaluation.

To support the structured approach the Trust has launched 10 guiding principles to establish service quality as the driver of transformation, with greater efficiency, productivity and cost improvement delivered as a consequence, rather than being the deciding factor.

- **Trust Vision:** Transformation programmes of change will contribute to the Trust strategic goals and espouse the Trust Vision and Values
- **Clinical Leadership:** Multi-disciplinary clinicians will lead transformational change to ensure the primacy of clinical service quality improvement and innovation
- **Process not 'top-slicing':** Transformational change will become a continuous cycle of service improvement delivering value for money with longer term delivery linked to the Trust 5 year integrated Business Plan (IBP) and delivered as annual objectives in the Annual Operating Plan.
- **Ideas and innovation:** The approach will involve all Trust directorates and functions in an integrated approach to sharing ideas and solving problems
- **Service Users:** Where appropriate service users will be involved in new innovations and consulted when services change
- **Workforce Involvement:** Clinicians and the wider non-clinical workforce will be fully engaged in the process of innovation and in assessing the impact of change on service quality and Outcomes
- **External Stakeholders:** The views of national clinical experts, commissioners, the public, and regulators will be incorporated into the approach
- **Benchmarking:** Innovative approaches will be compared with good practice elsewhere, to support a continuous spiral of improvement
- **Quality Assurance:** All transformational schemes will be subject to a quality impact assessment (QIA) and robust monitoring against outcome key performance indicators (KPIs)

e. Financial Plan

A five year Long Term Financial Model (LTFM) has been developed based on known factors and current assumptions, summary output tables are reflected in Appendix 1.

The critical assumptions and risks within the base case are:-

- Assumption of CIPS being achieved at approximately c£1.2m per annum.
- Tariff deflator is assumed to be 1.8% on secure contracts and 1.5% on enhanced services.
- MSU and LSU including Step Down activity is contracted at 2013/14 levels.

- For 2014/15 ESS contract income reduces by 4 beds to 44, with corresponding commissioning income reduction (c£0.6m) and associated cost savings (c£0.3m)
- From 2015/16 ESS Income assumes a loss of 35 beds from the 14/15 contracted activity and therefore income. (This means ESS beds reducing from a planned 44 to 9. This financial impact is an income reduction of c£5.6m but with assumed costs reduction of c£4.4m).
- NHS England pay for redundancy costs associated with ESS contract reductions.
- All other income streams are unaffected
- House Sales income is received from 15/16 supporting cash balances.

A series of meetings have been held with NHS England and East Lancashire lead CCG to ensure that plans as well as contracts are shared. A wider engagement with Service Users and Governors has been scheduled in throughout the period leading to submission of the two and five year plans.

1. Drivers

In 2013/14 block contracts accounted for 65% of the Trust's income this is likely to reduce to c50% in 2014/15 as CCGs move towards cost per case. In addition to the Secure and Enhanced Secure Services the Trust has been expanding the numbers of individual packages of care for more complex clients. The Trust has no direct contracts with Local Authorities, although most of the income for its subsidiary company Future Directions CIC Ltd is with a range of Local Authorities.

Non-NHS Income accounts for around 17% of total turnover, deriving from social care contracts with Local Authorities. This type of contract is being targeted by the Trust through the Community Interest Company, Future Directions, established in April 2012. All community contracts have now been transferred to Future Directions.

Income from the Business Services Division has reduced as a result of the restructuring of the Commissioning infrastructure (PCTs). Also from 2014/15 Audit North West which was hosted by the Trust has moved to Mersey Internal Audit Service hosted by Royal Liverpool and Broadgreen NHS Trust.

2. Risks to Income

Secure Commissioning income continues to be the highest proportion of the income derived by the Trust at 50% of the total. Contracts for Enhanced Services are much more dispersed even though there is a lead CCG acting on behalf of many of the 21 CCGs parties. Income directly contracted for by 21 separate CCGs totals just over £9m (15%), with no single CCG contracting for more than 2% of total income.

Initially the Lancashire CCGs have given notice of their commissioning intentions to effectively market test Enhanced Support Services in 2015/16. The Lancashire portion of the ESS

accounts for about 50% of the ESS services (excluding individual packages of care); however at sub regional level discussions are ongoing with other commissioners. The final impact of any contract changes will be modelled as details become clearer.

The Trust intends to work with Commissioners to minimise risks arising from commissioner action. Commissioners have also issued new service specifications for Low Secure Services, requiring service users to be accommodated closer to home. The Trust has sought a long-term contractual commitment from Commissioners to support this investment. Failure to deliver a reconfiguration of Low Secure services may result in a loss of contracts.

