Calderstones Partnership NHS
NHS Foundation Trust

Strategic Plan Document for 2014-19

Calderstones Partnership NHS Foundation Trust

Strategic Plan Guidance – Annual Plan Review 2014/15

The cover sheet and following pages constitute the strategic plan submission which forms part of Monitor's 2014/15 Annual Plan Review.

The strategic plan must cover the five year period for 2014/15 to 2018/19. Guidance and detailed requirements on the completion of this section of the template are outlined in Section 5 of the APR guidance.

Annual plan review 2014/15 guidance is available here.

Timescales for the two-stage APR process are set out below. These timescales are aligned to those of NHS England and the NHS Trust Development Authority which will enable strategic and operational plans to be aligned within each unit of planning before they are submitted.

Monitor expects that a good strategic plan should cover (but not necessary be limited to) the following areas, in separate sections:

1. Declaration of sustainability
2. Market analysis and context
3. Risk to sustainability and strategic options
4. Strategic plans
5. Appendices (including commercial or other confidential matters)

As a guide, we would expect strategic plans to be a maximum of fifty pages in length.

As a separate submission foundation trusts must submit a publishable summary. While the content is at the foundation trust's discretion this must be consistent with this document and covers as a minimum a summary of the market analysis and context, strategic options, plans and supporting initiatives and an overview of the financial projections.

Please note that this guidance is not prescriptive. Foundation trusts should make their own judgement about the content of each section.

The expected delivery timetable is as follows:

Expected that contracts signed by this date	28 February 2014
Submission of operational plans to Monitor	4 April 2014
Monitor review of operational plans	April- May 2014
Operational plan feedback date	May 2014
Submission of strategic plans (Years one and two of the five year plan will be fixed per the final plan submitted on 4 April 2014)	30 June 2014
Monitor review of strategic plans	July-September 2014
Strategic plan feedback date	October 2014

1. Strategic Plan for y/e 31 March 2015 to 2019

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

Name	**Nik Khashu**
Job Title	**Director of Finance**
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Tel. no. for contact	**01254821180**
Date	**30.06.2014**

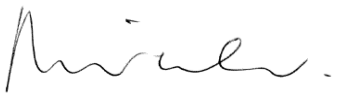
The attached Strategic Plan is intended to reflect the Trust's business plan over the next five years. Information included herein should accurately reflect the strategic and operational plans agreed by the Trust Board.

In signing below, the Trust is confirming that:

- **The Strategic Plan is an accurate reflection of the current shared vision and strategy of the Trust Board having had regard to the views of the Council of Governors;**
- **The Strategic Plan has been subject to at least the same level of Trust Board scrutiny as any of the Trust's other internal business and strategy plans;**
- **The Strategic Plan is consistent with the Trust's internal operational plans and provides a comprehensive overview of all key factors relevant to the delivery of these plans;**
- **All plans discussed and any numbers quoted in the Strategic Plan directly relate to the Trust's financial template submission; and**
- **The 'declaration of sustainability' is true to the best of its knowledge.**

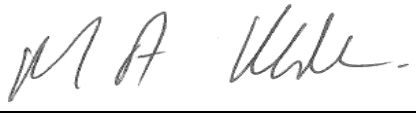
Approved on behalf of the Board of Directors by:

Name *(Chair)*	Rupert Nichols

Signature 

Approved on behalf of the Board of Directors by:

Name *(Chief Executive)*	Mark Hindle

Signature 

Approved on behalf of the Board of Directors by:

Name *(Finance Director)*	Nik Khashu

Signature 

Foreword by the Chief Executive

We are delighted to present to you our Strategic Plan that sets out our strategy over the next five years.

The coming years will present to Calderstones many opportunities and challenges at the same time. In preparing for this journey we will be courageous, committed and are preparing for these challenges in readiness to provide not just good, but truly excellent, healthcare to those we serve.

We are experienced in delivering quality healthcare to people with learning disabilities in challenging times. We know we can make a real difference to people with learning disabilities. The on-going evolution of national policy provides us with an opportunity to prioritise our service users, stabilise our services and move forward to innovate and respond to our service users' needs by working differently.

This Strategic Plan provides you with the information you need and we welcome your discussion. We look forward to the future and hope that your share our vision.

Calderstones Partnership NHS
NHS Foundation Trust

Skills for Health Quality Mark
Apprenticeships in Health and Social Care
VALID TO: 07/2015

Triangle of Care
MEMBER

Nursing Times Awards 2013
Winner

Changing lives through ***excellence***

ELFS Shared Services
added value business partner

Future Directions™
A Community Interest Company
"Your Decisions, Your Future"

1. Executive Summary

We aim to change the lives of people with learning disabilities through the delivery of excellent care. We will continue to invest in the development of our unique and innovative services, working in close partnership with our commissioners, partners, staff, service users and other stakeholders.

Here at Calderstones Partnership NHS Foundation Trust, we have developed an award winning and high quality service over the last twenty years. This plan sets out our strategy for developing our services over the next five years. We aim to improve the health and wellbeing of people with learning disabilities. As well as our own service users, we aim to use our status as the only specialist learning disability trust in England to help service users across the country by developing best practice that is recognised and adopted nationally.

We have developed exciting plans for the future of our services which we believe will offer the best possible specialist support to people with learning disabilities anywhere in the England.

In developing our strategy, we continue to work closely with our service users, local people, our staff, commissioners and partners to ensure full engagement and communication.

Trust executives and relevant senior managers took a bottom up approach and considered the 5 year plans of each of its 6 services lines and Calderstones FT as a group. Those service lines were:-

1. Medium Secure Unit (MSU)
2. Low Secure Unit (LSU)
3. Step-down Service
4. Enhanced Support Service (ESS)
5. Future Directions CIC (FD)
6. East Lancashire Financial Services (ELFS)

Summary Conclusions

Formal alliance working with one or more preferred NHS providers that would complement the vision, values and strategic direction of Calderstones was the overall preferred strategic direction. This will be both on a horizontal and vertical review of services provided. The advantages include greater economies of scale, improved robustness of services, sharing of best practice, integrity of Calderstones FT, sharing of resources/investments and possible provisions of new services not currently possible to provide as a stand-alone organisation.

Risks recognised in this strategy include not fully achieving possible savings, integrity of partnerships, breach of competition rules, governance management, and sharing of financial gains.

If an alliance arrangement worked well and outcomes were acceptable then transforming an alliance into a more structured “Group” arrangement in the longer term would be considered. This arrangement would allow more benefits of partnerships to be realised. We anticipate future alliances to combine key talents from each organisation in an overseeing steering group, which will allow us to work in partnership whilst ensuring we protect the integrity of Calderstones values.

Whilst alliance working with preferred partners is the medium to long term strategy, the Trust will be scoping out three key business developments in parallel. These developments are based

upon market intelligence, commissioning intensions/discussions and addressing national reviews such as Winterbourne. In addition the Trust aims to capitalise upon our experience and expertise in delivering a range of ASC services recommended in the National Autism Strategy: Fulfilling and Rewarding Lives (2010).

At a service line, there were three main options proposed for further review and consideration. This was based on the SWOT review and prioritised as shown:

I. *Introducing an Assessment & Treatment Unit (ATU)*

   This would provide a new model of care, support commissioner's intensions and lower the risk on derogation of estate. If developed on our own then it would require capital investment, no guarantee of commissioners' support and possible reduced demand for secure services. Others options include use of other appropriate facilities within the North West region to house a unit like this, lowering the requirement on capital outlay.

II. *Expansion of MSU services*

   Current accommodation whilst acceptable is not best practice with respect to women/men dignity. Housing a unit either by expansion or renting an appropriate offsite facility would address this and provide additional bed space. This may accommodate possible extra demand for service from areas such as Northern Ireland, Wales and Scotland which we cannot support at the present time.

III. *LD Autistic Forensic Unit*

   We will investigate the development/re-provision of LSU beds off site, potentially with a partner focussing on developing a nationally recognised Learning Disability Autistic Forensic Unit.

The impact of the business plan and assumptions is an underlying surplus of c£75K from 2015/16 onwards. The LTFM calculates a CoSRR of 3 in each year after accounting for sales of some estates to support the capital cost of business plans.

Key assumptions in achieving this financial position will be the delivery of the Trust CIPs (c£1.5m pa), modelling of the 3 business development opportunities between years 3 to 5 and commissioning intensions.

1.1 Declaration of sustainability

The board declares that, on the basis of the plans as set out in this document, the Trust will be financially, operationally and clinically sustainable according to current regulatory standards in one, three and five years' time.	***Confirmed / Not confirmed***

The Calderstones Board **confirms** that, on the basis of the plans as set out in this document, the Trust will be financially, operationally and clinically sustainable according to current regulatory standards in one, three and five years' time.

The Board recognises that on its own will only be able to provide safe and sustainable services for the next 2 years (2014/15 to 2015/16). From 2016/17 onwards it would look to have implemented alliance working with appropriate providers to gain more economies of scale, improve clinical outcomes and effectiveness, consolidate market presence and address longer term commissioning intensions.

In recognising this agenda the Board has already authorised the preliminary engagement of key stakeholders in this journey including staff, commissioners, service users and other providers. Doing this early and with clarity gives an excellent chance in achieving our strategy from years 3 onwards.

The Board is sighted on the risks and assumptions included in achieving this strategy such as breakdown of alliance working, maintaining clinical, operational and financial performance, year on year efficiency challenges and achieving the challenging timeframes within a long term milestone plan. In mitigating against this the Trust has invested in key personnel to drive this transformational change around a robust and externally recognised as good practice governance arrangement.

The Trust's strategic vision and business objectives will be delivered through the organisation exploring and establishing alliances with a range of key stakeholders. There is a commitment to being recognised nationally as the leading provider of specialist Learning Disability services whilst being locally relevant to all its stakeholders. Our aim is to build upon our reputation and to improve our image and brand locally and nationally. A planned approach will be the key vehicle for guaranteeing the Trust's values, vision and service delivery are acknowledged and understood by stakeholders which will drive new business relationships, protect existing relationships and to customise how we communicate with them now and in the future.

