Rotherham Doncaster and South Humber NHS Foundation Trust

Annual Planning Review 2014/15 Operational Plan

Approved by the Board of Directors

27 March 2014

RDaSH leading the way with care

Annual Planning Review 2014/15

Draft Operational Plan

1. Executive summary

This operational plan addresses the immediate challenges and opportunities facing Rotherham Doncaster and South Humber NHS Foundation Trust ('the Trust') and its services over the next two years. The Trust is engaged in a number of joint and developmental initiatives with its commissioners and key partners and strongly believes that maximising opportunities for 'whole system' working will result in better health and social care outcomes for its local communities. Much of this work is coordinated through the respective health and wellbeing boards of the Trust's three principal health and social care communities of Rotherham, Doncaster and North Lincolnshire and includes the proposals for the Better Care Fund.

Maintaining the quality of the services of the Trust is a key priority. The Trust received a fully compliant Care Quality Commission (CQC) inspection outcome in October 2013 and published a Francis declaration in January 2014 based on joint work between the Board of Directors and Council of Governors. The Trust is in its third year of implementing a quality impact assessment (QIA) approach to assess the quality impact of its Quality, Innovation, Productivity and Prevention (QIPP) plans.

The Trust faces a number of challenges in respect of financial competitiveness, meeting high levels of demand for many of its services and the financial challenge facing the public sector. The Trust is working with commissioners on a number of service improvement initiatives, including transformational work within adult mental health services and child and adolescent mental health services. In addition, the shift of public health commissioning responsibility for some of the services provided by the Trust to the Local Authorities has placed those services under a greater level of competition, against a wider and more financially competitive market of potential providers.

The Trust has achieved many of the objectives of its Business Strategy 2012-15 but recognises that it needs to increase its commercial development capacity and capability, to protect and to grow its business, to avoid the potential incremental loss of income within an increasingly competitive market.

The next two years financially will be very challenging for the Trust and the wider NHS. In relation to the Trust, the plan projects a reduction in income of around £3m per annum and an inflationary pressure of £3m per annum. This gives the Trust a combined and challenging £6m efficiency target in both 2014/15 and 2015/16. The financial plans are in place to deliver this target for 2014/15 and these have been reviewed in detail by the Board of Directors. In relation to 2015/16, draft plans have been developed and these will be assessed for their quality impact and reviewed by the Board of Directors during 2014/15.

Although the financial agenda will be challenging over the next two years, the Trust will end 2013/14 with a very solid financial base, supported by cash reserves and a strong liquidity position.

2. Operational plan

2.1 Introduction

The Trust predominantly provides mental health and community services across the localities of Rotherham, Doncaster and North Lincolnshire, with some services also provided in central Manchester and North East Lincolnshire. The Trust's services are commissioned by the corresponding clinical commissioning groups (CCGs), Local Authorities, NHS England and others against an annual income of circa £160m. The Trust employs 4200 staff and deploys its operational staff across an organisational model based on two operational directorates and seven business divisions:

- Mental Health Services Directorate:
    - Adult Mental Health Services business division
    - Older People's Mental Health Services business division
    - Forensic Services business division
- Children's and Community Services Directorate
    - Doncaster Community Integrated Services business division
    - Children's and Young People's Mental Health Services business division
    - Learning Disability Services business division
    - Substance Misuse Services business division

2.2 Engagement with the Local Health Economy

The Trust recognises the critical importance of working in close partnership with its commissioners, health and social care partners and all other stakeholders across the communities it serves. The Trust has a strong track record of partnership working through the delivery of integrated models of service, commencing with the integration of health and social care mental health services across its three core localities in 2002. This track record was enhanced by the delivery of an integrated model of working, known as One Team Working, in line with the commissioning intentions for the Doncaster community healthcare services, as part of the Transforming Community Services programme.

It is absolutely clear to the Trust, its partners and its stakeholders, that the health and social care needs of its local communities will only be met in the future through a 'whole system' approach to service delivery and engagement with these communities to propagate new, innovative and sustainable forms of support for its citizens. The Trust is engaged with the CCGs, Local Authorities, acute trusts, third sector consortia, NHS England representatives, police, other service providers and key stakeholders in taking this work forward under the coordination of the respective Health and Wellbeing Boards. The Health and Wellbeing Boards have developed programmes of work against their strategic objectives to meet the health and social care needs identified through their respective Joint Strategic Needs Assessments.

Each of the Health and Wellbeing Boards of Rotherham, Doncaster and North Lincolnshire have developed work programmes which cover broadly similar themes, which can be summarised as:

- Whole system health and social care strategic planning to meet the future needs of the local communities
- Provision of integrated models of care

- Plans to build greater resilience and capacity within local communities through supported self-management, use of technology and innovative solutions
- Improving the availability of early help

2.3 Better Care Fund

More recently, the Trust has contributed, as a provider member of all of its respective Health and Wellbeing Boards, in the joint commissioning processes to finalise the plans for the Better Care Fund. In line with the national guidance, these plans include:

2.3.1 Rotherham

The Better Care Fund plans for Rotherham have been aligned to the key objectives of the Health and Wellbeing Strategy and include:

- Adult and Older People's Mental Health liaison provision, provided within The Rotherham NHS Foundation Trust to support the acute trust's clinical priorities.
- Review the falls service to focus on a preventive community-based service
- Implement an integrated rapid response service, including out of hours, to reduce hospital admission
- Review and evaluate existing arrangements against potential increase in demand arising from 7 day working
- Review the social prescribing pilot
- Analyse cases of high social care and health users, to identify opportunities to improve pathways, and help avoid or delay access to health and care services
- Carry out a full evaluation of Rotherham's risk stratification tool, and develop a mechanism for identifying high intensity users of health and social care
- Commit to giving personal budgets to as many people as possible
- Develop self-care and self-management, working with voluntary and community groups
- Develop and implement a person centred, person held plan, in partnership with key stakeholders.
- Identify the cost and activity pressures resulting from the implementation of the Care Bill and develop a plan to meet these pressures.
- Undertake a project to review all existing S75 and S256 agreements and pooled budget arrangements.
- Develop portal technology to share data with health and social care partners in a secure way that is in the best interest of people who use care and support

2.3.2 Doncaster

In Doncaster the plans for the utilisation of the Better Care Fund target a multiplicity of new initiatives and enhancements to existing services, with the aim of achieving a sustainable system of integrated care and support. These are grouped into three headline themes of:

Community and universal services ('Communiversal Services')

- Person centred co-ordinated care and support
- Asset based health and social care, which supports independent living outcomes
- Strengthening community services to avoid unnecessary hospital admissions

- Information, advice and advocacy services to support self-management
- Developing the market of community based services and supporting community innovation
- Timely and appropriate help and support to carers
- Evidence based public health programmes to impact on the wider determinants of health
- Primary care community teams, providing coordinated care with the 'Named GPs' for people aged over 75
- Housing options to support independent living and to facilitate early discharge from hospital
- Telesolutions, aids and adaptations

Short term services

- Integrated crisis response through a single contact point
- Development of reablement services
- Joint intermediate care offer
- Home from hospital community services

Long term services

- Driving forward Doncaster being a Dementia Friendly Community
- Helping people self-manage and provide peer support
- Invest in developing personalised health and care budgets
- Create a joined up offer across the nursing and care home provider landscape
- Help to live at home, commissioning better quality care

