Humber NHS
NHS Foundation Trust

Operational Plan Document for 2014-16

Humber NHS Foundation Trust

Operational Plan for y/e 31 March 2015 and 2016

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

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Date	**3rd April 2014**

The attached Strategic 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 and strategy 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;**
- **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 *(Chair)*	Jane Fenwick

Approved on behalf of the Board of Directors by:

Name *(Chief Executive)*	Dave Snowdon

Approved on behalf of the Board of Directors by:

Name *(Finance Director)*	Adrian Snarr

Executive Summary

The two year operational plan will build on the strengths of Humber NHS Foundation Trust so there is continued high impact across the local health economy and benefits to patient care and clinical outcomes as set out by NHS England in 'Everyone Counts: Planning for Patients'. Specifically this plan will see significant progress in:-

- Improved quality – patient safety, clinical effectiveness, patient experience
- Prevention and wellbeing – the emotional and mental health of children and young people, learning disabilities, psychological wellbeing, services for offenders
- Integration of services– through dementia care, and new model of integrated care for people with long term conditions – Ambulatory Care that is closer to home rather than in hospital.
- Improved access – parity of esteem across all services
- Improved value - delivery of finance plan and all targets including the new mental health tariff system

Challenges

The principal challenge relates to delivering high quality sustainable care during this ongoing period of austerity. This is driving all partners to work differently so that the health of patients is maintained and improved through much closer working and integrated pathways. High quality care will remain at the heart of what the Trust does.

Many of the challenges are shared across Hull and East Riding. The introduction of the mental health tariff system from 2015 will mean that Trust income does follow treatment to patients,

New service models for Child and Adolescent Mental Health services will be introduced along with clear service quality and access standards. This is a welcome shift from the current provision but has required major service transformation and does also need NHS England to ensure more local in-patient beds are available on the rare occasions they are needed.

The two planning units of Hull and East Riding have different approaches and priorities but for both the Better Care Fund is a major opportunity to achieve their ambitions for care closer to home though reduced hospital admissions. New ambulatory care models are planned to promote rapid assessment for people with complex health needs, and would also offer more intensive home care for deteriorating patients. These plans have been agreed by partners in principle but the detailed work to achieve these changes must be completed in 2014/15 so that the challenge of implementation can be realised.

The Trust would expect its Neighbourhood Care Services in East Riding to play a key role given what they have achieved so far through the integration of physical and mental health services. We will also work in Hull to achieve similar care pathway transformation across organisational boundaries. However, the East Riding CCG review of its community strategy is expected to report early in 2014 and could pose significant challenges across the local health economy.

Similar service transformation is underway for psychological wellbeing services in Hull and East Riding that bring risks and opportunities. There are also likely to be challenges due to NHS England proposed re-procurements for forensic services and for prisons.

Quality

Plans to improve quality through learning the lessons from the Francis Report, Winterbourne, Berwick and Keogh. The Trust will achieve its 6 Big Ambitions based on a major staff engagement exercise.

The quality strategy has a clear focus on care for older people with dementia, people with long term conditions (including CAMHS), end of life, and unplanned care. This makes sure that the Trusts' quality plans are closely aligned to the short-term challenges. It will also continue to implement changes to quality and governance following the CQC inspection into the East Riding Community Hospital including the staff 'Fit for Purpose Framework', rolling out the Nursing Dashboard, and moving to a system that allows greater triangulation of early warning information.

Operational Requirements and Capacity

This section describes what the Trust needs to do at an operational level to have the capacity to meet the challenges it faces including the quality requirements. Increases in the patients treated are planned for adult mental health services although there will be a small reduction in beds. Similarly the Trust has invested in services for psychological wellbeing particularly in East Riding where the CCG is increasing its investment in this care.

The Trust expects to see a 4% growth in mental health services for older people given the projected rise the number of people with dementia and the low incidence currently. Investment by the CCG will see a reduction in waiting times and we will work with them to make sure this can be sustained.

Review work for learning disabilities services including autism are expected to lead to agreed solutions for the provision of additional care but specific plans will be developed during 2014/15.

A small increase in CAMHS activity is planned against the background of a service that has undergone significant transformation in 2013/14 in preparation for new service specifications from April 2014.

Within the Trust a programme of work to transform neighbourhood care services that started in 2013 and has the opportunity to play a key role in delivering the ambulatory care ambitions of the East Riding Better Care Fund. The new model is set out as are the increased levels of care that non-recurrent CCG investment is allowing the Trust to provide. Pilots for this new model are planned to start by December 2014 and the Trust is working to support this and to retain this additional level of service.

These changes have required a significant level of workforce redesign and this will continue in other areas as the Trust delivers further transformational programmes linked to overall changes to its workforce, the introduction of mental health care clusters, and further changes to agenda for change and other national terms and conditions.

More effective use of the Trust estate is planned but this will include work with partners to base services in care hubs. The Trust will also deliver some services for people who wish to pay for them, and will develop further plans to expand this income stream.

Finance

A summary of the key financial headlines in the plan is:-

	2013/14 £m	2014/15 £m	2015/16 £m
Income	129.5	128.7	127.2
Operating Expenditure	121.8	123.3	121.9
EBITDA	7.7	5.5	5.2
EBITDA %	5.97	4.24	4.11
Net surplus/(deficit)	1.2	-0.9	-1.4
Underlying net surplus	3.3	1.1	0.7

The Trust has a good track record in delivering its CIP plans, however delivery of recurrent plans at the required level is increasingly challenging for the organisation. Performance in recent years is summarised in the following table:

	2011/12 £000's	2012/13 £000's	2013/14 £000's	2014/15 £000's	2015/16 £000's
Actual	3,552	4,063	4,506		
Target	4,201	4,201	6,312	5,100	5100
% delivery	85%	97%	71%		

In order to identify the level of CIP required each year assumptions have been made with respect to the income deflator and cost inflation. These assumptions are shown below.

	2013/14	2014/15	2015/16
	%	%	%
Income deflator	-1.3	-1.8	-1.1
Pay Inflation	1	1	1
Agenda for Change Increments	1.4	1.4	1.4
drug Costs	5	7	7
Non Pay Inflation	2.1	2.1	2.1

The Trust has a financial strategy which is updated on an annual basis. The headline objectives for 2014/16 are:-

- To continue to generate underlying I&E surpluses and maintain liquidity to achieve a continuity of service rating of 4
- To review EBITDA at service level and formulate action plans where contribution is less than underlying organisational rate of 5.4% (based on 13/14 figures)
- To ensure a commercial strategy looks at options where there is a positive contribution to EBITDA of 5% or more unless there are alternative reason for proceeding e.g. entry to a new market.
- To secure recurrent efficiency gains in 2014/15 and 2015/16 as part of an organisational wide CIP.
- Conclude systems work for contracting on a mental health currencies and payment tariff basis in 2014/15 prior to go live in 2015/16

Introduction

The Trust is the specialist provider for Mental Health, Learning Disabilities and Therapy Services in Hull and East Riding and also provides Community Services to the people of East Riding. Community Services in Hull are provided by a social enterprise - City Healthcare Partnership (CHCP). The Trust also provides a range of Medium Secure Services and healthcare to a number of local prisons including HMP Humber and HMP Wakefield. Humber is the only local Foundation Trust although the local acute trust (Hull and East Yorkshire Hospitals – HEY) is seeking to become a foundation trust.

The Trust vision is "to improve the health and wellbeing of the communities we serve". It has worked to achieve this for patients, carers and communities through a focus on strategic priority areas to 2014 as follows:

- Older People's Services: dementia and other long term conditions
- The development of the Neighbourhood Care Service model, achieving more seamless care with Older People's Mental Health Services
- Using Care Clusters to improve care, secure income and deliver better outcomes – to be delivered using PbR
- Swift access to unscheduled care and reduced waiting times
- Maintaining existing income streams for current service provision and generating organic growth
- Offender Health
- Improving communication of the quality of services provided by the Trust
- Play a greater role in community wellbeing
- CAMHs and Addictions

The Two year operational plan will build on these reflecting what is required to by the NHS England document 'Everyone Counts: Planning for Patients 2014-19. This includes delivering transformational service models and improvements in access, quality, innovation and value.