2. Introduction

Calderstones Partnership NHS Foundation Trust is based in East Lancashire and is the only single-specialist NHS provider for people with learning disability or other intellectual and developmental disorders. We have delivered an integrated care pathway for a significant number of years to individuals with learning disability with complex needs across a range of medium, low and step-down facilities and in additional enhanced supported environments. We provide in-house service assessment and treatment for people with a learning disability who have significant and complex needs that cannot be met by local services.

National policy has focused services for people with learning disability on personalisation and empowering individuals who receive services to make decisions about their lives and the support services that they need and receive. These policies continue to provide the guidance and direction for service delivery:

- Valuing People, DoH, 2001
- Services for People with Learning Disabilities and Challenging Behaviour or Mental Health needs, DoH, 2007
- Meeting the Health Needs of people with Learning Disabilities, RCN, 2007
- World Class Commissioning: improving the Health & Well-Being of People with Learning Disabilities, DoH, 2009
- The Operating Framework for NHS in England, 2011/12
- The 2012/13 Adult Social Care Outcomes Framework: Transparency in outcomes; a framework for quality in adult social care, DoH, 2012
- Autism Act, 2009
- Fulfilling and Rewarding Lives: the strategy for adults with Autism, 2010.
- NICE Guidelines, Autism: recognition, referral, diagnosis and management of adults on the autism spectrum, 2012.

We constantly take into account the changing picture of health and social care policy and engaged in positive steps to improve outcomes and ensure the sustainability of our services. We have successfully achieved agreed targets without diminishing the quality of our services through working collaboratively with stakeholders across the local health economy. We have a well-established philosophy which guides the whole organisation to do the right things to support service users and that our services are the best we can make them.

Our services are designed to make positive changes to the lives of our service users. We therefore aim to move the service user back into the community at the right time so that they gain the benefit of a better quality of life than before they came to Calderstones. We provide comprehensive assessment and treatment for people with a learning disability who have significant and complex needs that cannot be met locally. Our focus is to deliver evidence based pathways through the range of services that are person-centred focused on promoting independence and real choice for our service users.

We understand that people's requirements can be very different and need a range of structured

interventions. To meet this challenge we employ highly skilled staff to work across our specialist accommodations. Combining this with our community and other on-site services means that we can provide specialist care packages for people who cannot be supported by other organisations. No other providers in the market can currently match the breadth and depth of the care pathway we deliver.

Trust Profile

We are a Foundation Trust that provides highly specialised residential treatment and community care to individuals presenting complex behavioural, mental health and social needs. We are the only specialised LD Trust in England.

- We accept referrals from the Secure Commissioning team in the North for individuals from the age of 18 upwards that require treatment in conditions of medium and low security including those with forensic needs and those who present with extremes of challenging behaviour.
- All of our service users receiving forensic services are detained under the Mental Health Act 1985 or other relevant legislation.
- We also offer an Enhanced Support Service which is the final step in the resident service user care pathway and prepares service users for the transition to more independent living in the community.
- Our Forensic Support Service supports people within the community who have Learning Disabilities and also have a history of, or at risk of, offending, posing a risk to themselves or posing a risk to the community. Our FSS service users are referred to us from a range of NHS and criminal justice agencies across the North West.
- In April 2012, the Trust also created a wholly owned subsidiary, Future Directions, as a community interest company, which works with health organisations, local authorities and housing associations to provide social care via supported living arrangements for people with learning disabilities to live in the community.
- We also host ELFS Shared Services (ELFS) that is the business division of the Trust and provides transactional financial and business systems services to 14 NHS service user organisations throughout England.

a. Our Mission

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

b. Our Vision

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

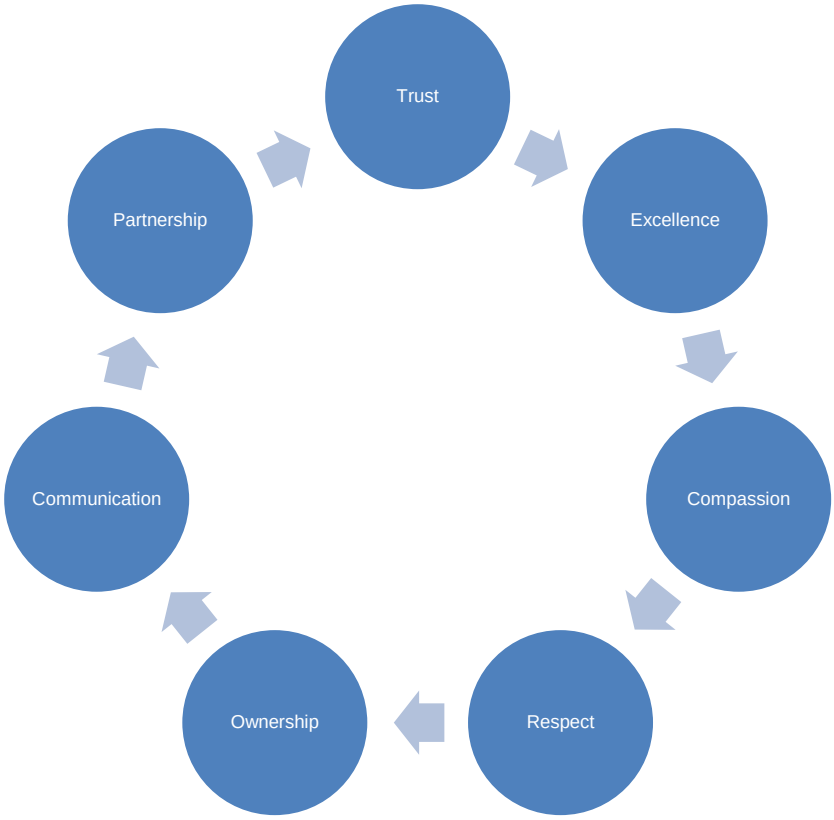
'Changing lives through excellence'

which we have defined by our three clear strategic intentions:

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

c. Our Values

Key to our success as an organisation is the behaviour of our team, both as a whole and as individuals. We have developed a set of seven core values which reflect the code of conduct we expect from our team as they interact with the each other, the public, service users, commissioners, partners and other stakeholders. These values are illustrated below.



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

d. Our Strategic Objectives

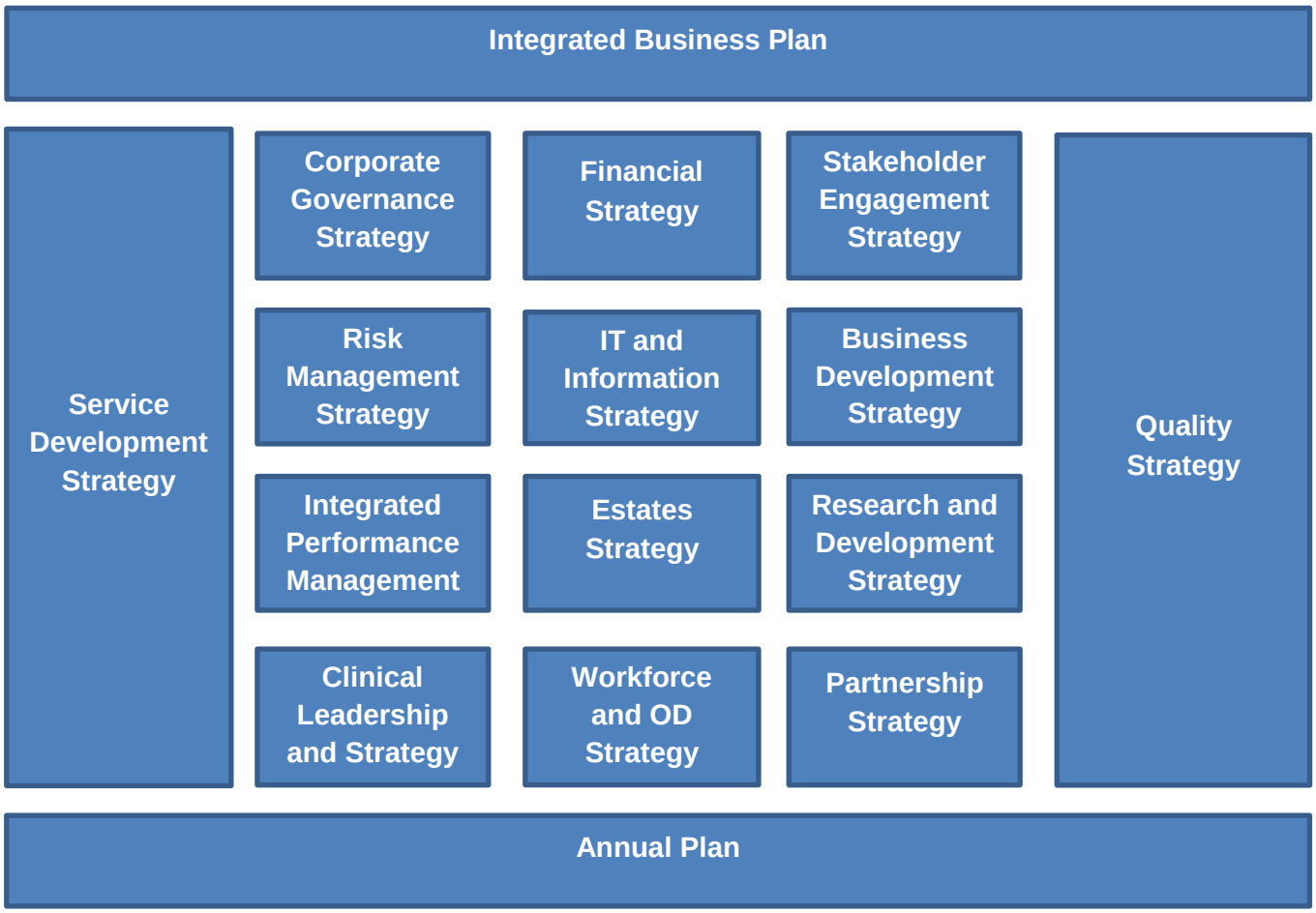
Our strategic objectives are integral to our vision, mission and values and address the needs of our stakeholders. We have developed six strategic goals to deliver our vision and values:

- To work collectively with service users and carers to agree desired outcomes, enable progression through the care pathway and to influence and develop best practice in service delivery
- To work with stakeholders to influence and develop future care pathways that are best for service users
- To develop and engage our workforce to design and deliver high quality care

- To implement innovative new ways of using physical resources to deliver care in more economical, effective and efficient ways
- To secure long term financial viability
- To build the Calderstones brand to achieve national recognition as a leader in the learning disability field.