2.3.3 North Lincolnshire

The Better Care Fund plans for North Lincolnshire build on the CCG's 'Healthy Lives, Healthy Futures' initiative and the integrated 'Single Organisational Model' programme, led by the Local Authority. The specific initiatives being developed through the Better Care Fund include:

- 7 day access to social care assessment
- Well Being Offer delivered in five localities
- Build on and strengthen integration across the community to provide proactive care and support
- Joint Care Home Support Team
- Working with NHS IQ in relation to systems re-designs across health, social care and wider partners to deliver the changes
- Access to equipment will be in place 7 days a week thus supporting people to remain in their own homes and to positively impact on reducing delayed discharges and transfers of care
- Accountable professionals in all localities by September 2014
- Increase reablement services and intermediate care facilities
- Use the NHS Number as the Unique Identifier for correspondence across the system

The impact of the Better Care Fund is likely to be greater in Doncaster due to the provision by the Trust of the community healthcare services in Doncaster, comparative to Rotherham and North Lincolnshire. The Trust is however committed

to supporting the Better Care Fund developments across all of its localities as part of an increasingly effective 'whole system' approach to meeting health and social care needs.

2.4 The short term challenge

2.4.1 The planning process

The Trust has undertaken a programme of work to engage its key internal and external stakeholders in developing its operational plan, in line with the Monitor guidance document and utilising the PWC research findings report and associated technical annex.

Operational and strategic planning are continuous processes within the Trust and an early task in the preparation of this 2014/15 Annual Plan involved reviewing the current Trust 'Business Strategy 2012-2015', to consider what had been achieved to date, whether the plans for current developments are on track and what new proposals might need to be added. In reviewing achievements against the plan, the Board was able to identify that most of the objectives of the Business Strategy had been met, to date. This validated the earlier planning work and provided a strong foundation for the development of this operational plan and the strategic plan to be finalised in June 2014.

This work commenced with a Board of Directors development workshop held on 07 February 2014 to engage executive and non-executive directors in these processes, but with an initial focus on the operational plan. The key issues identified were considered by the Council of Governors on 12 February 2014 and a sub-group of governors was established to provide more focussed engagement with the Trust's plans on behalf of the wider Council. The Trust's seven operational business divisions and service directors contributed to the developing plans through individual meetings and a collective workshop held on 28 February 2014.

The Trust has also participated in a number of commissioner-led events arranged to support the development of the commissioners' operational and strategic plans. The Clinical Commissioning Groups which commission the majority of the Trust's services were given the opportunity to comment on the draft plan and their comments have been incorporated into this final plan.

This operational plan was approved by the Board of Directors at its meeting on 27 March 2014.

2.4.2 Current pressures and challenges

The Trust has a strong track record of achieving financial balance and, as a Foundation Trust, achieving its surplus target. It has reduced its operating costs in line with its cost improvement plans (CIPs) and achieved business growth in recent years, principally through the Transforming Community Services (TCS) programme and through the development of specialist services, notably including initiatives developed as part of the Trust's QIPP programme.

The financial challenge has inevitably become harder each year, in the face of growing demand for many of the Trust's services, bearing in mind that in the absence of a tariff for community and mental health services, additional demand

does not tend to create additional income. Plans for 2014/15 have been confirmed and some elements are already being implemented. Proposals have been made for 2015/16 but the Trust is aware that this will be a particularly difficult year, as in the last three years there has been a requirement for annual recurrent savings of between 4% and 5%, totalling around £20m. Therefore, efficiency opportunities have become increasingly difficult to find. This work is covered in more detail in section 5 below.

An increased proportion of the Trust's services are now commissioned by the Local Authorities across the Trust's communities. This shift of commissioning responsibility commenced with the transfer of the commissioning of learning disability community services to Local Authorities in 2010, subsequently followed by the transfer of the commissioning responsibility for public health services to the Local Authorities under the Health and Social Care Act 2012.

The Trust is taking steps to consider how it can retain its remaining Local Authority business and, ultimately to grow new business through the development of a community interest company or social care business division. In aiming to address this challenge, the Trust is seeking to make its social care services more cost efficient and to present a model of service which is more aligned to the values of its Local Authority commissioners. In doing so, some services have also made a conscious decision to focus on services targeted at more complex needs, recognising that the Trust is better placed to meet the needs of this segment of the Local Authority commissioned market.

These commissioning arrangements have brought a greater risk of these services being subject to tender and the subsequent possibility of the Trust not being competitive for particular services. The Trust has been working with public health commissioners within Doncaster Metropolitan Borough Council to transform services.

For substance misuse services, a simultaneous national shift of service philosophy away from harm minimisation and towards a recovery model, has added a further need for these services to transform their model of service.

The commissioning intentions of the Trust's Clinical Commissioning Groups (CCGs) have been confirmed for 2014/15 and 2015/16. A number of services provided by the Trust have been targeted for improvement in recognition of one or more factors from:

- Excessive demand for the service from the local community
- Issues with the quality or performance of the existing service
- Changes in national strategy, often involving higher expectations of services

The Trust implemented a new model of service for its adult mental health services from 2010 across all three localities which remains subject to continuous development, in the face of ever increasing demand. In response to the above challenges facing the services, Doncaster CCG commissioned an independent review of the adult mental health services it commissions during 2013. Rotherham CCG has confirmed an intention to also undertake a review of services, notably to inform the future commissioning of adult mental health services, child and adolescent mental health services, learning disability and dementia services. In

January 2014, the Department of Health published 'Closing the Gap', which identified twenty-five essential changes for mental health across the country. The Trust and its commissioners have undertaken an analysis of which of these changes apply to the Trust's services.

The main priorities identified include the capacity of the service to respond to current and future demand, notably crisis services; improving pathways through the services; and meeting the needs of those people with a serious but stabilised mental illness, who continue to have low level support and social inclusion needs. A service improvement project has been launched with the intention of responding to identified areas for improvement, taking into account the findings of internal and external reviews.

The Trust has provided the Early Intervention in Psychosis Services in central Manchester for the past seven years and has been aware over the past year of the plans of the CCGs to re-commission these services alongside all the adult mental health services in central Manchester. The Trust has indicated that it will not be submitting a bid for the planned tender for these services. In line with the planned timescale, the Trust will transfer these services to the new provider in October 2015, with a loss of income of £2m. Whilst the largest proportion of this loss will be met by the transfer of the clinical staffing costs, a proportion of this income makes a contribution to central costs, the loss of which will need to be accommodated by the Trust.

On a wider scale, the risk of the incremental loss of services is a challenge to the Trust and needs to be matched or bettered by a growth in services if the Trust is not going to weaken its market position.

3. Quality plans

3.1 National and local commissioning priorities

The national and local commissioning priorities have become increasingly competitive and quality orientated. It can no longer be assumed that NHS provided care is the first or most optimal solution for commissioners to meet the needs of their populations. The Trust must be able to compete and demonstrate that it can operate efficiently, to high standards of care and in line with commissioner expectations.