The Trust provides a wide range of services that enables it to offer more integrated packages of care particularly for older people. This major strength is demonstrated in high quality and strong service performance in many areas including patient experience, where for the last 3 years the Trust's Mental Health services have been top performing both in the Yorkshire and Humber region and nationally.

Over the past year the Trust has been working on a major review of its strategic direction, vision and key objectives. This builds on the current position and priorities, strengths and weaknesses, and an understanding of the environment and key risks and challenges. The review work has focused on three key areas of patient care improvement: the provision of service that are more integrated with other local providers; continued delivery of high quality services in response to the Francis II report, the Winterbourne View report, and the CQC report on the East Riding Community Hospital; and developing a commercial strategy that builds on service strengths in seeking to deliver ambitious aspirations for income growth. This work will be presented in the 5 Year Plan.

There are a range of plans in place or in development to achieve these objectives and these are set out in detail in this operational plan. The Trust is a member of the local planning groups for Hull and for East Riding and this 2 year plan identities where is it working with the local health community to develop and deliver services that are sustainable for all stakeholders. In finalising this plan, work to triangulate it with both CCGs has been undertaken.

What the plan will achieve by March 2016

This plan will deliver improvements in patient quality and experience, through transformed delivery of services and increased value for money. By March 2016 we will meet the expectations of our patients and carers, staff, commissioners, and stakeholders in line with the 'Everyone Counts' national priorities through the following:-

Improved Quality of Care

- Standards set for the Friends and Family test will be exceeded.
- Staff will say that the goals for the 'Big Ambition' have been met
- Issues of quality will be identified earlier and action taken swiftly

Transformation through Prevention and Wellbeing

- Emotional wellbeing with be improved through a new model of care that provides intensive home treatment, crisis support when needed, and swift access to assessment and treatment
- Expanded range of services for adults with a learning disability. Assessment and treatment service for autism and ADHD will also expand.
- More patients will recover following treatment delivered by psychological wellbeing services through the IAPT service in East Riding, and the Depression and Anxiety Service in Hull
- The provision of high quality physical and mental health care for local prisons.
- The Trust continues to provide high quality, outcomes focused, sustainable medium and low secure services following the proposed NHS England national procurement.

Transformation through Integration

- The rate of dementia diagnoses will improve, people will be assessed sooner and treatment will be provided to improve independence and clinical outcomes. Services will meet or exceed standards for access and quality of care.
- Neighbourhood Care Services in East Riding will provide a fully integrated service and complete the current programme of transformation.
- These services will play a key role in establishing a high quality Ambulatory Care Service across East Riding that demonstrates significant impact on reducing hospital admissions and providing care closer to home
- The Trust will play a leading role in the design and delivery of an integrated care model for older people in Hull.

Improved Access to Services

- Achieving parity of esteem with physical health services and responding positively to patient choice for mental health services
- Meeting access standards for CAMHS, dementia, and psychological wellbeing in terms of waiting times, convenience and location.

Improved Value

- The financial and investment strategy will be delivered and will underpin achievement of all financial targets
- Through the transformation of services within the Trust and across the local health economy the cost improvement programme will be achieved.

- New income streams will be identified and will contribute to growth aspirations.
- The mental health tariff system will secure Trust income and manage risks across the local health economy

The current performance management framework is being reviewed to make sure that baseline measures are identified for each of these areas so the Trust Board can review and monitor achievements on a monthly or quarterly basis as required.

Short Term Challenges

The priorities summarised above will have a real impact on addressing a number of short term challenges. The challenges are well known across the local health economy and work to address them is progressing. Internal and external analyses by the Trust has further refined what is set out below. Ultimately Humber and its partners are focused on the ambitions in the NHS England planning guidance 'Everyone Counts: Planning for Patients 2014-19'.

a) Organisational

The main local challenge is to continue to provide high quality care during the ongoing period of austerity. Meeting the needs of patients, carers and communities remains key to our future vision, and they rightly have high expectations of the care provided. Work to deliver parity of esteem, and the legal rights for patients to choose their provider are important here. Good experience of care and good clinical outcomes are how the Trust would expect to be judged, but it is also clear that how that care is provided will have to undergo significant change. The Trust continues to deliver high quality services and to meet its financial objectives; it has delivered significantly against its cost improvement plans but it also recognises the need for a system wide approach to transform pathways of care across organisations and increase efficiency. Whilst the Trust will continue to deliver a range of traditional CIPs, its long term sustainability (and that of the local health community) will require service transformation. The Trust is clear that the challenges set out below also represent positive opportunities for it to build on its current position and contribute to the wider development of the local health community.

The local health economy has responded to this challenge despite undergoing significant change in the past two years with the establishment of CCGs, the CSU, and NHS England. Hull City Council, the East Riding of Yorkshire Council, and Hull and East Yorkshire Hospitals have also been subject to change. The latter is currently working with the TDA to achieve foundation trust status. Humber NHS Foundation Trust has been stable during this time but is currently undergoing changes through the retirement or promotion of key personnel. The Board has recruited an experienced Finance Director and will have appointed a new Medical Director at the beginning of April 2014. In addition the Governors have appointment a new 'chair designate' to take over when the current Chairman retires in September 2014 and the recruitment of a new Chief Executive is imminent.

The Trust has systems and processes in place to meet national quality priorities and to meet local commissioning priorities such as CQUINS, Friends and Family test, Duty of Candour and reporting requirements for Serious Incidents. The Trust has fully reviewed its approach to quality and underpinning governance arrangements in response to the Francis Report, Winterbourne View, and the Berwick and Keogh reports. In addition, following the CQC inspection of the East Riding Community Hospital significant changes have been introduced and these will be expanded to other areas of the Trust. The recommendations of a Trust commissioned external review of governance arrangements have been accepted and are in the process of being implemented. Implementing the Trust's comprehensive response to the quality priorities is a significant challenge but the new integrated governance structure and systems,

reporting arrangements and overall quality plan will meet these.

The CCGs in Hull and East Riding (they form two separate planning units) are also faced with new financial pressure depending on the phasing of the new national allocation formula. The ambitions for the Better Care Fund in each CCG do offer significant potential to improve patient care, but also present considerable financial challenges through the shift of resources from the NHS to local government, and from acute provision to the primary/community/social care provision. The outcomes of this will deliver more transformational cost improvements but specific programmes are not sufficiently developed to define this. Whilst detailed implementation plans will now be completed by stakeholders, neither CCG has yet confirmed specific commissioning intentions other than through non-recurrent transitional resources providing short term additional capacity to treat more patients.

The Trust has also established partnership arrangements with the Hull and East Yorkshire Hospitals Trust for the joint provision of some support services; opportunities to work with other providers where appropriate are also being developed. We have also started some initial work with two GP Federations to explore opportunities for joint service provision including work in the East Riding that would deliver Better Care Fund ambitions. One federation is newly established; the other has been in existence for a number of years but has recently expanded to include a number of practices in Hull and East Riding.

b) Shared issues

There is good understanding locally of the system-wide challenges over the next two years. There are some that are specific to Hull, some to East Riding, and NHS England, but others are shared. The Trust has been working with commissioners to implement mental health currencies and payments system which has clear requirements for quality improvements. The tariff itself is refined on a quarterly basis and will continue to be managed on a shadow basis in 2014/15 with full implementation set for April 2015. This will move the Trust income from block payments for mental health care to tariff based income. The challenges and risks related to this are considerable but have been identified. Significantly, the current tariff is balanced in terms of overall income but does shift the cost of service from East Riding to Hull. The management of this new system and the risk for the Trust and the local health community are managed through an agreed Memorandum of Understanding that is part of the contract for 2014/15.

There will, however, be a smaller shift the other way for learning disability services due to higher usage of in-patient services by East Riding over recent years. This risk is being jointly managed with commissioners including both local authorities.

The Child and Adolescent Mental Health Service (CAMHS) is being fundamentally transformed since ceasing to provide Tier 4 in-patients beds in 2013. The service and commissioning arrangements have been subject to significant scrutiny and media interest since then. Preparation to deliver the new service model from April 2014 has been underway for some time but the challenge to meet the expectations of commissioners, patients and families remains considerable. This is taking place at a time when concern remains about capacity nationally for in-patient beds; local agreement on the management of patients in crisis has been reached.