A number of supporting strategies have been developed to enable us deliver against our objectives (Fig 1). Our overall strategy describes the systematic approach to enable the analysis, prioritisation and promotion of the Trust in markets in which we endeavour to retain, expand and develop new and existing business. In addition it allows the Trust to demonstrate its ability to be responsive to changing demands, create good customer experiences, provide meaningful services and be successful.

Fig 1: Trust Strategies



We aim to retain our position in the North West as a leading specialist provider of secure services for people with learning disability by being able to respond to changing demand and transforming our services to sustain a viable, safe and effective organisation. We will continue to improve our care pathway to meet the complex needs of individuals who use our services and to invest in the on-going development of the workforce.

The NHS is facing a period of significant challenge with increasing demand for healthcare; wider

competition and greater levels of scrutiny and monitoring to deliver services that can demonstrate clinical effectiveness; value for money and sustainability. The organisation aims to maintain our market position; achieve our financial and quality targets while implementing a robust programme to transform our services so that they are; responsive, cost effective, create good patient experience, are meaningfull to our service users and are successful. In addition the Trust has taken account of the key national reports and their recommendations, including Winterbourne, Francis, and Berwick, benchmarking practice against the key recommendations and developed a plan for service improvements as integrated into the annual plan and quality account.

e. Quality

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

Implementation of the Clinical Quality Strategy includes:

- Agreeing and promoting quality priorities within services to meet the Trust strategic goals
- Raising awareness of what drives quality by defining our quality priorities
- Promoting leadership at all levels to deliver the quality priorities
- Creating an understanding of the role and contribution every staff member can make to improve quality
- Promoting individual responsibility for taking action to improve safety, experience and outcomes for the people who use our services, their families and staff

Key Quality Risks

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

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

comprehensive and contemporary.

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

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

Monitoring Performance

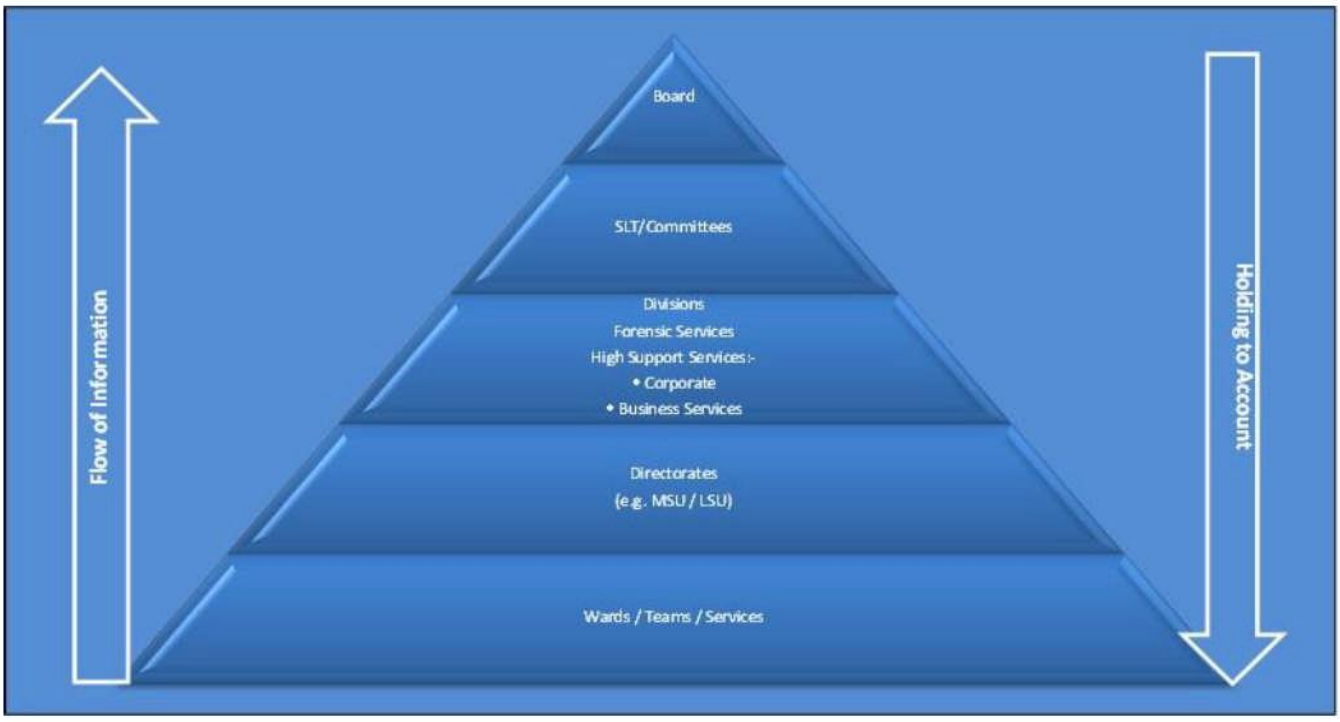
In September 2013 Deloittes undertook a review of quality and an up-dated Quality Governance Review. Several areas of practice were identified that need to be improved and a number of recommendations were made to progress the overall governance arrangements and to develop a reporting regime which provides the necessary assurance within the organisation and parameters for escalation. The follow-up review undertaken in June 2014 highlights that significant progress has been made and that the Trust has transformed its approach to governance and the importance placed upon it.

The Trust is committed to having robust governance arrangements and has incorporated the guidance produced by Monitor following the outcome of the Francis Report (2013). 'Well led Framework for Governance Reviews' emphasises the need for robust leadership, management and governance to ensure the delivery of high quality services and transparency and openness in governance arrangements. This will be embedded in the culture of our organisation.

The Trust has developed and implemented a range of policies, systems and processes, which drawn together, comprise a robust governance structure which provides a framework for assurance and escalation of quality and risk issues within the Trust. A Strategic Board Assurance and Escalation Framework has been developed that demonstrates how the Trust's quality systems and organisational learning from quality data is now monitored by an effective committee structure. The process links to Monitor's Quality Governance arrangements and the Care Quality Commission's requirements for registration. This provides the Trust Board with assurance about how the organisation is able to identify, monitor, escalate and manage concerns in a timely fashion at an appropriate level.

Processes for monitoring performance, managing risk, receiving assurance and escalating concerns are outlined in Fig 2 – Assurance and Escalation Pyramid. The diagram defines and demonstrates the route assurance and escalation takes. These processes commence at team level and managers and Executive Directors provide assurance or escalate concerns through the organisations structures.

Fig 2: Assurance and Escalation Pyramid



f. Commissioning Intentions

The Trust's portfolio includes the range of specialist secure and step-down provision contracted through Specialist Commissioning on a regional basis and a number of enhanced support beds funded through CCGs on a block contract arrangement. Commissioning intention indicates no change to the contractual arrangement during 2014/15. For CCG services only (ESS), they have intentions to tender out on a cost per case basis all currently contracted 44 packages of care. Their plan is for this to have been completed by August 2015.

Calderstones, in this business plan, has indicated its intention to retain a proportion of the work we currently deliver to service users within ESS, whilst tactically we would be striving to retain and create more of this activity.

Calderstones are part of a bigger Transformation group which is considering this commissioning intention. Other stakeholders include LAs, Specialist Commissioning and representative CCGs from across the region.

Our long term financial model (LTFM) clearly indicates that the organisation needs to go on a fundamental transformational journey to ensure the continued long term provision of high quality services for people in medium secure, low secure and step down services. It is likely that we will need to do this in alliance with other providers and during 2015/16 our strategy will be developed to facilitate this. During this time, we will focus on the management of strategic risks and the quality of services during this period of transition. The impact upon the Trust of this change in contractual arrangement will be loss of income. However, this situation presents the Trust with an opportunity to work alongside commissioners in transforming the model of enhanced service to create a specialist service fit for the future.

In addition to the number of state of the art facilities we operate services from, the Trust currently has derogations against our remaining low secure facility for which we are required to provide a plan to Specialist Commissioning, detailing how the Trust aims to meet the requirements of the national standard for the building. Our future service developments take account of the issue and aim to address the derogations with commissioner support.

g. Stakeholder Engagement

The Trust has a significant number of stakeholders who have an interest in our organisation, from users of our services, families and carers and commissioners in accordance with our stakeholder and engagement strategy. Analysing who is key to our business is a fundamental part of business planning. Engagement needs to be at the heart of all of our developments if we are to ensure their continued support, understanding and sustainability. It is therefore crucial to ensure we are engaging the right people or groups to ensure stakeholder perspectives inform the Trust's strategy and operations.

A planned approach will be the key vehicle for facilitating the Trust's objectives and driving new relationships and protecting existing relationships. It is essential that if we are to change and transform our services that we must have an engaged workforce who has an understanding of why we are changing and what their role will be in achieving successes.

Equally our ability to develop as an organisation will be intrinsically linked to our ability to engage effectively with commissioners. The Trust needs to understand the changes and where decision-making and accountability lies within local areas and regions so that we can be responsive and open to commissioners requirements and service specifications. Positive relationships with service users, families, referrers and commissioners are essential at all levels to ensure we are delivering the services that are needed regionally and locally. Transformation and change will not be accepted as a positive strategy by everyone. However, the Trust is operating in a dynamic and difficult economic climate with decreasing budgets and pressure to deliver more cost effective and value for money services. Getting everyone to understand this and acknowledge their role in achieving better services will be a major task for the Board and executive team to undertake.

h. Leadership

We acknowledge that strong leadership throughout the organisation is crucial through this difficult period of change if we are to have a shared commitment to achieving our objectives. Leadership is fundamental for sharing responsibility for the success of the organisation and the services we deliver. As an NHS organisation we are committed to involving people in the organisation and its future. Our focus with our workforce has been to acknowledge that the leadership was not always good at creating conditions that have encouraged staff involvement. Our strategy is to have regular 'Big Conversation' with everyone who works at Calderstones where we can discuss issues in more detail and where all staff will feel empowered and have the opportunity to hear and comment on the vision and strategic direction of the Trust.