CQUIN funding now accounts for 2.5% of NHS contract income, and we anticipate that this will be earned in full throughout the period of the plan.

3. I&E Surplus

Table 1 summarises the I&E position based on current assumptions and plans. The Trusts reported position deteriorates from a £0.1m surplus in 2014/15 to a reported deficit of £1.3m by 2018/19.

The Trusts underlying position (which excludes non recurrent costs) will also deteriorate in 2015/16 due to the planned loss of ESS bed contracts. For 2014/15 the underlying position is expected to be c£1.1m but then reduce to an underlying loss of c£0.3m by 2017/18.

As noted, these plans assume the Trust achieving CIPs of c£1.2m throughout the five year period. It would be prudent to assume that without some form of partnership working to achieve economies of scale, rationalisation of overheads costs and improved care pathways achievement of CIPs from 2015/16 onwards will be a high risk.

The Trust has sufficient financial resilience provided these assumptions are met to achieve a Continuity of Service Rating of 4 in 2014/15.

4. Strategic Developments

i. Future Directions Community Interest Company:

The Company formed in April 2012 is now well established and moving into break-even with the process of transferring existing business from the Calderstones' Community division completed in September 2013. Turnover for 2014/15 will be around £11.8m (2013/14 £11.8m). The management team are keen to move the company towards a surplus much earlier than projected.

Future Directions with the facilitation services of ACAS has reached a settlement with its Rochdale workforce Unison membership.

The Company has reviewed certain contracts and decided to divest itself of some loss-making activity. At the end of September 2013 the company transferred its Trafford work to two new

providers, and it is anticipated that a further contract with Bury will be returned to commissioners in February or March 2014.

However, the Company will continue to bid for business and expand its portfolio, in the past year the company has tendered for business and has so far won £1.9m of new contracts in 2013/14, including new areas on the periphery of its traditional core business. This work is currently being operationalised. The company is seeking new business through CCGs and local authority funders outside of its current area and is marketing innovative new concepts of care. In addition the company is considering extending its CQC registration, so that it can bid in partnership with Calderstones for forensic contracts. Future Directions is a key vehicle for the Calderstones Group to retain and grow business in the future.

The FT has provided an initial loan of £600k from a £1m facility to Future Directions and further draw-downs are possible in 2014. In addition there are significant inter-company debts. Within 2013/14 the level of debt is expected to reduce and a schedule of loan repayments will occur in 2015/16 early than anticipated.

ii. Secure Services

In January 2014 we opened a fully compliant 32 bed low secure unit for men at Calderstones. This purpose built unit provides a therapeutic environment designed to a high standard. Our future plan is to explore options as part of our investment strategy for further improving our remaining secure environments to ensure we are undertaking what is right for our service users and that we continue to comply with commissioner specifications.

Options may include developing community based facilities or entering into partnership arrangements with other organisations.

iii. Enhanced Support Services

As opposed to the secure services, the CCGs are responsible for the commissioning of the enhanced support services. Discussions are in progress to explore options that would transform the current delivery model of these complex services. Commissioners have indicated that their aim is to provide appropriate level of service closer to the local areas of service users.

5. Activity

Indications are that demand for secure accommodation currently outstrips supply, and this is confidently expected to continue throughout the duration of the plan: occupied bed days are calculated throughout as 100% of the available beds.

6. Workforce Priorities

Workforce related issues included and accounted for in this plan are:

- Pay pressures have been factored in at 1.36% in the initial two years. These figures account for cost of living rises and incremental drift.
- A reduction of 12.44 WTE in 2014/15 at a saving of £648k as a result of identified cost improvement schemes.

The strands to the HR strategy in the Forward Plan period are:

- Nurse Modernisation: Involving multi-disciplinary teams replacing nurse-only care teams, with resulting changes to banding and skill mix
- Back Office cost reduction;
- Expansion of the Business Services Division; bids are in the pipeline for several major contracts across England.
- Expansion of Future Directions through tendering for new contracts. As new contracts are won there is a gradual change of terms and conditions away from Agenda for Change.

7. Capital Expenditure

The Trust is considering alternative ways of financing its re-provision of Low Secure Facilities, quite probably in partnership with another NHS Trust. Equally the demand for MSU beds is most likely to be a joint development with a partner. Most of the funds from retained depreciation will be focussed upon maintaining and upgrading existing facilities to ensure that they meet Commissioner specifications.

Total capital spend over the two year period (2014/15 to 2015/16) is expected to be £2.7m, This figure includes many small projects, upgrades and refurbishments and backlog maintenance costs. The plan assumes that the Trust will dispose of assets to a value of £1m over the two years. The proceeds will go towards restructuring the service and maintaining cash flow.