There is a long established multi-agency Unplanned Care Board for Hull and East Riding and since October 2013, it has engaged the Emergency Care Intensive Support Team to review the urgent care system and to propose improvements that still recognise the differences between Hull and East Riding. The development of a future model will focus more on patient flow and discharge particularly for the frail elderly, and will include a greater role for primary care, review out of hours and minor injuries provision, and move the system to full seven day working. The

East Riding CCG intends to review the mixed provision of Minor Injuries Services.

Finally, both CCGs have signed a 3 year contract with this Trust for services to 2017. Whilst this does not prevent further re-procurement in line with existing notice periods, it does signify a longer term commitment from our commissioners for the Trust to provide and develop services with a greater level of security.

c) East Riding

The CCG strategy in East Riding has prioritised outcomes for health independent ageing, reducing health inequalities, improving health and wellbeing of children, and meeting statutory duties. This will be achieved through programmes of improvement for primary and community care, unplanned and planned care. Across East Riding, for example, partners are working to increase the early identification and diagnosis of people with dementia as rates have been historically low - so that the quality of life is improved and there are better health outcomes. The CCG is also proposing more co-ordinated commissioning for patients who are nearing the end of their lives.

Aspects of this will be delivered through the Better Care Fund partnership which has developed plans to introduce an ambulatory care model (including community nursing and therapy staff) that would reduce the need for hospital admission and facilitate early discharge (an annual reduction of over 1000 admissions has been modelled). A Single Point of Access will be established which will incorporate care co-ordination, and there will be standardised assessment of need as part of work to promote prevention and self-care.

Some non-recurrent resources to achieve this programme have been identified with a significant shift of resource from the acute trust through reduced admissions from 2015/16. Humber NHS Foundation Trust has played a full role in this work which has been developed through a number of project teams (the Trust leads the work on an integrated electronic health record). The CCG and local authority are starting work on detailed delivery plans.

The future of neighbourhood care services will be determined by the CCG led community services strategy review. The Trust has been involved in this review and has provided evidence to support the improvements made through, for example, integrating physical and mental health for older people, as well as describing the additional pressure placed on community services due to changing clinical practice in the local acute trust. The review is due to conclude in April and is expected to clarify the extent and direction of any procurement exercise. The challenge this poses is significant; the move to new models of working will be a challenge in itself, but is achievable though a managed change process. A full re-procurement could undermine work done to date, put back the ambitions of the Better Care Fund, and see a reversal in the plans to integrate physical and mental health services for older people. Once published the Trust will work with the CCG to understand the implications of the findings, identify risks and actions.

Finally, the Trust has moved from being the main IAPT provider to becoming one of several accredited AQP providers; it will continue to provide an assessment and brokerage service to ensure appropriate high quality patient referrals for treatment are maintained. The move to an AQP system is challenging for commissioners and providers. The Trust has invested in further capacity to meet the opportunities that this service now offers and will closely monitor income against expenditure. A similar procurement is being undertaken in Hull (See below) and the Trust plans to manage both services flexibly to maximise opportunities and to reduce overall risk.

d) Hull

The Trust is a member of the 'Hull 2020 Vision' strategic partnership established to achieve improved health, resilience, wellbeing and aspiration. The opportunities presented by Hull becoming City of Culture in 2017 will be capitalised on - this will become the 'year of health and wellbeing'. The delivery principles upon which the 2020 Vision are built include integration of care, care closer to home, care hubs (including a new facility in East Hull), single care navigation, and solutions that are community designed and owned. These will underpin strategies to transform primary care, creating a better future for children and young people - the next generation, and the integration of care for older people. Given the benefits from integrated physical and mental health provision in the East Riding, the Trust will explore how the people of Hull can obtain similar benefits; this will involve work with CHCP - the provider of community nursing services in the city.

The CCG has identified a number of priorities and big issues which include public health concerns around CHD, diabetes, stroke, and COPD, as well as dementia and mental health. Alcohol misuse is specifically identified; Hull City Council is re-procuring services currently provided by Humber NHS Foundation Trust with a new service model to be in place from 1st October 2014. Non-recurrent investment has been made by the CCG to reduce waiting times for dementia assessment and treatment pending the introduction of a new service specification.

Hull CCG anticipates that providing more integrated care for older people with complex needs will require new clinical and service models across organisations rather than a focus on creating integrated organisations. This will require existing providers to work differently and to achieve synergy across separate workforces. In practice this will involve primary care led care co-ordination, but also joint service provision through a lead provider model or 'alliance contract'. The CCG have already commenced this in their Depressions and Anxiety Service procurement (see below). The Trusts' work on early supported discharge for stroke, and the falls prevention service are two areas where we would anticipate leading. Our membership of Hull 2020 will help shape that agenda and identify risks and opportunities, but it is clear that in the longer term services for older people will be transformed through providers moving beyond traditional care boundaries.

The Better Care Fund is viewed as a major opportunity to join up commissioning and provision so there is a shift of care from acute to home or community care that promotes self-care and independence. The BCF offers a vehicle to deliver transformational change at scale and pace through collective accountability for the outcomes. Seven overarching schemes to achieve this have been identified: prevention, primary and self-care, falls, re-ablement and rehabilitation, ambulatory care, acute and residential care, and long term conditions including dementia. Taken together this could prevent 7500 unplanned admissions to acute care and improved outcomes for patients.

A final Hull specific challenge is the re-procurement of a primary care focused Depression and Anxiety Service (DAS) through a lead provider model replacing the current single point of access, IAPT and Cluster 4 services. The Trust is seeking to maintain its high intensity and Cluster 4 services for patients, but also to ensure that risks to income and to staff currently working in these services are mitigated (including the chronic fatigue service, and the peri-natal service) The Trust will continue to provide the secondary care access through a re-specified service (through managed change process); it is essential that this work is closely related to the DAS so that patients are quickly assessed and treated. The Trust has fully assessed its options and the most appropriate response to the tender and decided to work jointly with another local provider who would lead the bid. The risks posed by this tender remain considerable; a successful bid will enable many of these risks to be mitigated but the Trust is currently considering several scenarios.

e) NHS England

The Trust has been invited to participate in the development of the NHS England commissioning strategy for specialist services but much of that work to date has focused on acute hospital services. The Trust provides £12M of forensic services from the Humber Centre under a contract with NHS England. A one year contract has been proposed on the basis that a national procurement for forensic services is likely to take place during the next two years. The Trust is awaiting further details of this procurement; the risks to current provision and income could be significant but are not quantifiable until more information is provided by NHS England. There would need to be agreement with commissioners about how those risks would be managed during any period of transition. The Trust will continue to plan on the basis that it will be providing such services but will review these plans as the current uncertainly is addressed by NHS England.

Changes to the commissioning of prison health services provide risks and opportunities for the Trust particularly as it moves into an interim lead provider role for HMP Humber in advance of a full re-procurement. The opportunity to increase the level of service provision here and in the Category A prisons at Wakefield and Full Sutton are significant and work to prepare for both procurements has already commenced.

Finally NHS England commissioning arrangements for CAMHS in-patient beds must be enhanced so the Trust has a clear referral pathway and access to such beds; the Trust and local commissioners will work with NHS England so that young people in need of such services can access them.

Quality Plans

The Trust quality plans have been drawn up with the local health economy and set out to address the challenges described above. The NHS England Planning Guidance to 2018/19, 'Everyone Counts' sets out its ambition for 'high quality care for all, now and for future generations'. It identified a programme of transformational change which is reflected elsewhere in the 2 year plan, but also stressed the need to focus on maintaining the essentials of quality, access, innovation and value for money. The national priority is that quality is a central theme in everything we do. Three 'non-negotiable' areas are:-

- learning the lessons from The Francis Report and delivering on 'Hard Truths', the governments' response
- Addressing the findings and recommendations from the Winterbourne View report
- Addressing the findings and recommendations from the Berwick review of patient Safety.