Our approach will ensure we have a comprehensive framework to monitor and assess our performance and activity that encourages contribution from across all services and levels. The strategy aims to oversee the day-to-day management of an effective system of integrated governance, risk management and internal controls across the Trust. It aims to review, monitor and provide assurance as appropriate through:

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

i. Organisational and Workforce Development

At a time when national figures suggest a reduction in the numbers of skilled learning disability nurses, *(See page 20 – National statistics)* retention becomes critically important in terms of investment, lost skills, vacant key posts and the impact this has on remaining staff and service users alike. Our OD strategy identifies how the workforce can adapt to the changes we expect of them now and in the future. Retaining the right staff is a priority for the organisation if we are to continue delivering and sustaining high quality services fit for the future. The Trust is obviously going to go through major transformation with changes in pattern of service delivery. Keeping our workforce engaged and informed is integral in our workforce strategy.

The organisation is able to demonstrate that it is developing a culture that meets the needs and expectations of its service users and carers in delivering service excellence. Through organisational development priority areas, actions can be evidenced to address our current/future organisational development needs. There is evidence of communicating a purposeful and shared vision describing intentions to our workforce. The values and behaviours embody the organisation and are embraced by our workforce. The values underpin the branding of the organisation, and shape how the workforce is developed. The aim is to ensure it has the skills to demonstrate the behaviours which are central to the development of a cohesive organisation that can project its vision and strategic aspirations through its workforce and relationships with its service users, carers, stakeholders and partners. As we move forward we place particular emphasis upon our value of the organisation's alliances where our staff already process excellent networking and multi-organisational membership. In addition we have established university co-working and connections across other Trusts and providers and we seek to enhanced this partnership working in a more strategic way across the third sector.

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

Our workforce strategy aims to ensure we are able to have a resilient and effective workforce with the right staff in the right place. Reducing staff absences and increasing staff efficiency by improving the health and well-being of the workforce, will provide financial benefits, sustain the high quality of service delivery and contribute to improving staffs working environment

1.2 Market analysis and context

Our strategic plan will be the roadmap for the future development of the organisation. Our decision about our direction is based upon a firm foundation of current market analysis that has considered a number of challenges such as the economic and political climate and our position in the competitive market. The Trust Executives and Senior Managers held a five day strategic workshop commencing 10 April 2014 to consider the strategic challenges facing the Trust and the risks to its future sustainability. The Non-executives have been fully engaged in the strategic planning process through the Board meetings with public discussions in Part 1 and in-depth discussions in Part 2 in addition to other briefings which have involved the Council of Governors. As part of our Engagement strategy we have adopted an open and collaborative approach with our workforce, service users and commissioners to ensure openness and engagement with stakeholders. The outputs from the discussions, briefings, consultations and the workshop have been used in the development of an outline business strategy for the medium term development of the Trust and with the production of a this five year Strategic Plan for submission to Monitor by 30 June 2014.

We are in the process of developing our commercial strategy and this section sets out the building blocks of our approach. The demand for our services is driven by a number of factors:

- Changes in the population we serve
- Changes in the health needs of our population
- Changes in national and local policy

Although it is difficult to predict demand, historically we have experienced increasing demand for our services, due to the level of unmet need. Whilst increases in historical activity are an indicator of future activity, we need to use them cautiously. There are clear indications that we may see increased demand for our specialist services due to national and local drivers and changes in NHS and the criminal justice system, but it may also mean that there will be a change in how services need to be delivered. In responding to the changing health needs of the population and the market drivers, we recognise the need to actively market our services to both existing and new commissioners.

- **Market Analysis**

A market assessment, SWOT analysis and options appraisal for each of the Trust's service lines was undertaken. This was followed by a wrap-up session to consider the service line options identified in a Trust wide context and also to assess the wider development options available to the Trust in terms of a merger, care group or other forms of partnership working. The appraisal of the options both for the service lines and at an overall Trust level was framed in the context of current national policy and guidance as far as possible, in particular to seek to:

- Provide care to service users in their local community
- Utilise new and innovative structures to enhance service user experience; and
- Deliver the most cost efficient service to ensure future sustainability.

The following information summarises national and local intelligence regarding learning disability demographics, describes each of the service lines and demonstrates the outputs from each of the workshop sessions.

Context

Learning disability services have been under intense scrutiny post Winterbourne to ensure they are able to demonstrate their ability to deliver quality and safe services to service users. The

census was initiated by the Department of Health and carried out by the HSCIC to provide figures to address some of the concerns laid out in the Government report *'Transforming Care: A National Response to Winterbourne View Hospital'*.

Whilst the data demonstrates an overall picture of learning disability services nationally, it provides the Trust with essential intelligence regarding national and regional demographic information that can ensure we are delivering the right services and to plan appropriate developments successfully for the future. In addition data has been taken from the National Statistics Office; Improving Health and Lives Learning Disability Observatory and CQC reports and reviews, to provide us with a comprehensive analysis upon which to build our long term strategy.

National Statistics:

The National Office of Statistics shows that there is no definitive information regarding the total number of individuals with a learning disability nationally. The most up-to-date data indicates a total LD population nationally of 1,191,000 (England, 2011) which includes:

- 286,000 Children
- 905,000 Adults 18+

The gender split for adults being:

- 530,000 Male
- 375,000 Female

Of this population, only 21% (189,000) of people with learning disability are actually known to services.

In 2004 the University of Lancaster undertook a study which determined the number of adults with learning disability was predicted to increase by 11% between 2001 and 2021. This would raise the number of people in England aged 15 and above with LD to over 1million by 2021 (Lancaster university, 2004). However, the 2011 statistics clearly shows a population well over the one million mark. In addition approximately 200 babies are born every week with a diagnosed learning disability. (Papworth Trust, Disability Facts & Figures, 2010).

Autism

In addition to the mainstream learning disability figures a greater emphasis is being placed upon the needs of individuals presenting with symptoms of ASC. The latest prevalence studies of autism indicate that 1.1% of the population in the UK may have autism. This means that over 695,000 people in the UK may have autism, an estimate derived from the 1.1% prevalence rate applied to the (2011, Census). The figures suggest that the prevalence of ASC is 1 in 100 children and adults in England which is slightly higher than previous studies. In 2007 the Autism Research Centre in Cambridge identified the following findings:

- Average age of diagnosis is 29 years
- A 1/5th remain undiagnosed
- 28% of individuals report an additional diagnosis as well as ASC
- Between 44% - 52% of people with autism may have a learning disability and around a third of people with a learning disability may also have autism.

- Of those 23% have a diagnosis of dyslexia; 15% a diagnosis of dyspraxia; and 15% ADD/ADHD
- 64% reported it was difficult to obtain a diagnosis.

The Department of Health has recently commissioned Leicester University to conduct a prevalence study of ASC which is expected to be published in early 2011 to identify any significant changes in these figures. Initial results suggest that there does not appear to be any major change in the actual prevalence of ASC but that a slight increase may be explained as a direct result of improved detection rates. Additional work is also being undertaken by NICE, who will be issuing guidance on the ASC Model Pathway, September 2011 for children and June 2012 for adults

Figures produced by the National Audit Office following research by King's College in 2009 indicates that the overall cost of managing ASC to the national economy is approximately £28 billion per year, divided into adults £25 billion and £2.7 billion for children and young people.

The Trust currently delivers specialist assessment and treatment to approximately 60 individuals at Calderstones, Gisburn and Scott House with a suspected autism diagnosis/or autism diagnosis.

Offenders

In 2009 the then government appointed Lord Bradley to undertake a full review of the way in which mentally disordered offenders were managed through the Criminal justice system. The recommendations indicated that intervention as early as possible in police stations and courts would provide the best opportunities for improving how people with mental health problems or learning disabilities are managed. However, the system continues to fail to recognise and meet the needs of individuals with learning disability and they often receive little or no assistance or help from within the system (Prison reform Trust, 2014). Recent figures suggest that there are:

- Up to a third of people in prison have either a learning disability or learning difficulty which can affect their ability to read and to understand information
- 7% of prisoners have an IQ of less than 70 and a further 25% have an IQ between 70 - 79.

Capacity Analysis

Data from the 2013 Census is currently being analysed. Initial data, released in March 2014 which was taken from 104 providers on behalf of 3250 service users (0.6% are Inpatients) shows the current position regarding occupancy levels in all levels of secure provision nationally:

- 73 in High Secure Unit (HSU)
- 552 in Medium Secure Unit (MSU)
- 1195 in Low Secure Unit (LSU)

It is worth noting the general picture concerning all in-patients learning disability beds, which since 2010 there has been a 30% reduction compared with a 43% reduction in total NHS beds. Overall the number of people with LD in hospital is decreasing:

- 2006 - 4,435
- 2010 - 3,376
- 2013 - 3,250

There are a number of possible contributory factors which may explain this reduction such as the impact of Winterbourne which has recommended an overall reduction in hospital beds and the move to more locally based community facilities, increased capacity within the independent sector and the impact of the personalisation agenda. Taking account of the national statistics we recognise that the national picture is changing and there could be have a negative impact upon our current and future demand for specialist hospital beds. We need to be prepared to be in a position where we can consider alternative models of provision. Equally as the only LD specialist Trust we could be in a strong position to retain our beds, not only on a regional level, but to have exclusivity on a national level.

Between 2006 and 2010 the number of actual inpatients fell by 21%. This fall is mainly related to non-secure wards. By comparison MSU beds fell by 5% but LSU beds rose by 1%. The proportion of patients in the independent sector rose from 20% to 33%. It is noted that across this sector the trend is towards a large number of smaller sized units being developed. This is not happening across the NHS.

Currently the learning disability population receiving services across the independent sector:

- **22% patients in non-secure**
- **50% patients in LSU**
- **60% patients in MSU**

Profile - in hospital bed:

Gender:

- 2424 (74.6%) male
- 824 (25.4%) female

Age:

- 185 (5.7%) aged under 18 (comparable with the general population (21.4%)
- 2994 (92.1%) aged 18 – 64 (substantially higher than general population (61.7%)
- 71 (2.2%) aged over 65 (much lower than the general population (16.9%)

At this stage overall secure beds at all levels are following the same pattern:

- 5% reduction on High Secure
- 3% reduction Medium Secure
- 19% reduction in Low Secure

Analysis shows proportionally more men (22.0%) than women (6.3%) were inpatients in medium secure or high secure wards. A higher proportion of women (55.3%) than men (41.7%) were in general (non-secure) wards.