National commissioning priorities that the Trust will be working on over the next two years include:

- Tier 4 CAMHS – the Trust will be submitting information to the Health Select Committee Review of the provision of Tier 4 CAMHS. The Trust will work with commissioners to implement the recommendations following the review.
- 7 Day Working – the Trust currently provides some 7 Day Working services and is working with commissioners to develop further services over the next three years, taking into account the 10 national clinical standards.
- Better Care Fund – information on the plans is given in Section 2.3.
- Closing the Gap – the Trust is working with Commissioners over the next two years to bridge the gap between long-term ambitions for mental health and shorter-term actions to demonstrate changes in the 25 areas where the most immediate change and improvement is expected, and to deliver outcomes

aligned to the Parity of Esteem principle of providing equitable access to mental health and physical health services for people with both mental health and physical health needs. Recent commissioner led reviews of the mental health services have resulted in an expressed intention from commissioners to support the Trust to work more closely with General Practices to build capacity and capability to meet the mental health needs of the community, on a whole system basis.

Public health commissioning priorities for the next two years include:

- Provision of Substance Misuse services and possible retendering of services
- Provision of Contraception and Sexual Health Services
- Provision of School Nursing

Local commissioning priorities that the Trust will be working on over the next two years include:

Doncaster

- Development of the mental health crisis pathway
- A review of the unplanned care system
- Development of a case management approach for community nursing
- Development of local specialist pathways
- Development of the new memory service pathway
- Development of care pathways and packages (Mental Health Payment and Pricing Systems)
- Joint commissioning of Learning Disabilities Assessment and Treatment Unit
- A review of the children's community nursing service
- To utilise capacity within Older People's Mental Health inpatient services to meet more complex needs

Rotherham

- Consideration of investment in priority areas following the outcomes of the reviews, as detailed below
- A review of mental health and learning disability services
- A review of the Learning Disabilities Assessment and Treatment Unit and community services
- Development of a comprehensive CAMHS strategy
- Development of care pathways and packages (Mental Health Payment and Pricing Systems)

North Lincolnshire

- Potential for development of specialist Learning Disabilities services
- Development of care pathways and packages

The Trust aims to keep ahead of its competitors in terms of quality and patient experience, by working flexibly and imaginatively to deliver care in ways that are innovative and transformational.

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

The Trust's Quality Plan is set out in detail in Part 2b of the Trust's Quality Account 2013/14 and Forward Strategy 2014/15.

The Trust commenced its quality journey in July 2011. This followed the lessons learned from the investigations into a number of incidents and from inspections, which included CQC inspections identifying further quality concerns relating principally to personalised care planning and record keeping. Subsequent internal actions revealed concerns about clinical leadership, which led to the Trust identifying its top three quality improvement priorities within its quality strategy for 2011/12 as:

- Personalised care planning
- Record keeping
- Clinical leadership

Following approval by the Board of Directors in January 2012, the Quality Improvement Team (QIT) was established as a two year project to support the sustainable implementation of the three quality priorities and the delivery of the quality improvement programme identified in the Quality Marker schemes. Building on the improvements we have achieved in 2012/13 and 2013/14 the Trust has been able to refocus its quality priorities from three to one, Clinical Leadership.

This is based on a fully compliant CQC inspection of Trust services in October 2013 and being fully compliant with the Essential Standards of Quality and Safety inspected by the CQC since July 2012. In addition, assurance has been taken from other external and internal inspections, including outcomes from the Health and Safety Executive, Clinical Audit and the Quality Improvement Team.

The quality priority for 2014/15 is Clinical Leadership. The Trust has commissioned an organisational development programme 'Fit for the Future', which includes modules dedicated to quality, innovation, culture and leadership. This quality priority is aligned to the Strategic Goal of 'Continuously improving service quality' (safety, effectiveness and patient experience) for our patients and carers, which will be delivered from 2014 to 2016.

The Trust approved its Francis Declaration[1] jointly with the Board of Directors and Council of Governors in December 2013. The Francis Declaration focusses on:

- Our Quality Journey
- Trust Response to '*Hard Truths: The Journey to Putting Patients First'*
- Francis Priorities for 2014/15
- Board of Director and Council of Governor Statement

[1] The Final Report of the Mid Staffordshire NHS Foundation Trust Public Inquiry, Chaired by Robert Francis QC was published on Wednesday 6th February 2013. The report called for a 'fundamental culture change' across the health and social care system to put patients first at all times. There was an expectation that trusts publish their own response to the Francis report by the close of 2013.

The four Francis Priorities identified for further development for the next 12 months, including examples of the development work to take this forward, are:

- Culture - the organisational development programme "Fit for the Future" includes a module dedicated to culture and analysis of the results of the annual staff survey
- Engagement – the "Leading the Way with Quality" workshops in Spring 2014 and professional networks
- Non-professionally qualified staff - pilot programme for a certificate on fundamental care and apprenticeships
- Supporting whistleblowing- refreshed policy and ongoing promotion campaign

The Board of Directors and Council of Governors endorsed the Trust Francis Declaration by stating:

'The Board, Governors and staff pursue the ongoing development of a culture that:

- *Puts the patient at the heart of everything we do*
- *Supports and develops our staff to deliver positive care*
- *Delivers continuous improvement'*

Based on this ethos, each of the business divisions has agreed specific, measurable quality markers for 2014/15, based on the Trust quality priority and on areas identified by the business division in the three domains of quality. Over the past two years the Quality Improvement Team has supported business divisions in their delivery of their quality improvement plans and their quality markers, and will continue to support business divisions during 2014/15.

The Trust will continue to be monitored against Monitor's Risk Assessment Framework. To quarter 3, 2013/14, the Trust has been rated as 'green' for governance, and declared compliance with the Quality Governance Framework Declaration in quarters 1 and 2, 2013/14, and although not required to make a declaration from quarter 3, 2013/14, the Trust has continued to self-assess as compliant with the Quality Governance Framework.

The Trust will implement the CQUIN schemes for 2014/15 and 2015/16. At quarter 3, 2013/14, the Trust had achieved 97.88% of the CQUIN schemes and a number of these CQUINs will be built upon for 2014/15 and 2015/16 to provide 'stretch' over a longer period of time in order to further drive quality improvement and quality measurement.

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

The Trust has been subject to CQC and CQC Mental Health Act inspections over previous years. Trust services were inspected in October 2013 and were assessed as compliant and all Trust services inspected since July 2012 have been assessed as compliant with the Essential Standards of Quality and Safety.

Outcomes of the inspections are reported to the Clinical Governance Group (CGG) and through the Quality Improvement Report to stakeholders. Action plans are developed to address any issues raised during the inspection and progress is

monitored and reported to the Trust CGG and the appropriate business division CGG prior to sign off and reporting to the CQC.

We have evidence of continued and sustained improvements made during 2013/14. External (CQC, commissioner quality visits, Health and Safety Executive visits) and internal (Quality Improvement Team, unannounced visits) inspections, reviews and visits to our clinical services have provided us with a range of feedback, mainly positive and a few areas for improvement, which will continue to focus our quality improvement work in 2014/15 and 2015/16.