A number of vital aspects of quality were set out including patient safety through alerting systems and the creation of new safety thermometers for mental health, medicines; patient experience including the roll out of the friend and family test to community and mental health services; implementing 'Compassion in Practice' through the Six Cs; improving staff satisfaction; the provision of seven day services; and safeguarding those who are most vulnerable.

The Trust's Quality Report 12/13 reiterated the Board's commitment to ensuring quality and safety sit at the heart of everything we do. The report gave examples of quality and safety.

This year's report 13/14 builds on this work and will be described in the 5 Year Strategy.

Our response to Francis II was the largest staff engagement exercise the Trust has undertaken thus far The 'Big Ambition' has 6 goals

- We will ensure that there is a necessary purpose to everything we record as part of defensible clinical documentation. We need to report, question, challenge anything that isn't.
- We will look after ourselves better to ensure we give our patients the best service. This includes ensuring we are fit for practice and able to meet all the expected standards.
- We will monitor pressures in the services we provide and acting when needed to address capacity issues
- We will remove any uncertainty about what is included in the services we deliver.
- We will make the best possible use of mobile and electronic systems.
- We will be more responsive to find out reasons if things go wrong and take action to put it right.

A detailed review of these goals is being undertaken and will be fed back to staff.

The Clinical Quality Strategy 'Proud to put quality of patient care first' develops the 6C's principle into a theme 'Quality is 6 a day every day'. It describes areas of quality improvement expected behaviours, clinical priorities and quality outcomes. There is a clear focus on care for older people with dementia, people with long term conditions (including CAMHS), end of life, and unplanned care. This makes sure that the Trusts' quality plans are closely aligned to the short-term challenges. The table below is based on the 2013/14 actions which have been delivered and form part of the ongoing quality strategy.

Priority	Patient Safety	Clinical Effectiveness	Patient Experience
Improving the diagnosis, care and treatment for people with dementia	Audit of Essence of Care Standards (pressure ulcers, nutrition, record keeping). (**Older People**)	Develop dementia and early detection assessment and diagnosis pathway (**Older People**)	Roll out of real time patient experience survey - Meridian (**Older People**)
Improving the care treatment for people with long term and chronic health conditions.	Regular and ongoing audit of SystmOne measuring compliance with National Standards. (**Children and Young Peoples Network**)	Develop clinical pathways. (**Cardiac**)	Implementation of CAMHS participation framework (user/carer satisfaction) (**CAMHS**)
Improving the care for people approaching the end of life.	Advanced care planning to be reviewed for end of life care management. (**Palliative Care**	Develop end of life dementia pathway (**Palliative Care**)	Review of patient information leaflets (**Palliative Care**)
Improving the alternatives to admission through care and treatment for people with unplanned care needs.	To develop systems to enable unscheduled care clinicians to access SystmOne summary care records at point of access, to improve safety and inform the clinician's decision making process. **(Unscheduled Care)**	Development of single teams in Neighbourhood Care and Older People's Mental Health.	Carer project (**Crisis and Acute Mental Health**)

The Trust continues to monitor serious incidents through a weekly meeting and has strengthened its challenge processes to further enhance the quality aspects and learning from these incidents. Although in an early stage a process to triangulate incidents, complaints, sickness, staff and patient satisfaction is beginning which will further help identify for the Trust any potential areas of concern. Deep dives and clinical audit are being used to identify problem areas. This approach will be developed throughout 14/15.

As a Trust we know that transparency delivers better services. It drives up standards, informs choice and holds us as providers to account. This extension of the Friends and Family Test will offer a much richer level of information on patient experience and put more power in the hands of the public, allowing them to give clear and honest feedback on the services that hard-working families use every day. This is a real opportunity for the Trust to build on the CQUIN from 2013/14.

The Test does present a challenge to the Trust as we could be processing up to 5,000 surveys per month. The Deputy Director of Patient Safety & Governance is developing a plan for roll-out to include data input requirements. In addition the results and access to the questionnaire must be available on line by 1 April 2014.

Local commissioning priorities have clearly embraced the national priorities but with specific assurance that the Trust acts on and learns the lessons from recent CQC inspection related to the East Riding Community Hospital, and East Riding OFSTED Inspection.

The CQUINs scheme will continue to drive specific quality improvements. In 2013/14 a 'Quality Dashboard' was successfully developed and has become part of the core contract. The 2014/15 scheme includes a focus on improved management of the deteriorating patient, setting up a 'Recovery College', and pressure ulcer improvement.

The CCGs are also expecting the Trust to fully meet its Duty of Candour obligations, and to improve aspects of its reporting of serious incidents.

A Care Quality Commission inspection into the East Riding Community Hospital in June 2013 found that the Trust needed to strengthen its processes around the competencies and skill set for its staff. The Trust responded by developing a 'Fit for Purpose Framework' underpinned by the LCAT (Leicester Clinical Assessment Skills Toolkit). This framework will provide further assurance to the Trust that all staff are capable and confident to fulfil their roles.

The application of this framework will be audited this year 14/15. In addition a Nursing Dashboard had been implemented and is fully embedded within the East Riding Community Hospital. It has been rolled out to other In-patient Units. The intentional rounding identifies variance within the metrics, what action needs to be taken together with the rationale for the decision. Some metrics are core and others are bespoke to the areas of speciality. The dashboard is discussed regularly through the management and quality performance structures so 'early warning signals' can give a true ward to board assurance.

As a consequence of a Care Quality Commission report into East Riding Community Hospital an initial independent review of the Trust's Governance arrangements was undertaken in October 2013. This was undertaken to critically appraise and further strengthen the Trust's existing Governance structures and included the recommendations below:

No	Action	By
1	The redefined role of the Director of Nursing and Service Delivery to one of Director of Nursing and Integrated Governance	31/10/13 Completed
2	The amalgamation of Corporate and Clinical Governance teams into one single Integrated Governance structure	31/01/14 Completed
3	A review of Senior Leadership Team to include a single senior manager to be responsible for the new integrated governance teams (Deputy Director of Patient Safety & Governance appointed)	31/01/14 Completed
4	A review of the Trusts Committee and supporting structures	30/04/14 on track
5	Implement findings from external governance review	30/03/14 review completed

The 5th action has been undertaken to ensure that the Trust has an understanding of where its' "Governance" strengths" are and where we need to improve even more to have a strengthened governance approach and systems to move it forward.

Taken together all of this will enable the Trust to respond to the second Government response *Hard Truths: The Journey to Putting Patients First,* published on 19 November 2013.The two volumes build on the Governments initial response to provide a detailed response to the 290 recommendations the Inquiry made. Volume One of the Government's second response sets out how the whole health and care system will prioritise and build on the significant changes that will improve inspection, increase transparency, put a clear emphasis on compassion, standards and safety, increase accountability for failure, and building capability.

The Trust is using the five chapters within *Hard Truths: The Journey to Putting Patients First* to address the following:-

- Preventing problems
- Detecting problems quickly
- Taking action promptly
- Ensuring robust accountability
- Ensuing staff are trained and motivated

They will be used to test Trust systems from "ward to board" and ensure its 5 year quality strategy (to be published April 2014) provides assurance and improvement in patient care and safety.

The above will be detailed in the 5 year plan to be submitted in June 2014.

The Trust now has have a full time, substantive Director responsible for Quality supported by a Patient Safety & Governance Lead (Deputy Director of patient safety & governance) and the existing Deputy Director of Nursing and their teams. Who will lead this work and ensure the quality agenda is embedded and integrated in all services and systems across the Trust.

Operational Requirements and Capacity

This section describes what the Trust needs to do at an operational level to have the capacity to meet the challenges it faces including the quality requirements. The overall priorities set out in the plan will be achieved if the Trust manages its resources effectively for the benefit of patients and partners across the local health economy.

a) Mental Health/Learning Disability Services

Overall activity for adult mental health services is expected to grow by 2% to March 2016 based on previous trends, population assumptions and known service changes. This will largely be contained within current physical and workforce capacity but the Trust will reduce its overall adult in-patient beds by 4 (from 109 to 105) due to the closure of beds in Bridlington and the reconfiguration of wards in Hull. In addition, as part of plans to transform the workforce benchmarking of current staffing against national Care Cluster workforce profiles (part of the mental health tariff) is to be completed.