Winterbourne

Data collected in respect of Winterbourne shows of the 3,250 hospital inpatients included in the 2013 Census, around one in five (18.2 per cent or 570 individuals) were staying in hospital wards 100km or more from their home. About the same proportion (19.6 per cent or 612) stayed in wards within 10km of their residential postcode and 7.7 per cent (240 people) were resident in hospital, with the same postcode recorded for both residence and hospital. This demonstrates the issues about local vs specialist. Although the aim to enable individuals to receive appropriate level of services as close to home as possible has to be the outcome for all service users, delivering highly specialist interventions is not always possible or cost effective delivered on a local basis.

NHS Workforce: Summary of staff in the NHS: Community Learning Disabilities:

The following data looks at the workforce employed throughout learning disability services:

i) Community:

- There were 2,297 Community Learning Disabilities nurses, a decrease of 192 (7.7%) since 2012 and a decrease of 1,189 (34.1%) since 2003 (an average annual decrease of 4.1%).
- There were 2,086 FTE Community Learning Disabilities nurses, a decrease of 182 (8.0%) since 2012 and a decrease of 1,127 (35.1%) since 2003 (an average annual decrease of 4.2%).

ii) Other Learning Disabilities:

- There were 2,231 Other Learning Disabilities nurses, a decrease of 100 (4.3%) since 2012 and a decrease of 2,381 (51.6%) since 2003 (an average annual decrease of 7.0%).
- There were 2,086 FTE Other Learning Disabilities nurses, a decrease of 100 (4.6%) since 2012 and a decrease of 2,215 (51.5%) since 2003 (an average annual decrease of 7.0%).

The DoH and nursing leaders have acknowledged the diminishing number of LD nurses across the country. Major concerns have been expressed by the professional advisory body of the loss of expertise, knowledge and skills. If the drain continues unabated future recruitment of people appropriately trained will become a potential risk for organisations, especially this Trust who is dependent upon maintaining a skilled and consistent workforce.

North West Regional Population: (Office of National Stats, 2012)

The overall population of the North West at April 2014 is currently 7,146,168 which mark the region the 5th highest in the country (Fig 3).

Fig 3: NW Population

Region	Population
Greater Manchester	2,629,400
Lancashire	1,449,600
Merseyside	1,353,000
Cheshire	1,003,600
Cumbria	496,200

Although there is a high population there has been an overall decrease in the population of 2.4% since 2001.

The Lancashire University study indicates that out of this North West general population there is a likely number of 138,891 individuals with learning disability. However, there is only 31,439 known to services. This reflects the national picture of not having a definite number of the learning disability population.

National Spends

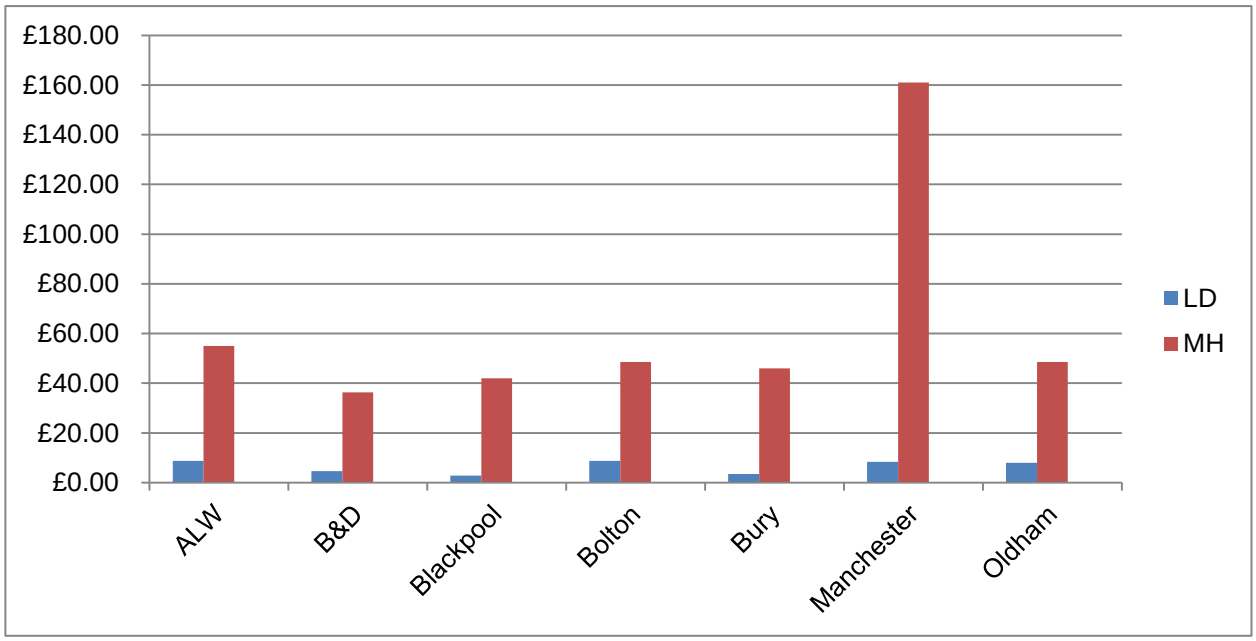
During 2011/12 the social care spending for learning disability services was approximately £5.2 billion, (30%) of the overall social care budget. However, the national learning disability and mental health spends has experienced a significant shift in financial resources:

Fig 4: National Spend in Mental Health and Learning Disability Services

Year	Learning Disability	Mental Health
2003/04	£1.87 billion	£6.56 billion
2009/10	£3.02 billion	£10.61 billion
2012/13	£1.58 billion	£11.28 billion

Local expenditure across North West areas reveals a similar trend with mental health services receiving a much higher share of the overall care budget (Fig 5).

Fig. 5: North West Regional Learning Disability and Mental Health Budget:



Source: ***Improving Health and Lives: The Learning Disability Observatory***

The above trend in expenditure between the services confirms our strategy of developing an

alliance if we are to remain sustainable.

1.3 Risk to sustainability and strategic options

We have developed our strategy on the basis of our assessment of our strengths and weaknesses as well as our opportunities and threats. In developing this strategic plan, we have worked in a collaborative and consultative manner with our Board, and are fully engaging with our wider organisation. The detailed review of our strengths, weaknesses, opportunities and threats (SWOT) covers the organisation as a whole as well as our individual services which has informed our strategy, our implementation plans and our risk assessment. We have set out our view of the future market, the competitive threats that we face and the external forces which will impact upon the market, demand and provision of our services. The results of our work are summarised in the following section.

Supported and facilitated by KPMG, a methodology was employed in considering the strategic direction of the Trust, summarised in Diagram 1. The workshop has been used to guide and inform the Trust of where appropriate developments and transformations should be undertaken in order for us to meet the increasing challenges within the local health environment and to deliver benefits to the Trust and our stakeholders.

The appraisal of the options both for the service lines and at an overall Trust level was framed in the context of current national policy and guidance as far as possible, in particular to seek to:

- Provide care to service users in their local community
- Utilise new and innovative structures to enhance service user experience; and
- Deliver the most cost efficient service to ensure future sustainability.

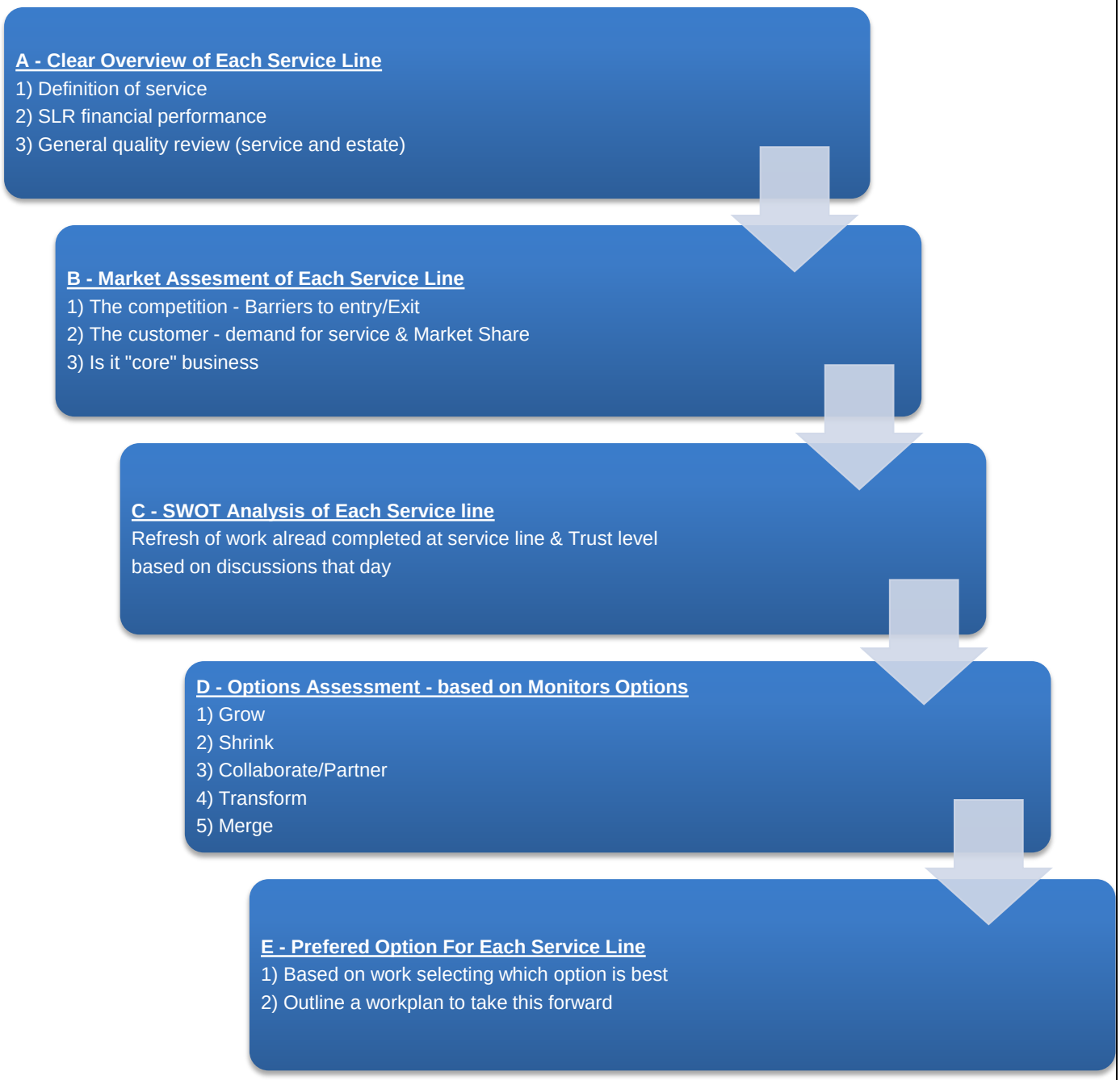
The following information provides an outline of each of the service lines and summarises the outputs from each of the workshop sessions and should be read in conjunction with the market analysis information produced by the Trust's business intelligence team.