Quality concerns raised through our own internal quality assurance processes and early warning systems are discussed by the CGG. The Trust's current focus has been the patient safety quality domain, relating to an increase in the number of suicides within the Adult Mental Health business division and a rise in the number of pressure ulcers within the Doncaster Community Integrated Services business division. It was agreed in January 2014 that a monthly thematic and quantitative deep dive will be presented to the CGG and progress against the quality improvement actions to address these areas and the lessons learned. This supports the qualitative work undertaken through the Trust's Organisational Learning Forum. Examples of these improvements include:

- the process to authorise inpatient leave has been strengthened
- the locality management structure for Adult Mental Health Services has been rationalised to improve communication and information sharing
- a requirement has been introduced to report the incidence of grade 3 pressure ulcers, as an additional patient safety indicator

During the year we have also had a number of quality challenges to deal with, which have led to improvement plans and actions being agreed with our Commissioners and monitored through the locality Contract Monitoring meetings:

<u>Rotherham</u>
The Clinical Commissioning Group identified a number of performance and quality shortfalls in our Children's and Young People's Mental Health services, which resulted in reduced confidence being expressed by General Practitioner colleagues in our services. A detailed action plan has been implemented and improvements have been made. Initial indications are that significant progress has been made by working in partnership with commissioners in delivering the improvements to this service. However, it is acknowledged that there is still more work to be done to fully embed these changes and work will continue in 2014/15.

<u>Doncaster</u>
A number of quality concerns were highlighted through our own governance processes relating to Adult Mental Health services. A detailed plan of action focussing on care planning, communication and risk management, particularly in ward areas and at the interface of inpatient and community services has been implemented. A fundamental review of services has also been undertaken by the Clinical Commissioning Group and a joint approach to service redesign and improvement is underway.

North Lincolnshire
Work has been completed on reviewing and implementing a new management and senior leadership structure across Adult Mental Health services and strengthening our approach to risk management and care planning. Work is underway with North Lincolnshire service users and the local Healthwatch to embed these improvements.

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

The key quality risks inherent in the plan to be able to deliver the identified national and local commissioning priorities and the Trust quality priorities and the supporting strategic goal include:

- The leadership skills or experience may not be appropriate to deliver the challenging quality agenda
- Capacity and demand may affect the quality of services provided
- Management and clinical capacity to develop the commissioning priorities outlined may result in the Trust not being able to deliver business developments
- Failure to maintain compliance with regulatory assessment / inspection may result in the Trust receiving formal regulatory / enforcement notices
- Failure to have appropriate early warning systems and address and learn lessons from patient safety incidents may lead to unsafe services being provided to patients

The Clinical Governance Group (CGG), a sub-group of the Board of Directors, provides the forum to raise and discuss quality risks within the Trust. The agenda is divided into strategic items, patient safety, clinical effectiveness and patient experience. The front covers of papers presented to the CGG are used to highlight issues / concerns that need discussing. Issues / concerns are dealt with either by the CGG, or delegated to the business division CGG / CGG sub-group for action or escalated to the Board of Directors.

Key risks to quality are also identified and monitored through other internal quality monitoring processes including:

- Quality Impact Assessment - supports the QIPP process. All QIPP plans are assessed on their quality impact, with the more complex schemes assessed using the Birmingham QIA tool. Further details on quality impact assessments can be found in section 5.4
- Quality Risk Profile – in 2013/14 the Trust has piloted a Quality Risk Profile (QRP). The QRP is business division specific and includes quality risks in the areas of patient safety, clinical effectiveness, patient experience and other areas for consideration, including regulatory and stakeholder concerns. The Trust continues to develop this process and in 2014/15 the quarterly QRP will include monitoring of the QIPP schemes quality impact assessed as medium or high risk
- Clinical Audit – the Trust has an annual clinical audit programme in place for 2014/15, which includes national audits, audits to support the CQUIN schemes, commissioner audits and business division audits. The audit programme is monitored by the Clinical Effectiveness Committee and reported to the CGG through the quarterly Quality Improvement Report

- Board Assurance Framework – the Trust Board Assurance Framework (BAF) is based on the Strategic Objectives and identifies key risks to each of the workstreams. Quarterly updates on the BAF are presented to the Performance and Assurance Group and to the Board of Directors
- Board of Directors – oversight of the Corporate Risk Register

Risks highlighted through these quality monitoring processes are managed using the process outlined in the Trust's Risk Management Framework.

The Trust also has an annual internal audit plan in place for 2014/15, which includes audits in the domains of clinical quality and governance and risk. All audits are rated and action plans developed and monitored through the Trust's Audit Committee.

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

The committees and groups within the governance structure meet on a regular basis to review plans for quality improvement, challenge areas of concern and manage in-year issues. The Senior Leadership Team (SLT) oversees the development and review of the overall QIPP programmes that are then presented to the Board of Directors.

Performance against key quality measures is reported to and monitored by the:

- Council of Governors
- Board of Directors
- Clinical Governance Group
- Performance and Assurance Group
- Organisational Learning Forum
- Business Division Clinical Governance meetings
- Audit Committee

and externally to our commissioners via the Quality Review Group and the contract monitoring meetings. In addition, the Trust works collaboratively with a number of patient and carer groups in each of the localities in which the Trust provides services, who play a key role in providing us with feedback and challenge and in monitoring quality improvement. The Trust has reviewed its patient engagement approach and produced a new Listen to Learn Strategy. The implementation of this strategy is overseen by a steering group comprised of:

- Governors
- Trust members
- Representatives from patient and carer groups
- Representatives from each Healthwatch for the Trust's localities
- Representatives from each business division

This work is supported by an independent advisor experienced in community engagement.

The quarterly Quality Improvement Report is produced to analyse quality and report on performance against the key priorities, quality markers, CQUINs and the three

domains of quality. The information from each of the sections of the Quality Improvement Report is triangulated in the Conclusion section, and using the early warning indicators implemented by the Trust, services that have hit the early warning trigger points are highlighted. Actions to be taken are agreed by the CGG and followed up at the next meeting. Examples of the early warning system being triggered are the rising trend in the number of suicides in Adult Mental Health services and the rise in the number of pressure ulcers in Doncaster Community Integrated Services, and the approach taken to conduct monthly thematic and quantitative deep dives and to monitor progress against the quality improvements actions to address these areas and the lessons learned.

The Quarterly Quality Improvement Report supports the delivery of the Trust's Strategic Objectives, annual Quality Report, the Trust's quarterly self-assessment against Monitor's Quality Governance Framework and the forthcoming three-yearly Governance Reviews, and the embedding of the CQC Essential Standards (to be replaced by the CQC Fundamental Standards in 2014/15). In addition, the business divisions' performance, including quality improvement work, is reviewed by the Senior Leadership Team and outcomes reported to the Board. Where progress is not sufficient, improvement actions are agreed and progress towards achievement is monitored. In addition, a bespoke Quality Improvement Report is presented to every Council of Governors meeting.

In November 2013 a revised approach to presenting performance information to the Board of Directors was agreed. The two Service Directorates produce a one page performance dashboard for each of their business divisions. The dashboard is presented to the Performance and Assurance Group on a monthly basis for analysis and discussion. The dashboards are then presented to the Board of Directors with the focus on performance exceptions highlighted by the Performance and Assurance Group.

3.6 What the quality plans mean for the foundation trust's workforce

The clinical workforce strategy is central to the delivery of on-going high quality services. The Trust's professional strategy and the quality strategy are the two key strategies within the Trust that support the clinical workforce in the continuous improvement of service quality, safety and effectiveness for all service users/patients and carers.

Key workforce pressures are identified and assessed with regard to their clinical quality impact through the application of the Trust's quality impact assessment process, which includes outcomes with regard to clinical sustainability. Once complete and having been signed off by the Medical Director and Director of Nursing, the outcomes form part of the Trust's QIPP approach.

A clinical staffing review group has been formed, to respond to the national recommendation that NHS trusts have the right staff, with the right skills, in the right place. There is key representation from each business division to develop and implement the staffing review for both inpatient and community services where relevant. An inpatient escalation process focusses on acuity and dependency levels,

aligning the staffing review with the quality impact assessment process and benchmarking against best practice, nationally.