From April 2015 the Trust would expect to manage income changes associated with actual activity provided through the tariff system. Whilst income is likely to be balanced overall, current tariff projections indicate a significant shift of cost from East Riding CCG to Hull CCG. Risks associated with this will be addressed through the ongoing joint working arrangements as set out in the Memorandum of Understanding agreed with commissioners.

The Trust has responded to the introduction of an AQP model for IAPT services in the East Riding by investing in additional staff capacity to enable it to offer a higher level of service and to increase income. We were previously the main provider but the CCG has increased its investment so that it can move from 7% to 10% population coverage and, ultimately, to the 15% national target. Income monitoring against expenditure and service capacity will be in place to support management and service delivery.

Activity for older people's services is expected to grow by 4% by March 2016 due to projections for people with dementia. There is a low level of diagnosis in Hull and East Riding and a range of projects to identify people with early signs of dementia have been established including GPs screening. Non-recurrent investment in additional staff has been made by both CCGs to tackle historic waiting lists and to improve the way assessment clinics are provided and the number of people diagnosed will therefore increase. A new service specification for dementia care has been agreed with Hull CCG. The Trust does plan to increase capacity in its dementia services and from April 2015 the tariff system will ensure income matches this capacity. The Trust is working with the CCGs to agree how this additional capacity can be retained during 2014/15 and would expect to reach agreement by end of June 2014. Other options to ensure expenditure matches income and any residual risk to budget is managed will be considered at that point.

There is an overarching Older People's Mental Health Strategy which has reviewed capacity and workforce including benchmarking staffing against Mental Health Currencies and Payments Care Packages. An expansion of non-medical prescribing is proposed as is a full research programme which includes the Hull Memory Clinics' work with the residential care sector, care

provided in a patient's own home, and the Valuing Active Life in Dementia (VALID) study. The strategy is fully integrated with the transformation of neighbourhood care services in the East Riding so that the physical and mental health of older people is met on the basis of 'one person plan'

For learning disability services (including the Townend Court in-patient service) the Trust has introduced new models of care following Winterbourne and is working with both CCGs to agree the long term future model and investment. Hull is undertaking a full service review; in the East Riding the long term needs of people cared for out of area are being reviewed. These are separate pieces of work but with an understanding that all health and social care organisations must achieve a long term sustainable solution for the care of people with learning disabilities. Both CCGs have set a deadline of September 2014 to agree a solution with the Trust. The Trust does have additional bed capacity to respond swiftly to the outcome of this work should further investment be made available but at this stage no assumptions about income have been included in our financial plan.

In Hull commissioners have initiated a review related to autism. The Trust provides an assessment service on a case by case basis but is aware that a higher level of assessment and treatment may be required by commissioners across Hull and East Riding. The work in Hull will help inform specific commissioning intentions which may impact on the capacity needed in 2015/16 but in the absence of this no assumptions have been made. There are some similar issues with assessment and treatment for ADHD.

A shift of 8 beds from medium to low secure has been completed followed the re-development of Darley Ward as a low secure service. This has increased overall bed occupancy with no impact on income.

Bed occupancy on the Psychiatric Intensive Care Unit (PICU) has reduced in the last 18 months and a joint review with Hull CCG is seeking to increase the use of this service through, for example, management of some patients who are currently referred out of area.

The Trust provides services to a number of prisons and these are strategically important to the Trust as this has potential for growth. At HMP Humber we have agreed to take on the lead co-ordinating provider role in advance of a re-procurement expected to be completed in 2015/16. At HMP Wakefield, in line with national contract changes, the Trust has agreed to transfer healthcare staff (at a value of £300K) into its current intermediate care service by December 2014. This income would be matched by the equivalent expenditure.

Across mental health services the Trust will work to achieve national requirements related to parity of esteem with physical health services, and the introduction of patient choice in mental health services which will include further work on access and convenience of current services.

b) Child and Adolescent Mental Health Services (CAMHS)

The Trust has assumed a 2% growth in CAMHS activity by March 2016 but in addition there are significant changes in the way this service will now be provided. Working with both CCGs and local authorities new service specifications have been agreed. These are different for Hull and East Riding but both have set standards for waiting times and have provided transitional resources to address long waiting times. The new specifications include moving to an intensive home treatment model for specialist services and this is being delivered following the transformation of in-patient services and the associated workforce.

Establishing these new models has been difficult because the service has continued to manage some very complex and challenging young people who required in-patient care but which was

not available regionally. The Trust is working closely with commissioners to fully implement the new model including standards for quality, waiting times, performance reporting and data quality.

From the end of July 2014 the Trust will have eliminated long waiting lists for CAMHS and will be working towards an agreed trajectory of assessment within 15 days of referral and treatment commencing within 30 days of referral.

c) Community and Therapy Services

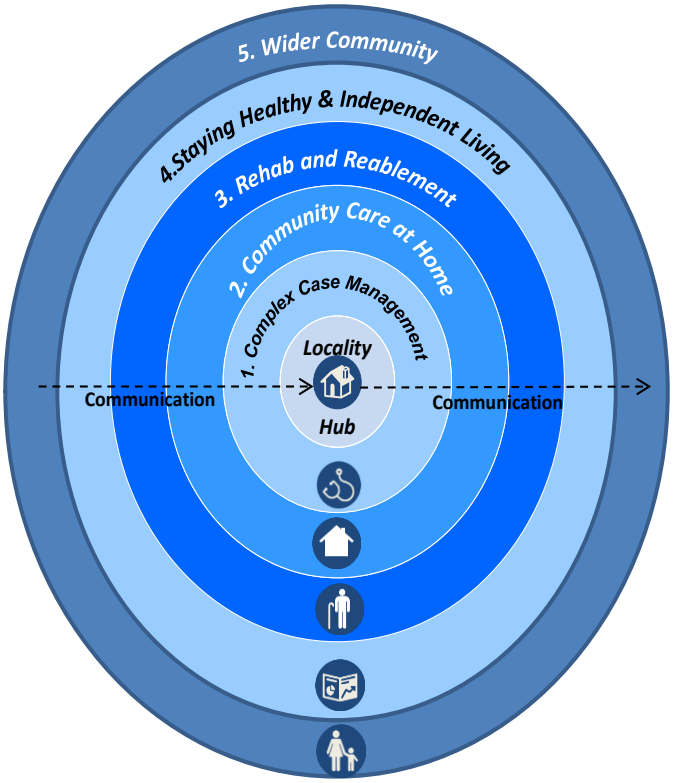
A key programme in the East Riding Better Care Fund is the proposed introduction of an Ambulatory Care Service. The shared vision for this service is that where clinically appropriate individuals will be cared for either within their home environment/local community or within an ambulatory care setting within a hospital facility. This would reduce the need to either attend a hospital facility or to be admitted to a hospital bed. When patients are admitted to hospital they will be returned to their own environment as soon as they are clinically fit to do so. This will be delivered:-

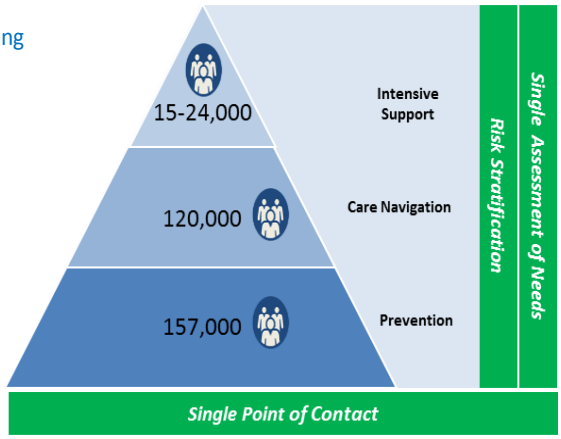
- By redesigning services to develop an integrated health and social care team who are able to provide a wide range of services/interventions within a community setting; including the patient's own home
- By redesigning hospital services to provide a wider range of ambulatory care services
- By ensuring both community and hospital teams are able to:
  - Respond rapidly to assess and support the agreed caseload during periods of acute ill health where the patient is clinically appropriate to be maintained in their own home
  - Support patients being discharged early from hospital, assess them in their own environment and agree a plan of care
- Availability of rapid access ambulatory care clinics, in both community and hospital settings, for specialist review, diagnosis and care planning