- ## Service Lines

Calderstones has been in a strong position as the Regional Secure Service for people with learning disability for many years. We continue to maintain a focus upon the delivery of services based around our core business of specialist secure and enhanced services for people with learning disability. The following information provides details of each of our service lines in terms of its purpose and service delivery, demonstrates a SWOT analysis and indicates areas for future service developments or expansions with regards to:

- Medium secure services for men and women
- Low secure services for men and women
- Step-down services
- Enhanced support services
- Future Directions CIC
- East Lancashire Financial Services

Diagram 1 – Summary of Bottom Up Service Line Strategic Review



1. Medium Secure (MSU):

Medium-secure services are part of an integrated care pathway for those who need assessment,

treatment and support as a result of acute mental ill health and/or learning disabilities, and/or treatable personality disorders with a range of potential co-morbidity, including acquired brain injury and deafness who pose a risk to the public. The core tasks of an MSU is to undertake the necessary clinical and risk interventions to enable the individual to either return to prison or to continue treatment in a less secure environment.

The Main Principles

The aim of the service is to ensure service users are:

- Treated and managed within a whole care pathway
- Multi-Disciplinary Team (MDT) and Care Programme Approach process underpins service delivery
- Effective and early liaison with local area services
- Comprehensive risk assessment and management.

Costs

The current financial breakdown for the MSU service is:

	Medium Secure £000
Income	10,947
Direct Costs	5,059
Indirect Costs	2,067
Contribution	3,822
Overheads	1,715
Financing Costs	2,033
Surplus/Deficit	74
WTE direct nursing/support staff	158.14
No. of beds	52

Market Analysis – Customer:

The MSU is a regional resource of 52 beds, divided between Woodview 36 beds and Gisburn Lodge 16 beds. The MSU beds are currently contracted mainly by the North West Specialist Commissioning Team, currently on a block basis with additional capacity being utilised by other commissioners on a spot purchase arrangement. There are no other specialists MSUs for learning disability provided locally or regionally, but a number of mental health MSUs do occasionally admit individuals with borderline learning disability with acute mental health or rehabilitative needs. The Trust has a good reputation for delivering MSU services and we maintain an effective relationship with our commissioners who acknowledge the skill of our clinical teams.

Demand for MSU beds has remained steady during the past 3 years and we currently have a waiting list of 3. However, we are in a position to progress opportunities to further increase our capacity. The Trust has been successful in tendering for a place on the Welsh Learning Disability Framework for specialist services, and we are currently progress the contractual arrangements.

In addition the Trust is in discussions with Scottish and Northern Ireland commissioners to be used as part of their integrated care pathway from high secure services, due to a lack of specialist MSU beds in both geographical areas. The link with high secure services provides an opportunity for an integrated pathway between the services which would reduce lengths of stay and ensure service users receive intervention at the appropriate level of security. This could also be an attractive selling point in developing an alliance with local provider.

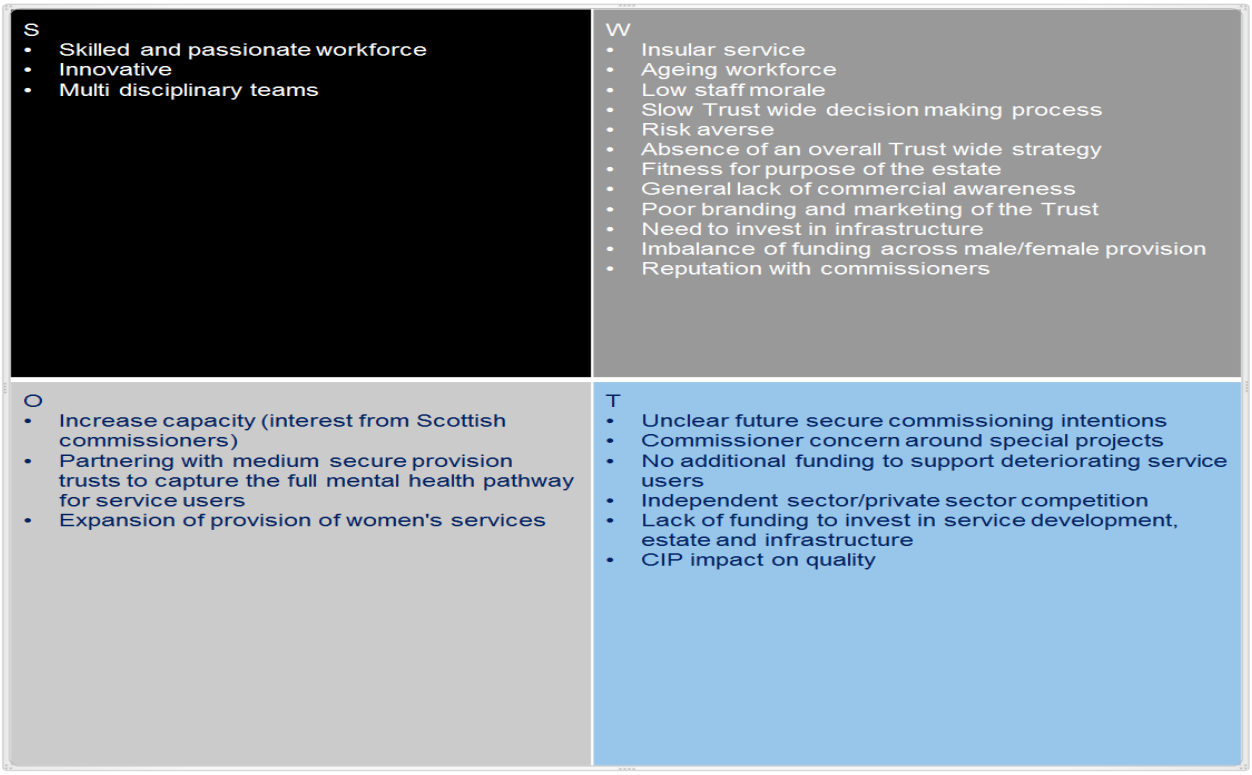
The Trust is the regional provider for the delivery of women's MSU. Although the service delivers quality intervention and meets the standard for an MSU service, the actual environment would benefit from redevelopment to create a women sensitive facility that maintains privacy and dignity.

Market analysis – Competition

As previously stated there is no other specialist MSUs in the north west region, apart from mental health services, which makes the barrier to entry into the market for competitors as high. The service requires a highly skilled and experienced workforce and accommodation that has to meet the standards of nationally specified facility design. In addition MSU services are low volume but high impact health service to the individual; the general public and local communities as a whole if the person does not receive the appropriate level of intervention in the correct setting. The market is well managed through Specialist commissioning.

SWOT Analysis – MSU

The following provides our SWOT analysis for the MSU:



2. Low Secure (LSU)

LSU services are for men and women who cannot be treated in generic health settings because of the level of risk or challenge they present. All service users are detained under the Mental Health Act 1983 and are aged 18 years and over. Service users will not require the level of physical security provided by medium secure services. However, they continue to potentially be a risk to the public or themselves and therefore require the level of physical security provide by the LSU where individuals can receive packages of rehabilitation assessment and treatment.

The Trust provides 96 low secure beds across two sites at Calderstones:

- Maplewood 1 24 (Female)
- Maplewood 2/3 32
- West Drive 1 10
- West Drive 2 14
- West Drive 4 16

Main Principles

The core objectives for secure services are to assess and treat mental disorder, reduce the risk of harm that the individual exhibits to others and to support recovery:

- The assessed level of risk will inform the level of secure service that will be required.
- Provide recovery-focused care and treatment for detained patients including transferred prisoners meeting the criteria for admission based on a robust assessment
- Operate within an ethos that places the patient at the centre of their care and facilitates active engagement with treatment
- Identify, assess and manage risk to the patient and public through the use of robust operational and clinical protocols and procedures

Costs

The current financial breakdown for the LSU service is:

	Low Secure £000
Income	16,014
Direct Costs	7,704
Indirect Costs	3,880
Contribution	**4,430**
Overheads	2,100
Financing Costs	746
Surplus/Deficit	**1,584**
WTE direct nursing/support staff	262.92
No. of beds	96

Market Analysis – Customer

These beds are again mainly contracted by Specialist Commissioners on a block contractual arrangement and have indicated no change to the 2014/15 contract. In partnership with CCGs strategic planning is moving towards the development of smaller Assessment and Treatment Units which they anticipate will reduce the demand for LSU admissions, therefore swopping the requirement of the current number of LSU beds. The service is split across sites with a new purpose built unit and existing old facility which the Trust is carrying derogations as the environment does not meet the building specification for an LSU.

Demand for low secure beds remains high, with a present waiting list of eight individuals waiting to move through the pathway from MSU. This is now a priority for commissioners and providers to find appropriate solutions which will create capacity outside of secure services and which will free capacity for LSU.