As part of the Trust's approach to the development of new ways of working, senior Advanced Practitioner roles continue to be developed in conjunction with partner universities. There are plans to further develop these roles within specific clinical services including Older People's Mental Health Services. In mental health services, existing independent non-medical prescribing roles are being developed and expanded.

The Trust has become increasingly aware of the risks posed through changes in the commissioning arrangements for some of its services, leading the Trust to develop stronger and more expansive partnerships with third sector providers and community groups, and to consider how it can reduce workforce costs within a more competitive market.

The growth in self-directed care, peer support and recovery model approaches has been matched by a recognition that traditional models of service delivery are struggling in some areas to meet the growing demands placed on the Trust's services. The development of this agenda is requiring changes in the Trust's workforce, on a structural level and in the way that staff engage with service users and with the wider community to source different forms of support for individuals. Examples of this work include the establishment of a social enterprise which will support vocational placements for service users and the development of recovery colleges, currently in pilot form in North Lincolnshire.

The landscape for consultant recruitment tends to change quickly both in terms of the ability to recruit to certain specialities and within certain geographical areas. Because of this, the Trust has developed excellent training links with the local Postgraduate Rotational organisers so that psychiatric trainees always bear the Trust in mind when seeking consultant positions. The Trust is an attractive organisation to work for as evidenced by the number of applications received from doctors practising in other areas of the United Kingdom and Europe.

Following the Nursing and Midwifery Council (NMC) decision to implement revalidation of nurses, the Trust is reviewing the documentation, procedure and process in order to establish how revalidation may support continuing professional development and provide clarity regarding conduct and competence in all nurses.

As part of the engagement with the Local Education and Training Board (LETB), the Trust is actively working to support both the development of the Healthcare Assistants Care Certificate and values-based recruitment for all students entering clinical education programmes within the Trust. In addition, we utilise values based recruitment for non-professionally qualified staff.

If the Trust is to overcome the challenges it faces, it needs staff who feel they are part of an organisation that values them, supports them and provides the environment in which they can do their best. To support these challenges the Trust launched the Fit for the Future Leadership Development Programme for all managers and leaders in the Trust, which explores leadership behaviours and

organisational culture. Elements of this programme are then communicated with staff below Band 7 through a series of 'Leading the Way with Quality' workshops, led by the Chief Executive. However, the Trust has evidence of an improving picture of staff satisfaction through the annual staff survey.

3.7 The Trust's response to Francis, Berwick and Keogh

The Trust produced a response to the Francis Inquiry and to the two Government responses, which details the changes that have taken place within the Trust to address the issues raised, and also highlights areas where further improvement is still required.

The Trust's Francis Declaration was developed jointly by the Board of Directors and the Council of Governors representatives and jointly signed off by the Board of Directors and the Council of Governors at a public Board of Directors meeting, prior to publication on the Trust website.

In developing the Trust's quality improvement approach and the Francis Declaration, RDaSH has also taken the following national independent reports into consideration through its governance processes:

- Review into the Quality of Care and Treatment Provided by 14 Hospital Trusts in England, led by Professor Sir Bruce Keogh, the NHS Medical Director in NHS England
- *The Cavendish Review: An Independent Review into Healthcare Assistants and Support Workers in the NHS and Social Care Settings*, by Camilla Cavendish.
- *A Promise to Learn – A Commitment to Act: Improving the Safety of Patients in England*, by Professor Don Berwick
- *A Review of the NHS Hospitals Complaints System: Putting Patients Back in the Picture* by Rt Hon Ann Clwyd MP and Professor Tricia Hart
- *Challenging Bureaucracy,* led by the NHS Confederation.
- The report by the Children and Young People's Health Outcomes Forum, co-chaired by Professor Ian Lewis and Christine Lenehan.

Based on the recommendations from the Francis Inquiry the Board of Directors has identified four Francis priorities for further development and consideration over the next 12 months:

- Culture
- Engagement
- Non-professionally qualified staff
- Supporting whistleblowing

A mid-year review of progress will be considered by the Board of Directors and Council of Governors.

3.8 Risks to delivery of key plans

The risks associated with the delivery of the identified quality priorities have been recognised in the Trust's Board Assurance Framework. These risks will be managed and the mitigation monitored through the Performance and Assurance Group.

The key risks to quality plans include:

- Lack of progress of quality improvement with regards to clinical leadership may result in managers not having the appropriate skills or experience to manage the workforce in achieving an acceptable level of service and performance resulting in poor clinical practice.
- Lack of progress of quality improvement with regards to personalised care may result in services not complying with the Essential Standards of Quality and Safety for patient care.
- Failure to provide a safe and secure environment may result in increased incidents/accidents, serious incidents, complaints and claims.
- Failure to put in place an effective process to report, investigate and monitor incidents, complaints and claims may result in lessons learnt not disseminated throughout the Trust.

The monitoring of progress through the governance structure is further supported by the Trust's risk monitoring procedures.

Our clinical audit strategy and annual clinical audit programme are shaped by our strategic priorities, meet national and local expectations, prioritise local concerns and enable us to make sure that improvements are implemented and sustained.

3.9 Contingency that is built into the plan

As part of the financial plan the Trust aims to maintain a surplus during the year, which can provide non-recurrent funding to support quality improvement projects, as identified. The identification of areas where additional funding may be required and the resulting plans are approved by the Senior Leadership Team and the Board of Directors. Non-recurrent support has also been provided by the Clinical Commissioning Groups that commission the Trust's services.

Examples of where non-recurrent funding has been used previously to address quality areas are the Quality Improvement Team, the Records Management post, the Fit for the Future organisational development programme, support to deliver CQUIN improvements, enhancing the Patient Safety Team and supporting Care Pathways and Packages developments. This investment equates to approximately £1m over two years. The outcomes from this investment include:

- **Quality Improvement Team** – improved information, communication and patient experience; reduced waiting times; improved performance; design and implementation of Standard Operating Procedures.
- **Records Manager** – providing guidance and training to staff regarding best practice for records management; promoting compliance with Trust policies and CQC Essential Standards; assisting the Information Governance Team to

comply with the Information Governance Toolkit requirements for records management and increased efficiency in the storage and retrieval of records.

- **Fit for the Future** – seven organisational development sessions have been delivered to all Band 7 and above staff with line management responsibility on areas including building a shared vision of quality services; leading your team through change; leading in partnership; leading your team to success; inspiring your team.
- **CQUIN** – over the past two years the Trust has successfully achieved the majority of the CQUIN schemes in both mental health and community services, supported by the CQUIN Programme Manager. This has resulted in improvements in patient experience, patient safety and the development of patient outcome tools across all the business divisions.
- **Patient Safety Team** – improved capacity to conduct investigations into incidents in the Adult Mental Health Business Division and increase organisational learning following incidents.
- **Care Pathways and Packages** – the Trust continues to be involved in the development of the national payment and pricing system and care pathways. The Care Pathways and Packages Team is involved in developing the pricing system both nationally and locally, improving data quality and working in each of the localities to develop care pathways with GPs.

In 2014/15 non-recurrent funding has been identified, in addition to a general contingency fund for managing risk, to continue funding the quality areas identified. Some of these functions are being mainstreamed:

- The Quality Improvement Team and developing the Clinical Audit facilitator roles to become quality improvement facilitators.
- The Records Manager.
- The CQUIN Programme Manager.