This programme will ensure that all of our accommodation meets regulatory requirements and commissioner specifications, eliminating substandard estate.

Slippage on any of these schemes will not be prejudicial to the quality of care delivered, as existing services will remain intact until the new developments are ready.

However, slippage may impact on our ability to deliver contracts in line with commissioner specifications and deadlines.

8. Income

Non-NHS Income

i) Future Directions Community Interest Company Ltd

Future Directions is expected to make a small loss in 2014/15 (C£70k) and turn to profitability in 2015/16, this is in advance of the planned turnaround in its financial performance. In addition the Trust Board and the Company are in the process of agreeing a plan to manage down the inter-company debt and repay the commercial loan provided by the Trust.

Whilst the plan reflects a prudent approach in terms of Local Authority contract income, this is under significant pressure as Local Authorities look for efficiencies. As a consequence substantial restructuring of the cost base continues to ensure that the Company delivers a profit and finance any expansion in existing markets and other areas of care and treatment.

ii) East Lancashire Financial Services (ELFS)

The financial shared services division of the Trust has lost business as a result of a national policy

decision relating to the reconfiguration of the NHS from Primary Care Trusts to Clinical Commissioning Groups. Part of the Marketing policy of ELFs was to target areas outside its traditional north-west base and over the past few years it has created a English national footprint in the NHS.

In March 2014, ELFs has been awarded a contract at London's Imperial College Healthcare NHS Trust. This further enhances its presence in the south-east along with existing contracts for London Ambulance Services. Successful delivery of other potential contracts that are in the pipeline should see the division return to profitability as new contracts offset the lost contributions from the PCT contracts.

iii) Rental Income

Rental income for 2014/15 is expected to remain constant; some further work will be undertaken during the year to look at the impact of rental income as the Trust looks at selling properties in 2015/16

iv) Other Non-Clinical Income from NHS bodies

Whilst most income has been agreed by local CCGs on a non-recurrent basis, some of this may be at risk in 2015/16. A dialogue will continue with the CCGs to ensure that these income streams and services are maintained.

9. Costs

The cost of pay increases, both cost of living and incremental has been included in all budgets at the rates stated in section 6.

Cost Improvement Programmes and the transfer of all contracts to Future Directions have all been completed

10. Liquidity and Risk Rating

In 2014/15 the Continuity of Service risk rating remains at a 4 and the ability of the Trust to borrow to finance developments is reduced, reflected in the Capital Servicing Capacity ratio of 3.

This inhibits the Trust from entering into major capital developments unless it finances projects from its cash reserves. Any capital developments will have to be self-financing.

Table 1 – Summarised Key Financial Metrics

	2014/15 £million	2015/16 £million
Reported Surplus	0.1	-0.7
Impairments	0.0	0.0
Surplus	0.1	-0.7
Non Recurrent Expenditure	1.0	1.0
Normalised Surplus	1.1	0.3
Cash	6.7	6.8
Liquidity ratio	4	4
Capital Servicing Capacity	3	2
Overall CoSRR	4	3

11. Additional Risks and Mitigation

The Trust recognises that the financial climate will put increasing pressure on all NHS organisations to reduce costs whilst improving the quality and accessibility of services.

The Trust has recently undertaken a high-level downside analysis, bearing in mind the potential impact of changes in commissioning. The review identified the following:

Additional Risks:-

- Possible loss of MSU, LSU & Step down activity without equal cost reductions in year.
- ELFS & Future Directions not achieving financial plans.
- Other income, around rental income if sale of asset is earlier than planned.
- Existing LSU stock has derogations against them. If not managed then possible cost implications or loss of contract.

Mitigations:-

- Retain as many ESS beds through service redesign in 2015/16 minimising the impact current assumption.
- Achieving new business with non-northwest commissioners such as Scotland, Northern Ireland and Wales.
- Working with a stakeholder in renting or leasing premises for LSU service users.
- Supporting ELFS & FD in promoting and developing its national networks.

Like all NHS providers the challenge of meeting year on year efficiencies without compromising service user safety, quality or experience is difficult. Whilst the Trust does have plans for 2014/15 they come with a mixed degree of risk in their achievement. The Board has recognised the challenge, and is actively considering the options available to maintain a safe and sustainable service.

Appendix 3 provides a representation of the impacts to the financial plans from possible upsides and downsides to the base case for illustration.

Review and Evaluation of Deliverables:

Throughout 2014/15 the Board will receive quarterly performance reports comparing actual performance against plan. Where there are material variances then a management action report will be presented.