Market Analysis – Competition

There has been growth across the independent sector over the past years. However, most has taken place in generic MH providers where they have the capacity and ability to change a specific ward or unit into a low secure environment for people with learning disability. There has also been a more focus upon ASC in addition to the learning disability. The barriers to entry to the LSU market for new organisations is therefore medium as they are able change the use of an existing low secure MH unit. However, they still need to have a skilled and experienced workforce to ensure they are able to meet the standards required for this type of service.

SWOT Analysis – LSU

The following provides a SWOT analysis of our LSU service:

3. Step-down Services

Step-down services are used to accommodate individuals who require a time-limited interim service in order to move towards discharge in the community. These involve those people detained under the Mental Health Act 1983 with additional Ministry of Justice restriction orders, or where local services are unwilling to resettle in the community without a further transitional period in order to manage and further reduce risk.

- Patients in these services can be characterised as presenting with complex, behaviours
- Step down services are designed to further develop patients' daily living skills, enhance independence and progress towards discharge.
- To promote successful rehabilitation and progress following treatment being completed or in the final stages within a secure setting.
- Overall, the length of stay will be between six to twelve months

Main principles:

- No physical security
- Some relational and procedural security
- Service usually be co-located proximate to secure services
- Have a full MDT input
- Patients detained under the MHA 1983
- Service will NOT provide enhanced support

Costs

The current financial breakdown for the step-down service is:

	Step-down services £000
Income	3,298
Direct Costs	1,230
Indirect Costs	827
Contribution	**1,242**
Overheads	399
Financing Costs	426
Surplus/Deficit	**416**
WTE direct nursing/support staff	39.53
No. of beds	20

Market analysis – Customer

Step-down services are currently commissioned by Specialist Commissioners as part of the integrated care pathway through secure services. There are a total of 20 step-down beds, 15 male and 5 female. The aim of step-down services is to provide a time limited continuation of rehabilitation programmes in a non-secure facility but within the hospital site, facilitating a quick

recall to secure units if required.

Although part of the secure service, both sets of commissioners are engaged in discussions regarding the future of the service and who best will have responsibility for future commissioning arrangements. It is becoming more evident that commissioners are driving a move towards the creation of the Assessment/Treatment model. This creates an opportunity for the Trust to redesign how these services are delivered and ensure we improve the pathway and maintain a personalised model of care based upon person-centred approaches. If the Trust is to retain these services it will be critical for the clinical teams to ensure that the service is operating effectively against the specification and can produce agreed outcomes.

Market analysis – Competitor

A barrier to entry to the market for other providers is medium to low. Both NHS and independent sector organisations that currently have step-down services would be in a position to deliver these services, especially if commissioning arrangements change. The lack of clarity regarding the actual service specification has resulted in a number existing services claiming to deliver a step-down service in the community.

Units generally are smaller in size and number and do not require the high intense clinical teams, unless they are superficially managing individuals with sexually offending or complex ASC.

SWOT Analysis Step-down Services

The following details our SWOT analysis for the step-down services:

S • Unique provider • Experience and skill base of staff • Innovative service • Outcome focussed • Good track record	W • Staff morale • Reputation with Commissioner • Static service user movement • Slow Trust wide decision making process • Risk averse • Absence of an overall Trust wide strategy • Fitness for purpose of the estate • General lack of commercial awareness • Poor branding and marketing of the Trust
O • Expand provision of sexual offender programme	T • Unclear future secure commissioning intentions unclear • Commissioner concern around special projects • Lack of funding to invest in service development, estate and infrastructure • Competition from independent sector providers • High cost service with complex cases that may not be fully funded

4. Enhanced Support Services

Enhanced Support Service is a community based hospital accommodation service for a mixture of longer term care and as part of the pathway out of secure services, supported by the appropriate levels of structured support and staff to ensure service users.

Service users may have a range of complex needs, usually with mental health and other related problems which may be longer term in nature. Such a service user group may present a risk to themselves or to others if they were not appropriately supported but who are unlikely to try to abscond.

In addition the service also provides Individual Packages of Care (IPC) which is an element of the ESS service within Calderstones that provides more intensive 'wrap around' care and support for service users who may be very challenging to themselves (i.e. self-injury), the environment or others around them.

Main Principles

- No physical security
- Some relational and procedural security
- Geographically spread across the North West region to support mainstream local services
- Enduring and persistent problems and difficulties
- Requires a continued period of assessment; treatment and intervention which may be for a short period of up to 6 – 12 months or a sustained period depending upon complexity of need
- Open referral system
- Severity and frequency of the challenge and level of risk does not reach secure criteria.

Costs

The current financial breakdown for the enhanced support service is:

	Step-down services £000
Income	12,745
Direct Costs	7,885
Indirect Costs	2,510
Contribution	**2,350**
Overheads	1,915
Financing Costs	435
Surplus/Deficit	**-**
WTE direct nursing/support staff	263.62
No. of beds	64

Market Analysis – Customer

This service is currently commissioned on a block contractual arrangement with the CCGs who

have given clear commissioning intentions that they aim to change the way this service is commissioned and move to a cost-per-case basis. Clinical teams are dealing with some extremely complex cases outside of the secure environments, and being successful. We have assumed that around 10 of the complex cases will remain with Calderstones following the CCG review within the Transformation Group. However, changing the delivery to other providers will not be without some risk of placement breakdown. Previous examples suggest placements have quickly broken down resulting in a re-admission to secure provision. The consequence is not only damaging to the service user but also has a negative impact upon family and carers. The future of such services needs to be carefully planned and the level of need recognised by commissioners and providers to avoid the negative results of placements going wrong.

Market Analysis – Competitor

The barrier to entry into the market for enhanced support services is low. Anyone is able to enter as services require small everyday houses locally based and generally staff with experience. However, again the clinical teams would argue that in a number of cases the experience and skill of staff does not meet the complex needs of a small number of service users and qualified nurses are required to maintain individuals at the level of functionality that they have when they leave Calderstones.

This is the most difficult level of service provision for Calderstones to compete in, as the Trust is caught in Agenda for Change pay rates for staff whilst the IS organisations pay flexible rates of pay, therefore are able to provide a more cost effective care package. This has created a much more competitive market with varied bed prices which gives commissioners greater opportunities for more cost effective placements. However, this does not always produce cost savings in the long term when placements do break down.

SWOT Analysis for Enhanced Support Services

The following SWOT analysis covers the enhanced support services:

S • Unique provider • Experience and skill base of staff • Innovative service • Outcome focussed • Good track record	W • Staff morale • Reputation with Commissioner • Static service user movement • Slow Trust wide decision making process • Risk averse • Absence of an overall Trust wide strategy • Fitness for purpose of the estate • General lack of commercial awareness • Poor branding and marketing of the Trust
O • Expand provision of sexual offender programme	T • Unclear future secure commissioning intentions unclear • Commissioner concern around special projects • Lack of funding to invest in service development, estate and infrastructure • Competition from independent sector providers • High cost service with complex cases that may not be fully funded

5. Future Directions CIC

Future Directions CIC (wholly owned by Calderstones FT) is a leading, high quality social care provider for people with complex needs in the North West of England. The company was developed from Calderstones community services, which had been in operation for over 18 years'. Future Directions CIC has built upon this past experience and is now a well-respected and highly regarded social care provider of specialist services tailored to the needs of individual service users with complex needs.

The company works in partnership with service users, families, commissioners and local communities to develop personalised services which are tailored to meet the needs of the individuals we support. The aim is to promote the independence of people they support by providing opportunities to work with and in the local community.

SWOT Analysis

The following SWOT provides comprehensive information related to Future Directions operating in the social care market:

S

- **Experience, skills and knowledge in the sector – ability to deliver.**
- **High level of skills in providing support for people with challenging behaviour and complex needs – the people who will receive funding in the future.**
- **Established relationships with Commissioners across the NW of England.**
- **Competitive pricing model.**
- **Values-led with a person centred culture.**
- **High standards of staff training and meets skills for care standards.**
- **Experienced and capable management team.**
- **Good central office base in key location with second office in Warrington.**
- **Recognised quality of service.**
- **Partnership working with other organisations.**
- **Parent company gives financial robustness and positive brand value through NHS connection.**
- **Governance is robust.**
- **Core of experienced staff with a flexible management team.**
- **Motivated and enthusiastic.**
- **Registered with 'Making it Real'.**
- **Growing awareness of social value puts the company ahead of many of its competitors.**
- **Ability to respond quickly to new business and create staff teams.**
- **Reputation for setting goals and achieving them.**
- **Strong support services.**
- **Increasing service user and family engagement with decision making processes.**

W

- Cost structure remains too large for the service provided with growth needed to balance out inputs given. Current overheads at 15% but need to be reduced to 8% or less.
- Staff Terms and conditions – vulnerability to losing existing services due to high cost base.
- Vulnerability to potential ET/equal pay claims which link the Company to its parent as a result of company structure. This also makes it more difficult to restructure T&Cs of transferred staff.
- Diverse cultures in services transferred into the Company.
- Recruitment remains difficult with too many controls and restrictions.
- Tie to NHS creates requirement to fit with health processes and standards which drives cost and planning timetables but which do not fit with the needs of the company.
- Ties to NHS slow decision making and add additional governance burdens along with creating uncertainties around sustainability and ownership.
- Reputational risks through links to Calderstones and current Monitor/CQC queries.
- Lack of own back-office services in many areas means that current services are high-cost and inflexible.
- Legal/company structure may be wrong with ties to NHS blocking many funding routes.
- Taxation issues with VAT bleed, corporation tax potential liabilities and business rates costs.
- Lack of experience in innovating and creating new services for personalised budgets.
- Weak balance sheet with no reserves. Loan to repay along with inter-company balance.
- Need to evidence social value and impact.
- Need for succession planning.
- Lack of services which are owned and not part of a contract

- Core knowledge of services and experience of working with

T

- Long-term threats to the care market with funding levels

individuals with challenging behaviours means that the Company can demonstrate the skills for many new packages of care. • Opportunities to diversify. • Outreach (domiciliary). • Specialist – dementia, autism, Brain Injury. • Transition. • Complex needs and challenging behaviour. • Supported employment. • Criminal justice system opportunities. • Training provision to the sector. • Ability to move into new geographic areas. • Low capital requirements for new business. • Funding opportunities if the company structure can be changed. • Many opportunities to work with new partners and learn from the Third Sector. • Opportunities as many traditional charity providers struggle with new market realities. • Housing benefit changes will make Future Directions an attractive partner for registered housing providers. • Individual budgets in both social care and health along with the ability to develop PA services. • Ability to recruit new staff on new terms and conditions. • Ability to share support services. • Opportunities to restructure and consider better and more cost effective structures (legal and internal). • Freedom to develop people, roles and pay structures differently	unlikely to grow significantly in the coming years and on-going pressure to control costs. • Competitive sector with a large number of providers – few barriers to entry. • Union opposition to changes in terms and conditions. • Minimum wage legislation along with changes to employment legislation. • Expectations of 'living wage'. • Ability to maintain quality. • Uncertainty over future of parent trust . • Serious and high profile care issues at parent trust. • Loss of key staff or core traditional services such as Manchester. • Changing political agenda with potential for change of government in 2015.