4. Operational requirements and capacity

4.1 Assessment of inputs needed over 2 years – expected activity levels

4.1.1 Context

The Trust's Business Strategy 2012 – 2015 was approved by the Board of Directors in March 2012 and covers the period of this operational plan. The strategy includes the following elements:

- Overall strategic approach to new opportunities
- An assessment by business division of the potential service transformation and new business opportunities anticipated
- An assessment by business division of the identified business risks

Monitoring in relation to the delivery of the strategy is undertaken by the Business Development Forum, with representatives from each business division. Reports are presented to the Finance Infrastructure Business Development Group and final approval is undertaken by the Board of Directors.

The Trust has been engaged by each of its three main NHS commissioners in relation to developing their commissioning intentions and the impact on services for

the life of the plan. The corresponding three Local Authorities that commission our services have also involved the Trust in developing their plans for mental health, learning disabilities and public health services. In addition, the Trust has been engaged in the local health economy development of their plans in relation to the Better Care Fund, through its membership of the respective Health and Wellbeing Boards, as detailed in section 2.3 above.

The Trust has commenced the process of reviewing its strategy to encompass the next five years to inform the strategic plan through the business divisions, the Senior Leadership Team, the Board of Directors and the Council of Governors.

4.1.2 Assessment of Inputs

Through the contracting process, the Trust has an agreed Service Development and Improvement Plan with each of its NHS commissioners that identifies the joint workstreams for the period of this plan. Across the commissioners, there are some consistent themes emerging of the service transformation and developments required in each local health economy. These include:

- Enhancement of psychiatric liaison services to support bed management in the acute hospitals
- A review of community mental health services, incorporating capacity and demand considerations
- Development of community service pathways

Doncaster Metropolitan Borough Council has closely involved the Trust in its plans to transform the public health services provided. The 2014/15 contract details a project plan for each of the services commissioned to deliver new, innovative and more efficient services during the 2014/15 financial year.

The Trust is actively engaged with the priority workstreams of the Rotherham Health and Wellbeing Board to improve early help, support self-management and to improve outcomes for those people with long term health conditions.

In North Lincolnshire, the Trust is involved in the Healthy Lives, Healthy Futures initiative, which aims to provide sustainable services across North and North East Lincolnshire. Specifically in North Lincolnshire, the frail and elderly pathway development commenced in early 2014 and involves staff from the Trust's Older People's Mental Health business division.

In order to support the level of transformation required across our local health economy, the Trust is seeking to maximise the use of its assets, particularly the available estate on the St Catherine's/Tickhill Road Hospital site in Doncaster over the next five years. This is being explored further to inform the five year strategic plan.

Predicted growth in demand has been projected over the next two years, based on current trends, information from the respective Joint Strategic Needs Assessments and changing commissioner requirements. A number of areas of high demand have been identified that have been built into the detailed operational plans for each business division.

In summary, these areas of high demand can be categorised as:

- Increasing numbers of referrals into community services across all business divisions as a result of:
    - Demonstrable increases in need, for example in adult mental health services, dementia services, child and adolescent mental health services and community nursing services
    - Higher levels of demand as a result of increased awareness and higher expectations of services, for example, in Improving Access to Psychological Therapy (IAPT) services
- Increased demand for specialist services, and from commissioners for care pathways to meet these needs, for example autistic spectrum pathways in learning disability and adult mental health services
- Impact on community services of the development of initiatives to reduce hospital admissions and to facilitate early discharge, including the impact of the Better Care Fund, notably within the Doncaster Community Integrated Services
- Changes in national commissioning philosophies, for example towards recovery outcomes for substance misuse services
- Supporting acute trust partners to manage admissions and discharges, through the further development of liaison services

4.2 Key risks and how to adjust input to match different levels of need

The Trust, in conjunction with its Governors, has identified the following as its key risks going forward:

- Maintaining the quality of services
- The financial challenge;
- The changing commissioner landscape;
- Commissioner expectation in relation to level and standard of service provision;
- Improving our competitive edge.

The risk associated with the financial challenge includes meeting the tariff requirements and contributing to the wider local health economy efficiency requirements. This is being managed by working collaboratively with all of our commissioners and the other stakeholders in the health and social care economy within each locality. In addition to the existing partnership working, further joint developments will be sought during the development of the Strategic Plan to ensure that all opportunities are exploited to the full.

The commissioner landscape continues to be embedded in each of the localities in which the Trust provides services. The changing of commissioning responsibilities for some services and the complexities of commissioning boundaries for others, presents a level of uncertainty for planning the development of service provision. The Trust will continue to ensure that its relationships throughout the organisation are strong and influence commissioner and partner behaviour to achieve the necessary clarity during the lives of both the Operational and Strategic plans.

The Trust has identified that over the next two years it will need to work with commissioners to achieve a shared understanding of the balance between capacity and the service offer for some of our services. This should provide commissioners with more flexibility to target resources to achieve the greatest impact. Examples of this may be the work of Flourish Enterprises in relation to vocational training services for patients, to be formally established as a Community Interest Company from April 2014, and the development of a recovery college model. This may also provide opportunities for commissioners aligned to the utilisation of the Better Care Fund. This work will continue during the development of the Strategic Plan.

The requirement to consider our competitive edge is as a result of the increase in procurements, particularly for public health and other Local Authority commissioned services. A number of enablers have been identified to support the Trust in this, which include:

- consideration of how the Trust can reduce workforce costs for certain services;
- identification of additional capacity to respond to procurements and to improve marketing;
- development of alternative business models for some services;
- increase in the number of partnership approaches, including third sector.

The Business Development Forum has been monitoring the service specific business risks during the life of the Business Strategy 2012-2015. These risks are identified through market intelligence and as contracts are due for renewal or re-tendering. The management of these risks includes commissioner relationship management at all levels of the organisation and developing efficient and high quality services, through transformational change. The intention to include asset utilisation within the Strategic Plan will also support the mitigation of procurement risk and may offer some exciting opportunities for the local health economies, through the Better Care Fund.

5. Productivity, efficiency and QIPP

The Trust finalised its QIPP plans for 2014/15 at its Board of Directors meeting in February 2014 and has high level proposals to achieve its cost reduction targets for 2015/16. Work is being undertaken to develop these proposals for 2015/16 for early consideration, through the utilisation of further efficiency and productivity opportunities, and through innovation and service development.

5.1 QIPP plans for 2014/15

A Board of Directors development session was held on 27 January 2014 where each division presented their QIPP plans for 2014/15. A final position paper was presented to the February Board of Directors meeting for sign off showing the current position in relation to financial delivery and the quality impact. All plans have been assessed on their quality impact, with the more complex schemes assessed using the Birmingham quality impact assessment (QIA) tool.

The current position in relation to the financial delivery of the £6.5m savings requirement is as follows:

- £0.5m managed through the inflation assumption and therefore assessed as achieved
- £2.4m initiatives (savings plans in place - minimal risk)
- £2.5m initiatives (savings plans identified - medium risk)
- £1.1m initiatives (further work required - high risk)

In relation to the £1.1m high risk rated schemes these are broken down as follows:

- Final plans still subject to review - £0.6m
- Staff consultation process on going - £0.2m
- Work on-going with commissioners - £0.3m

Action plans have been developed in respect of all the high financial risk areas and regular reports are provided to the Finance, Infrastructure and Business Development Group and the Board of Directors. The QIA risk rating and the associated financial values are included in section 5.4.