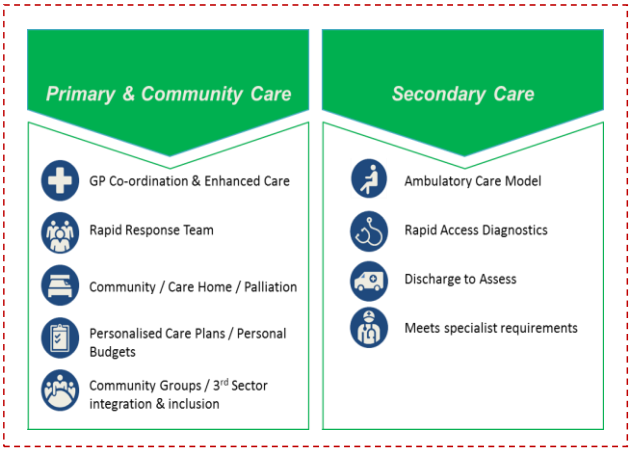
The agreed model for Ambulatory care is set out below:-

Our offer:

1. Healthy Independent Ageing
2. Joined-up care
3. Home/Community is default care setting
4. Consistent Quality across areas







This will include core elements of the Trusts' Neighbourhood Care Services working closely with primary and social care. This will enable the Trust to further expand its work to fully integrate physical and mental health services on the basis of 'one person one plan'. The Neighbourhood Care Services have seen a major increase in referrals and have been expected to provide a much higher level of face to face contacts. The CCG recognised this and provided non-recurrent investment for 15 additional nurses in 2013/14 which is planned to taper in 2014/15. The additional nursing capacity allows total number of contract to increase by 7% in 2014/15 and the Trust has assumed that this level would be maintained in 2015/16 as further changes will be impacted by the Ambulatory Care Model. The number of contacts for this service has been reviewed due to agreement of a new specification, and new arrangements for would care and for housebound patients.

Given this additional capacity would contribute to the Ambulatory Care Service which is planned to start through the establishment of two locality pilots by the end of December 2014, the Trust is working with the CCG to agree how this can be retained during 2014/15. We expect to reach agreement by June 2014, but are considering other options to ensure that expenditure matches income and any residual risk to budget is addressed.

The Better Care Fund has set ambitious targets to reduce activity (and investment) in acute services through enhanced community/primary/social care services. The CCG and local

authority has modelled this shift and identified non-recurrent resources to pump prime this. This has not led to any specific commissioning intentions for 2014/15 or 2015/16.

A major internal programme of transformation for Neighbourhood Care Services commenced in December 2013 to draw together a series of discrete projects which collectively will transform the delivery of NCS's across East Riding and ensure a single point of access to health and social care. The service model focuses on care homes, reablement, housebound patients, management of Long Term Conditions and an effective tissue viability service underpinned by effective use of technology and a fit for purpose workforce which together will demonstrate effective outcomes for people who receive this service. Benefits anticipated from delivery of the programme include:

- Patients will receive a holistic approach to their care by the delivery of integrated mental health and physical health services including improved documented assessment and care plans
- Clear transparent pathways of care to include a single point of access, avoidance of hospital admissions and timely discharge
- Health and wellbeing, independence and promotion of self-care, ensuring care is effectively coordinated regardless of provider
- Competent, capable and confident workforce
- Improved Information Technology demonstrating better access to latest information to improve the quality of care for the patient and seamless communications between shared services

The avoidance of hospital admissions is a real opportunity to increase cost effective care across the system but will require different risk sharing arrangements similar to those for falls prevention which identifies the extent to which that service has prevented admissions. This wider approach is not in place with the CCG but is part of the affordability solution to how Neighbourhood Care Services can respond to increased expectations through more GP and hospital referrals of increasingly complex patients.

For patients who are approaching the end of their lives the Trust is working with commissioners to introduce an Electronic Palliative Care Co-Ordination System (EPaCCS). In addition they intend to commission an enhanced palliative care support team so that more people can be supported to die in their place of care. This will involve a phased implementation across one or two pilot areas and, whilst the details and costs are still in development by the CCG, the Trust will work closely with them and other palliative care providers to realize this ambition.

The Trust continues to expand its health visitor provision in line with national commissioning requirements and will be employing a further 3.66 whole time equivalents in 2014/15.

d) Workforce

The Trust will ensure that it has an appropriately skilled workforce to deliver its' 2 year service plans and beyond. There is a significant challenge in terms of balancing the rising activity in many service areas, continuing to ensure safety and quality and delivering within the financial constraints during this period of austerity. The Trust has continually reviewed its' workforce to ensure the continued delivery of quality services and to meet its cost improvement plans which has been done in full consultation with our local staff side Consultation and Negotiation Committees.

The Trust is currently reviewing its' Organisational Development & Workforce Strategy so there is a focus on key areas that deliver improvements in quality, effectiveness and efficiency. These include:

- Implementing the “Living our Values” Behavioural Competency Framework.
- Ensuring the use of the Fitness for Purpose Framework across the Trust.
- Implementing the Trust Leadership Programme.
- Ensuring the implementation of ‘Guide to Safer Staffing’.
- Implementing the Trust’s Big Ambition Action Plan (which includes the health and wellbeing of staff) in response to the Francis recommendations.
- Delivering the significant workforce programme within the Neighbourhood Care Services transformation.

This will underpin other programmes for major change linked to workforce re-design. In 2013/14 the Trust has successfully delivered key elements of its’ Cost Improvement Programme linked to changes in skill mix, the introduction of eRostering, e-expenses and departmental restructuring which will have a full year impact in 2014/15. The Trust has identified three key areas where further efficiencies can be made and has made some broad assumptions about the potential impact in 2015/16. These are:

- Workforce redesign including an overall review of the Trusts’ structure in terms of pay bands and shift patterns.
- Review of terms and conditions including potential for further national directives related to Agenda for Change terms and conditions.
- Workforce re-profiling based on PbR Care Cluster

Following an external assessment of our work on clusters, the outcome was that we were judged to be amongst the highest performing Trusts in implementing this initiative. We are using this information to help shape our future workforce and have conducted a skills audit to support this work. Going forward we expect to employ fewer highly qualified staff and more generic staff and it is anticipated this will have a 4-5% reduction in pay costs.

During 2013/14 the Trust has developed a flexible workforce model to ensure that we are equipped to respond to commissioning requirements and AQP contracts in relation to staffing levels. This model will roll out from April 2014 and includes a new contract for bank staff on zero hours contracts, which complies with legal requirements. The model also aims to build a workforce that is flexible and more readily responsive to the needs of patients and service changes.

The Staff Family and Friends test will be introduced from 1 April 2014 and the Trust will use the outcome of surveys to further explore ways of improving the Trust’s services and the Trust as a place to work.

The Trust has signed up to a programme for Bands 1 - 4, with five other mental health trusts, which ensures that staff in these bands are trained to ensure that they are skilled and competent. Action plans include the roll out of an Apprenticeship Scheme in 2014/15 where all posts at bands 1-3 are considered for the scheme. The Trust is working with the Local Education and Training Board and Skills for Health to implement our plans and to implement the Care Certificate recommended as part of the Cavendish Report.

In line with our 2 year plan we will also work with other partners in our community to consider joint workforce plans for the future and Human Resources is represented on the Hull 2020 Board.

e) Physical Capacity/Estate

The Trust will continue to align its estate to overall operational requirements. Surplus land and property has been identified; realizing the proceeds of sale of the Beverley Westwood site over the next two years is a significant part of that and will be used to achieve priorities in the capital plan.

In addition, both CCG's have plans to develop and rationalize estate across agencies. In Hull a number of physical and virtual 'care hubs' will be established for health and social care but also potentially the police and fire service. Specific plans for a major facility in East Hull are being developed as one of a number of hubs. As a partner in the Hull 2020 Vision the Trust will seek to improve the quality of estate and to offer better care through service co-location. This will also deliver a more cost effective estate provision.