5.2 QIPP plans for 2015/16

The business divisions and corporate directorates have commenced their detailed plans for 2015/16. The Trust recognises that the QIPP planning process needs to move to a two year framework in the future but the Trust's work on the QIPP plans for 2015/16 commenced in mid-2013, prior to the publication of the guidance which informed this two year operational plan. For 2015/16 the Trust has identified a QIPP target of £6.1m.

There may also need to be additional consideration of any strategic plans to achieve QIPP targets and objectives that require delivery over a longer timescale. An example of this could be the full transformation of a service into a new service model that will better meet future need, but which cannot be achieved through an incremental approach. Such a large scale change may require a planning and implementation timescale over a number of years.

The QIPP plans for 2015/16 for each business division include initiatives designed to achieve further efficiencies from existing services, the transformation of services and potential income from the development of new services. An initiative prioritisation exercise will be undertaken during the first quarter of 2014/15 of the potential developments which have already been identified by each business division. This will enable the planning, development and implementation of each scheme, taking into account the assessed priorities. This will be captured in the Trust's Strategic Plan and also inform the initiatives that will be taken forward beyond 2015/16.

5.3 Health economy initiatives

The Trust has engaged in work with each of its principal commissioners to identify collaborative approaches to achieving efficiency and innovation based savings across the respective health economies. Initiatives have included plans to reduce drug spending across health economies and to increase opportunities for shared care models of service.

In North Lincolnshire, the Trust is working with commissioners to achieve additional savings for the CCG, beyond the required annual efficiency saving and cost

pressures faced by the services. In 2011/12 North Lincolnshire PCT set an additional QIPP target of £1m over three years across their mental health spend. The Trust and the commissioners have worked together over the last three years to develop and agree areas to deliver this target.

Working jointly £650k of this additional QIPP target has been achieved through undertaking specialist assessments at no additional cost to the CCG, reviewing placements which provide for complex care needs, the provision of a locked rehabilitation facility for patients previously placed out of the local area and the absorption of non-contract activity within the block contract.

A number of plans are being considered in order to achieve the remaining £350k target:

- Provision of an experienced case manager to review and manage out of area placements
- Wrap around services for patients with complex needs, to avoid expensive out of area placements
- Additional mental health liaison into the Accident and Emergency department, to reduce acute hospital costs
- Minimising the cost of the projected increase in dementia activity
- Consideration of the financial and clinical benefits of introducing crisis beds within the local community
- Increasing the recovery rate for the IAPT Service to generate a quality premium for the CCG
- Impact analysis of a range of potential changes within the services

5.4 Quality Impact Assessment (QIA)

The QIA process for the 2014/15 QIPP schemes has been overseen by the QIA Steering Group. The membership of the group comprised:

- Deputy Chief Executive/Director of Nursing and Partnerships
- Medical Director
- Service Directors or representatives
- Chairman
- Deputy Director of Allied Health Professionals and Standards
- Commercial Development Director

The Group was established in August 2013 and has met regularly since. The Group has:

- approved the QIA process
- reviewed the submitted QIPP plans for each business division
- stipulated the required QIA approach for each of the schemes
- undertaken a confirm and challenge process in relation to completing the QIAs and the resultant risk rating
- reviewed the risk ratings and provided further comment and insight on the further development of schemes

It was noted that none of the schemes will reduce the level of nursing staff on inpatient wards below the levels reported to the Board of Directors in November 2013. The future work of the Clinical Staffing Review Group, particularly in relation to the role of Allied Health Professionals will support the business divisions with the further development and implementation of relevant schemes. All proposals identify mitigation plans where risks are identified.
Progress in relation to the QIA process has been reported to the Finance Infrastructure and Business Development Group, through the QIPP reports in May 2013, July 2013 and November 2013, and reported to the Board of Directors in February 2014.

The QIA process identifies four levels of quality impact. The four levels, distribution of the value of the 2014/15 QIPP schemes and mitigation are:

- **High risk**
  Definition-The impact of the proposed QIPP scheme **would** impact significantly on standards that are critical to care. Failure to meet these standards would result in a significant threat to patient safety, rights or dignity and/or would breach the law**.**
  Value - £0.3m (4.6 % of overall programme)
  Mitigation - A review is being undertaken by the Adult Mental Health business division of schemes relating to the community mental health services. This will form part of the acute care pathway review. The Trust will be providing non-recurrent financial support in 2014/15 to allow a full consideration of this review and a phased implementation of the final plans.

- **Medium/high risk**
  Definition- The impact of the proposed QIPP scheme **could** impact significantly on standards that are critical to care. This can be due to lack of assurance at this stage, as further detailed planning of the scheme is required with commissioners and/or stakeholders. The scheme has the potential to be rated as having a lower risk.
  Value - £1.4m (21.5% of overall programme)
  Mitigation - Schemes approved by the Nurse Director, Medical Director and Board of Directors. Risk to be managed through the Business Division Risk Register process.

- **Medium risk**
  Definition - The impact of the proposed QIPP scheme would impact on the standards that a team providing a good service would be expected to meet. They are likely to impact on the Trust's ability to deliver the current contracted service specification, though with service redesign and commissioner agreement the proposals could still go ahead.
  Value - £2.5m (38.5% of overall programme)
  Mitigation - Schemes approved by the Nurse Director, Medical Director and Board of Directors. Risk to be managed through the Business Division Risk Register process.

- **Low risk**
  Definition - These standards are inspirational and would be those that an excellent team should meet or standards that are not the direct responsibility of the team. Therefore there would be little or no impact on the quality of the service delivery.
  Value - £2.3m (35.4% of overall programme)
  Mitigation - Schemes approved by the Nurse Director, Medical Director and Board of Directors.

QIA action plans are required for the high risk schemes which are all in the Adult Mental Health business division and involve complex workforce change during 2014/15.

The QIA process for 2014/15 was subject to an internal audit review to inform the future development of the process. The draft report identified no high risk issues for action in respect of the QIA process.

The Trust will continue to use the QIA process to support any proposed changes to service provision or transformation as a mechanism to assess and mitigate risks to the quality of services provided. This includes the 2015/16 QIPP programme, local health economy initiatives and business division driven service transformation.

5.5 Mutually Agreed Resignation Scheme (MARS)

The Trust has launched a MARS scheme to help facilitate the delivery of these plans. The aim of this scheme is to both reduce posts in the areas needed and to release capacity for re-deployment across the Trust's wider services. This process was successfully utilised two years ago to assist the cost improvement and transformational plans of the Trust. Applications to the scheme closed at the end of January 2014 and 137 applications were considered. These applications were evaluated during February 2014 to see how the approved applications support the delivery of the QIPP plans. Sixty-six applications have been provisionally approved and individual members of staff are considering their positions in respect of their offers. Once approved, the applications will release savings in support of the QIPP schemes, through the deletion or redesign of posts across operational and corporate services.

5.6 Board Approval

The above QIPP schemes for 2014/15 were considered and approved by the Board of Directors on 27 February 2014, noting the outcomes of the quality impact assessments, the residual risks identified and the mitigation plans.

6. Financial plan commentary

6.1 Introduction

The purpose of this section is to set out the main financial assumptions in relation to the base financial plan for the financial years 2014/15 and 2015/16. In addition, this section will highlight the key financial risks facing the Trust over the next two years.

6.2 Income and expenditure assumptions

The current income and expenditure assumptions are based on the 2014/15 Tariff guidance, current contract agreements for 2014/15 and intelligence derived from the Yorkshire and Humber Finance Directors meetings.

6.2.1 Income assumptions

In relation to the contract negotiations for 2014/15, the Trust has reached agreement with all of its main commissioners and this final agreement is reflected in the income figures in the table below. Discussions are still on-going with some of the Trust's commissioners in relation to in-year developments and non-recurrent support for the Francis recommendations. However, in relation to the plan this potential income has not been anticipated as these plans have not been finalised.

The forecast outturn recurrent income position for 2013/14 is £156.6m. The financial model projects an annual income reduction of around £3m per year in 2014/15 and 2015/16. In addition to this, the pay and non-pay inflationary costs increase the cost base by around 2.2% of income which makes up the annual efficiency target of £6-7m per year. The income estimates for 2015/16 do not include the impact of the Better Care Fund at this stage and this will be covered in more detail in the risk section.

6.2.2 Expenditure assumptions

The national tariff deflator agreed with commissioners for 2014/15 is 1.8% broken down as per the table below:

Income reduction	-1.8%
Inflationary assumption	-2.2% of income
Assumed efficiency through tariff	4%

The same assumption has also been carried over to 2015/16 based on the latest intelligence that no significant change to the tariff deflator is expected at this stage.

Therefore on the assumption that the QIPP plans have been delivered the allocation of the 2.2% inflationary pressures in 2014/15 and 2015/16 are detailed below:

Expenditure Heading	**% of income**
Pay increase	0.79% - Equating to a 1% pay award each of the 2 financial years (see note below)
Agenda for Change incremental drift	0.79% - Assuming a 1% pressure on pay from incremental progression
Drug costs	0.10% - Assumes a 5% increase in drugs costs to also include the cost impact of new drugs
Non-pay and capital charge increases	0.52% - Allocated to specific RPI linked contracts (e.g. PFI) with the rest allocated to the business divisions.

Note – The pay assumption has been recalculated to reflect the pay award announced on 13 March 2014. There is a financial benefit on the initial assumption

due to the fact that only a proportion of the workforce will receive a 1% pay award. This benefit will be used to manage financial risk across the business divisions.

The Trust has put forward some proposals to the commissioners in relation to Francis proposals and in line with the 0.3% adjustment for acute services. These are still being considered and have therefore not been anticipated in the income positions. The unavoidable costs have been covered through reserves at this stage of the plan. No allowance has been made in 2015/16 for the pension cost pressure, as the base case assumes this will be funded by an adjustment to tariff. This is however, covered in the risk section of this paper.

6.2.3 CQUIN

CQUIN has been reflected in the model at 2.5% of income (around £3m per year). The CQUIN requirements have been agreed for 2014/15 as part of the contract agreement.

6.2.4 EBITDA / Surplus assumptions / surplus by division

At their February 2014 meeting, the Board of Directors considered a number of options in relation to the surplus position for 2014/15. The consideration took into account the Trust's strong opening cash position and the need to identify a fund for capacity to take forward the plans to deliver the Trust's longer term strategy.

The table below summarises the 2 year income and expenditure position.

Detail	**2013/14 (forecast)**	**2014/15**	**2015/16**
EBITDA (%)	5.26	4.74	5.0
Surplus	£1.7m (1.0%)	£642k (0.41%)	£1056k (0.7%)
Capital Service Cover	1.87 (3)	1.77 (3)	1.87 (3)
Liquidity	8.7 (4)	6.7 (4)	5.4 (4)
Overall COSR	4	4	4

The above table shows that the Trust has opted for a reduced EBITDA in 2014/15 of 4.74%. This will allow the Trust flexibility to manage any capacity issues relating to the delivery of the Strategic Plan.

6.3 Balance sheet

6.3.1 CAPEX

The first 2 years of the capital plan are incorporated in the financial model and the key messages for the period 2014 to 2016 are:

- Annual amounts have been reserved to cover backlog maintenance and IT issues
- Issues from 2013/14 have been carried forward (e.g. anticipated estates expenditure)
- An amount of £300k has been reserved for the refurbishment of the Adult Mental Health wards in Doncaster in response to CQC feedback.
- £5m over the 2 year period has been reserved to cover clinical and business developments

- £300k contingency has been provided to cover any higher than expected capital costs
- The model assumes slippage each year which is in line with previous years

6.3.2 Cash flow

The year-end estimated cash position for 2013/14 is £21.5m (this could be higher depending on the final contractual and non-recurrent agreements with commissioners). This is after allowing for a repayment of £3m on the Foundation Trust Finance Facility (FTFF) loan in March 2014, in respect of the Rotherham inpatient services modernisation scheme. Based on the current assumptions in the financial model the cash position will reduce slightly to £18.6m in 2014/15 and £18.1m in 2015/16, the overall reductions being a combination of capital spend above depreciation and a reduction in working capital mainly attributable to provisions. The financial impact of establishing the Flourish social enterprise is not included in the plan at this stage but this will not be a material impact. The business case has been approved but work is still on-going to register the company and to finalise a date of incorporation.

6.3.3 Other balance sheet issues

The following issues need to be noted in relation to the current balance sheet model:

- The asset values have been amended to reflect the revaluation exercise completed by the district valuer in 2013/14.
- The balance sheet balances will be adjusted to reflect the Trust impact of the establishment of the social enterprise when this is incorporated.
- The balance sheet balances have been adjusted to reflect the £3m repayment of the FTFF loan.

6.4 Continuity of services ratio (COSR)

Of the two ratios that make up the COSR, the Trust has a very strong liquidity ratio but the capital service cover ratio is more challenging due to PFI and other loan financing. In order to strengthen this ratio using the strong liquidity position, the Trust has taken a decision to repay £3m of the FTFF loan. As a result of this, if the Trust delivers the 2 year plan detailed in this paper then it will retain a COSR of 4 in both of the planned financial years. This is summarised in the table below:

Ratio	**2013/14 (forecast)**	**2014/15**	**2015/16**
Capital service cover	1.87 (3)	1.77 (3)	1.87 (3)
Liquidity	8.7 (4)	7.4 (4)	6.1 (3)
Overall COSR	4	4	4

6.5 Risks

6.5.1 Risks 2014/15

The key finance risks in the financial year are as follows:

- Non achievement of CQUIN

- Non achievement of the agreed QIPP plans /higher than anticipated savings requirements
- Loss of further contracts through market testing

6.5.2 Risks 2015/16

The finance risks in 2015/16 are as per the risks detailed above for 2014/15 with two additional risks as follows:

- The full introduction of the Better Care Fund and the pooling of significant NHS resources with the Local Authorities will result in higher savings requirements and more contracts been subject to market testing. This is likely to have a greater impact in Doncaster, particularly for Doncaster Community Integrated Services
- Some new legislation is expected in relation to pension contributions which if not funded through tariff will result in additional cost pressures.

The financial plan retains a risk reserve each year to provide a contingency to manage this risk.

6.6 In conclusion

Although the financial challenges will be significant in 2014/15 and 2015/16, the Trust will be approaching these challenges with a solid financial base in the form of cash reserves of £18m to £20m and a strong liquidity position.