Improving co-location of services through community hubs in the East Riding (including Neighbourhood Care Services and care management) are included in the Better Care Fund Programme. The introduction of a new single point of contact and the ambulatory care model will help determine the nature of community hubs. In addition the Trust is working with local communities and stakeholders to enhance services offered from its community hospitals.

f) New Income and Self-Funded Services

The Trust has identified a range of opportunities through an initial phase of its commercial strategy development. This includes developing a portfolio of services funded through non-NHS income streams and personal contributions. The Trust plans to appoint a Director of Business Development and Marketing to lead this work and to finalise the commercial strategy. This will enable the Trust to progress its aspirations for growth so that more people will benefit from this wider portfolio of services, and so that any surplus can be invested back into core services.

A small number of services have already commenced and will be expanded in the next two years. 'Fit Feet' is a podiatry service for people who wish to purchase foot care and do not meet NHS criteria. Expenditure and income plans are included as a service development with the expected surplus contributing to the Trust CIP. Similarly, the provision of additional speech and language therapy service to other local organisations are expected to make a further contribution to savings in the Trust.

These will have a small but positive impact and should be viewed as the initial phase of a wider development that will expand to include memory assessment and treatment, physiotherapy/ sports injuries, out-patients, and developing a care village.

Productivity, efficiency and CIP'S

a) Productivity & Efficiency

The Trust has a good track record in delivering its CIP plans, however delivery of recurrent plans at the required level is increasingly challenging for the organisation. Performance in recent years is summarised in the following table:

	2011/12 £000's	2012/13 £000's	2013/14 £000's	2014/15 £000's	2015/16 £000's
Actual	3,552	4,063	4,506		
Target	4,201	4,201	6,312	5,100	5100
% delivery	85%	97%	71%		

All instances of under delivery against the CIP plan has been met by mitigating actions, in some instances non-recurrently.

All Cost improvement proposals go through a robust internal assessment process to ensure any cost reductions will not adversely affect quality or performance. A monthly QIPP Board is now embedded, which is chaired by the Chief Executive. Internal processes to sign off schemes are robust and a high level of transparency with our commissioning colleagues is in place. We are moving towards a greater level of transparency with our governors, members and the public whereby our CIP tracking will be reported in public.

In addition to our ongoing processes for identification of CIP schemes a full Executive Team review of schemes has been conducted. This has not only identified additional short terms schemes but also reinforced a number of strategic schemes based on workforce redesign and any services which benchmark as a financial outlier.

Our 13/14 CIP plan required a level of efficiency of 4.9%, of this 73% was planned to be delivered from service transformational schemes

For 14/15 the CIP required is 4.1% of this 45% is planned to be delivered from service transformational schemes

For 15/16 the overall CIP requirement is 4.1% again the trend to deliver a higher ratio of transformation schemes is required, it is planned that 85% of schemes will be transformational.

The dip in transformational delivery for 2014/15 is partially due to the organisation coming to the end of a 3 year corporate service review and the implementation of e rostering, 14/15 will allow consolidation and to fully embed those systems and structures

Our processes for implementing learning from others are to be reviewed as well as considering other improvement methodologies such as Lean systems.

The most significant single scheme implemented and delivered in 2013/14 was the introduction of e-rostering. As this scheme now moves to a status of business as usual further review of the recurrent savings are to be undertaken as the scheme is delivering beyond its original target but with many savings still counted as non-recurrent. In addition a business case is to be prepared to extend the e rostering scheme beyond its initial scope of inpatient services.

The trust now has in place all the key enablers for further transformation of how we deploy our community workforce. A move towards fully IT enabled mobile working will not only deliver further workforce efficiency but support further estates rationalisation.

Ongoing option appraisals on a range of back office functions will conclude in 2014/15, a partnership approach will be developed and we are in active discussions both with local providers with a similar geography but also partners who work in the same service sector. Those under active review include estates, information governance and informatics.

The trust intends to deliver a mixture of transactional and transformational schemes over the two year operational plan period, the most significant transformational schemes are detailed below

- Unscheduled Care service reconfiguration
- Mental Health In patient restructuring
- East Riding of Yorkshire children's services review
- from 2015/16 full workforce redesign to include further skill mix and flexible working
- from 2015/16 a full restructure of the workforce to align with Care cluster delivery

In addition the ambitions for the Better Care Fund present significant opportunities to transform services, improve patient care, and deliver significant efficiencies across the local health community in Hull and East Riding. For Hull in 2014/15 this Fund amounts to £10.5M most of which is identified against existing provision. From 2015/16, however, this increases to £21.7M with most of the additional to be found from the re-deployment of current revenue – linked to reductions in acute hospital admissions. Similarly in the East Riding, the 2014/15 value of £6.6M rises to £22.4M in 2015/16. Again, the ambition is that through investment in ambulatory care and other primary/community/social care interventions, that current resources in acute care will reduce and there is a net gain in efficiency across the local health community. Work to make sure this can take place has commenced but will be difficult in an acute tariff based system and will require different contractual and risk sharing agreements for the local health community.

b) Financial & Investment Strategy

The Trust has continued to deliver its underlying financial targets since becoming a Foundation Trust in 2010. During that time it has also seen its income improve significantly from £84m to over £130m in 2012/13. Income has however now fallen back from that peak to £129.5m, and is expected to fall further unless new services are commissioned or provided. Continued competition in the market plus the impact of contract price deflators is reducing available income.

A key part of the trust ensuring its future financial viability is the development of a commercial strategy, in addition to finalising the strategy an appointment to the position of Director of Business Development and Marketing is planned.

Continuing to deliver high quality and high performing services across our core services is key for the organisation but the commercial strategy will ensure we not only seek out new opportunities for NHS income but other sources of income including private care. Initial services for podiatry and speech and language therapy have commenced but no other material income streams have sign off business case approval from the board and at this stage no income assumptions, other than the two schemes, are made within the two year planning timeframe.

The trust has maintained a strong financial risk rating since authorisation and since the introduction of the continuity of service rating in October 2013 a rating indicator of 4 has been achieved. The 2014/16 plan demonstrates an intention to continue achieving the highest possible rating. The plan also considers a downside scenario and the main assumptions within that plan are

- That there is a net income reduction associated with the current tender exercise for clusters 1 to 4 in Hull (£0.6m full year effect in 2015/16)
- That there is a net income reduction associated with the current addictions tender in

Hull (£0.5m full year effect in 2015/16)

- That the additional pension contribution of 0.7% is unfunded at a cost of £0.6m

The Trust has a financial strategy which is updated on an annual basis. And the key objectives for 2014/16 are

- To continue to generate underlying I&E surpluses and maintain liquidity to achieve a continuity of service rating of 4
- To review EBITDA at service level and formulate action plans where contribution is less than underlying organisational rate of 5.4% (based on 13/14 figures)
- To ensure commercial strategy looks at options where there is a positive contribution to EBITDA of 5% or more unless there are alternative reason for proceeding e.g. entry to a new market.
- To secure recurrent efficiency gains in 2014/15 and 2015/16 as part of an organisational wide CIP.
- Conclude systems work for contracting on a mental health currencies and payment tariff basis in 2014/15 prior to go live in 2015/16
- To review policy and procedures for income in light of move from block to tariff based contracts in 2015/16
- Continually improve the management of working capital to ensure liquidity of the Trust remains strong
- To review contingencies to ensure they are sufficient as we move into 2016/17 and beyond
- Review the estates strategy to ensure it fully supports the service strategy and allows for further consolidation of assets and overall improvement in condition of retained estate.
- To work with commissioners and local partners to consider system wide efficiency opportunities

The small but highly skilled finance team continue to support the trust both corporately and across operations, key developments planned for the next year include.

- Further succession planning for senior roles
- The implementation of the Patient Led Information and Costing System (PLICS) to support our MH cluster work, EBITDA service level analysis and our commercial strategy
- A refocus and redesign of procedures to deal with income in anticipation of a live cost and volume contract for 2015/16
- To ensure strong financial management remains in place across the organisation as service divisions implement workforce transition

Key assumptions built into the financial plan include

- an income deflator of 1.8% in 2014/15 and a further 1.1% in 2015/16, it should be noted that our commissioners will not consider any adjustment to give parity with the lower acute deflator
- Pay inflation of 1% for uplift in each year of the plan. It should be noted that whilst the recent announcements on pay have reduced some of the financial risk, the trust is still an outlier when compared to national planning assumptions, this is almost entirely due

to the fact that 80% of all expenditure is on pay.

- Agenda for Change increments are assumed at 1.4% in each year.
- Non pay inflation is assumed as being 2.5% in each year of the plan.

Key risks to the delivery of the plan have been identified as being:

- National economic situation
- Ability to deliver the CIP programme in full
- Change in local commissioning arrangements
- Increased competition leading to loss of provision of some services
- Financial awareness across the Trust
- Expenditure pressures
- Insufficiently robust implementation of mental health currencies tariff system, particularly given those changes that are not within the control of the Trust and being driven centrally
- The increased cost of Employer pension contributions is only assumed at this stage in the downside scenario, should the additional costs of 0.7% not be recognised in the tariff deflator adjustment there will be an additional cost pressure of £600k in 2015/16 and £1.3m in 2016/17

Mitigations to cover these risks are fully covered in the Trust's Board Assurance Framework. In summary they include the development of contingencies should the economic environment deteriorate further, service re-design based on mental health care cluster and tariff information and the continued implementation of a transformational change programme. Furthermore a process has been established to identify and pursue additional service developments. The Trust has continued to engage with its commissioners and is closely managing all key relationships with the aim of ensuring there is no adverse fall-out from the change in commissioning arrangements.

Supporting Financial Information

a) Financial Commentary

The operational financial plan for the next two years demonstrates the continuation of achieving a continuity of services rating of 4 throughout the two years of the plan.

Income is projected to reduce from £129.6m in 2013/14 to £127.2m by the second year of the plan. This is very much a result of the application of the income deflator and a reduction in non-recurrent income.

Further income opportunities exist but any that are anticipated to be recurrent will be subject to a full procurement process by commissioners which means the organisation will have to compete in a very active market place. As such limited assumptions have been made in the plan regarding income from new activity.

Whilst the trust continues to ensure the highest possible quality standards its response to CQUIN income is financially prudent and plans only assume income of 2.1% against a maximum of 2.5%, actual delivery in 2013/14 is forecast at 2.3%

Income for Humber is predominantly derived from the following sources

Hull CCG
East Yorkshire CCG
NHS England
Local Authorities (including section 75 LA agreements)

And is split between the two main business areas

Mental Health
Community Services

Contracts are in place for all income streams identified above.

Throughout the NHS system transition significant non recurrent income streams were provided by PCT's and the successor CCG's. Most of this funding is due to be withdrawn for 2014; any replacement schemes proposed by commissioners are also anticipated to be non-recurrent and short term as they move towards full implementation of the better care fund. The Trust is working with the CCGs to manage this during the transition to new models of care.

Opportunities in relation to further development of neighbourhood care teams, waiting list initiatives for dementia assessments and a review of children's services are all assumed within the plan but all are non-recurrent in nature.

A picture of falling income set against rising costs, expectation and demand is presenting a financially challenging environment for the trust, despite this 2013/14 actual performance is strong and latest forecast puts the trust £1.0m ahead of plan.

Additional recurrent income opportunities do exist but as all will require some form of procurement no assumptions have been made within the two year planning timeline, additionally the trust is in the final stages of agreeing its commercial strategy and intends to appoint a Director of Business Development and Marketing. Non NHS income streams are the primary objective of agreeing a commercial strategy but consideration will also be given to NHS funding streams that align with our overarching organisational strategy. The surplus generated by these services would be used to benefit staff and service across the Trust through a reduction in the requirement for traditional cost efficiencies.

With the exception of a redundancy provision and a redundancy budget no central contingencies are held across the organisation, each division is required to manage contingent events within its available resources.

There are a number of risks to be taken into account when new income streams are to be considered. These risks can be summarised as follows:

- Competitive threat – there are a range of competitors locally. These include a social enterprise providing Community Services in Hull, which is aiming to expand into East Yorkshire. In addition there are neighbouring Foundation Trusts and NHS Provider

Trusts, as well as a number of private sector organisations which could compete with us.

- Commissioning environment – the change in commissioning environment presents a risk and opportunity to us. There has been a significant change in commissioning personnel locally

The main mitigating actions the Trust is taking are focussed on the development of a commercial strategy. This includes a detailed competitor assessment and strategies for engagement and communication.

A summary of the key financial headlines in the plan is as shown below:

	2013/14 £m	2014/15 £m	2015/16 £m
Income	129.5	128.7	127.2
Operating Expenditure	121.8	123.3	121.9
EBITDA	7.7	5.5	5.2
EBITDA %	5.97	4.24	4.11
Net surplus/(deficit)	1.2	-0.9	-1.4
Underlying net surplus	3.3	1.1	0.7

The Trust is projecting to deliver an underlying surplus each year in the plan. Underlying net surplus excludes the impact of redundancy costs. Whilst a net deficit is ultimately shown in each year of the plan this is due to the value of redundancy costs assumed to be required. Almost 80% of the Trust cost base is related to pay costs and the Trust only has fairly low staff turnover. As such, whilst the Trust does manage vacancies effectively to generate a number of its CIPs, an element of redundancy cost is required each year. In order to identify the level of CIP required each year assumptions have been made with respect to the income deflator and cost inflation. These assumptions are shown below.

	2013/14 %	2014/15 %	2015/16 %
Income deflator *	-1.3	-1.8	-1.1
Pay Inflation **	1	1	1
Agenda for Change Increments	1.4	1.4	1.4
drug Costs	5	7	7
Non Pay Inflation	2.1	2.1	2.1

*note tariff deflator for 15/16 is adjusted to account for increased pension contributions, the impact of this adjustment being unfunded is reflected in downside scenario.
** Pay increases are reflective of recent announcements on 1% uplift or agenda for change increment.

The financial plan is based upon generating an underlying net surplus, maintaining an appropriate level of liquidity and achieving a continuity of service rating of 4.

CIPs required to enable the projected financial results to be achieved are as follows:

2014/15 - £5.1m
2015/16 - £5.1m

The main risks to achieving the budget and plan are related to income and have been explained earlier in this narrative along with the mitigations in place or being further developed.

Risks for 2015/16 include the introduction of the mental health currencies and payments tariff system, initially for Adult and Older Adult Mental Health Services. Other financial risks could arise from future legislation or guidance resulting from such reviews as Francis and Winterbourne.

There are no proposed transactions planned that are more than 10% of turnover. Some further adjustment to property charges are anticipated with NHS property services but these will be non-material and related to leased buildings only.

The trust intends to renew and refresh its estates strategy during 2014/15 and this will be aligned to the overall strategic aims. Whilst the work is still to be conducted some of the key objectives are:

- To ensure strategic fit with the overarching organisational strategy
- To support a more flexible workforce model
- To support a range of community focused access points to service
- To support further divestment of category D buildings
- To reduce backlog maintenance
- To ensure improved utilisation of retained estates

The capital plan for 2014 to 2016 supports this strategic direction, the most significant schemes over this two year period will be to

- conclude the reconfiguration of MH adult in-patient beds.
- to maintain investment in Information technology equipment to facilitate the development of a flexible workforce.
- To develop a range of community focused access points.

There is also a significant rolling programme of priority schemes to deal with backlog and high priority quality schemes for example commissioner priorities in secure services.

The sale of Beverley Westwood will conclude in 2014 and as highlighted in last year's plan we continue to market Victoria House which is a condition D building

A number of sales are due to conclude in the last quarter of 2013/14 and the first quarter of 2014/15, these will contribute £490k to the planned capital programme.

Updated 6 facet surveys and a space utilisation report will be finalised and available to inform the required work on the estates strategy refresh.

All trust buildings have been subject to a full revaluation exercise during March 2014. Any revision are to be fully reflected in the 2013/14 closing financial position

Whilst demand for services is demonstrably increasing the ongoing lack of a flexible contract across Community and Mental health services means income will not be flexed accordingly in 2014/15 but that should be rectified for 2015/16 for Mental Health services if as expected PBR contracts are in place.

b) Charitable Funds

The trusts closing balance of its available trust funds is £0.6m on this basis it does not intend to consolidate its accounts treatment with the main accounting statements of the trust.