At present Future Directions (FD) is limited in respect of the sources of funding available to it as it is a wholly owned subsidiary of Calderstones. The quality of the social care provided through Future Directions CIC are already highly performing and proving to be successful in attaining contracts in new market areas. Proposed service development plans will focus on the ways in which we can best deliver social care either through the current arrangement with Calderstones or divesting 100% which could prove beneficial for both organisations. Future Directions, together with Calderstones, is undertaking an options appraisal about the best way forward for both organisations. This will report in Autumn 2014.

6. ELFS

East Lancashire Financial Services (ELFS), is a successful business division of Calderstones Partnership NHS Foundation Trust, leads the way in developing and providing ledger systems, financial accounting, purchase to pay and payroll pensions, expenses and HR transactional solutions to all types of NHS organisations, not only saving you money but delivering real value through service excellence, business intelligence and service transformation. It currently has 24 contracted companies including London Ambulance Service, Imperial. East Lancashire Hospitals etc. and is forecasted to grow at a rate of two service users per year and there is the potential for further growth but this would require further investment in staff. Given the national drive to utilise more shared services, they are in an ideal place to gain more market share.

SWOT Analysis

The following SWOT analysis cover ELFs:

S	W
• Well thought through shared services strategy – growth plans and innovation • Entrepreneurial Leadership • Highly regarded and experienced Management Team • Reputation/Trust/Feedback / Brand Loyalty • Successful Track Record – Trusted by its service users • Best of Breed Technology utilisation – innovation provider to service users • Flexible Service Offering • Unique Service Provider – NHS Owned and Income Retained • Accreditations & awards achieved – FSD,ISO's, CIMA National service desk • Resilience and ability to learn from failures and set backs • Physical accommodation capacity to expand its growth plans • Never lost a service user through service user actively choosing to leave • Low staff turnover – stable workforce • Nimble	• Over stretched resources at times • One year financial planning horizons and budgeting constraints • Size and capacity –v- competitors • Limited resources and regulation • ABS Market Place service user limitations • Location and perceptions • Payroll Framework required – target 2014 • Competitors cheaper • Competitors offer loan facilities to cover redundancy costs • No sales team • Not a core service – management distraction • Only NHS service users • Has to operate within Agenda for Change framework • Lack of succession planning
O	**T**
• 60% NHS Market Place (152 Trusts) not using shared services • LPP Framework – Finance/Payroll marketing • Partnership Working – Arvato, NoECPC • Target NEP Service users / Oracle Service users - new service innovation • Non NHS Market Place – Tender Alert Systems • Cost Pressure within NHS to move to shared services – facilitate more • Flexibility – modular services • Competitor vulnerability – Poor service offering Capita, ICS and SBS • Changing regulatory environment • Diversification – e.g. HR, facilities	• Projects 'Go Off Track' Reputational damage • Competitor 'buy out' – SBS and others • Loss of key staff • Costs – are we competitive enough to cope? • In ability to change fast enough in the market place – Business Services • Off shoring • Expensive for service users to change • Changing regulatory environment

They have recently been shortlisted to provide services for a main London trust demonstrating their attractiveness and ability to compete with the private sector.

7. Trust Wide Analysis

Calderstones operates in a market that is becoming increasingly open to a range of other organisations. Barriers to entry are being broken down with more competition being introduced by commissioners in their pursuit of efficient and cost effective services. It is therefore more crucial that the organisation has clear plans to guarantee its existing services remain sustainable but that we place ourselves in a strong position where we can determine our active involved in the development of new service

Trust wide SWOT Analysis

The following is our view of the SWOT analysis for the organisation as a whole:

S

- Significant experience in LD issues:
  1. Offenders;
  2. Challenging behaviour;
  3. Females;
  4. Autism;
  5. Mental Health;
  6. Dual Diagnosis;
  7. Individual packages of care;
  8. Effective clinical risk assessment.
- Breadth and innovation in therapies.
- Defined care pathways.
- Excellent with specific LD Multi-Disciplinary Team arrangements.
- Good training base – opportunities for cross functional (i.e. service line) training.
- Capital assets.
- Excellent relational and procedural security.
- Response times to clinical crisis.
- Skilled workforce.
- Innovation in service delivery.
- Peer review recognition.
- Strong financial position (short term) based on a net cash balance of c£6.8 million.
- Excellent clinical systems.

Good service user engagement

W

- Poor marketing and communication strategies which impact the reputation of the Trust with key stakeholders.
- Geographical location (as all in one area).
- High cost.
- Commissioner's perceptions primarily relating to inability to change and delays in moving service users through the care pathway.
- Insular organisation.
- Critical mass – lack of community infrastructure.
- Staff have limited experience in working outside of Calderstones.
- Limited diversity within teams.
- Non clinical IT systems.
- Package identification – Individual Packages of Care.
- Historical view of what Calderstones can deliver.
- Some of the current estate is not fit for purpose.
- Lack of flexibility/ability to adapt to trends quickly.
- Lack of visibility over patient level costs.
- Legacy of being an institution and the negative perceptions arising from this.
- Distractions for core services.

Staff communications

O

- 16-18 year old service provisions.
- Challenging behaviour – autistic spectrum bespoke packages.
- Cuts to social care – increased referrals.
- Pressure on CJS.
- Prison in reach work.
- Moving of enhanced into local areas for assessment/treatment/ risk management.
- Development of therapies – DBT, SOTP, PIPE.
- Increase capacity.
- New commissioners.
- Re-align resources (staff).
- Staff engagement/ communication re new services.
- Showcase current practice to raise profile.
- Different services in different areas
- Job/role design
- Build relationships with local communities
- Vacated building profile
- ATUS
- PICU
- Partnerships

T

- Changing provider landscape.
- Changing commissioning landscape.
- Increasing competition, especially from the private sector.
- PR – Building regulations, planning permission.
- Cost of current workforce is high compared to independent sector providers.
- Ageing, inflexible workforce.
- Decreasing commissioning budgets.
- Capital expenditure requirements.
- Adverse publicity.
- External perceptions.
- Slower than competitors to respond.
- Bed blocking i.e. length of stay perceptions
- Potential loss of critical mass.
- ATUs.
- CIPs.

The following section takes the outcomes from each of the service line analysis and the trust analysis to detail the changes and transformation of our services that forms our overall strategic plan covering the next 5 years.

1.4 Strategic plans

Monitor Guidance indicates that robust strategic planning will deliver significant benefits to the organisation and stakeholders. The guidance suggests that Trusts, when looking at potential business opportunities, need to use planning methods to predict short and long term market trends that takes account of:

- Understanding the present and future market position and share
- Assessing the impact of disruptive forces on the NHS and the Trust
- Determining future service configuration and making decisions about investment needs to support this
- Undertaking rigorous internal financial modelling.

Taking account of the planning guidance our future strategic plans have been based upon a number of factors that were highlighted during the strategy workshops and has lead us to consider our overall strategy in the context of the Trust wide SWOT analysis (page 35) and the key feedback from the service line discussions (pages 24 -36). The analysis of the data and the subsequent debate has provided an understanding of our market position and revealed a number of options which will support us determine what our strategic direction will be and who our key strategic alliances are that will enable Calderstones continue to deliver safe effective services for people with learning disability. The analysis of the intelligence will contribute to enabling the Trust make strategic decisions about the transformation of our services and identify the level of investment required to achieve this based upon a common understanding of where we are and where we want to be in the future.

Trust Options

A number of broad strategic options have been acknowledged, but we recognise that there are many assumptions within these which will need to be tested in a much larger piece of work to bring back to a future Board.

The following strategic options were explored:

- ***Break-up of the Trust*** - this option considered a managed wind down of the Trust whereby core services would be transferred to other organisations. It was concluded that this was not a viable option. Calderstones is a recognised specialist in LD and a break-up could put at risk the quality of service offered to LD service users in the local health environment. For this reason it was considered that such an option would prove unacceptable

- ***Remain as is*** – the Trust would not seek to grow or partner with other organisations, but would look to maintain its current services whilst managing an inevitable impact on quality arising from sustainability pressures. For this reason it was not considered to be a viable option

- ***Partnership/Alliances*** – the Trust would look to formally partner with other organisations across certain identified service lines to enhance their development and quality and to attempt to achieve cost savings

- ***Care Group*** – the Trust would investigate the formation of a Care Group with one or more organisations to be structured as a formal partnership or joint venture covering

all services lines currently offered by the Trust, although recognising that the Care Group might choose to divest of certain service lines in the future dependent upon its long term strategic objectives. The Care Group would allow the Trust to retain its identity and explore ways to enhance service delivery. It would also provide an opportunity for the realisation of potential cost savings through the merger of some support and governance functions; and

- ***Merger*** – this option was considered in the context of partnerships and care groups to define the distinct difference between partnership and collaboration and a formal merger situation in terms of both the current legislative and the potential benefits of each option.

Fig 7: Organisational Option Appraisal

Option	Comment	Pros	Cons
Break-up	Consequences of stay as you are Services absorbed by other providers Not considered viable or desirable to pursue as a strategy	Allows for a more managed wind-down than in a 'fire-sale' scenario	Likely to be unacceptable to the regulator New management team would be brought in t effect a turnaround Not thought to be procedural possible
Stay as we are	Trust would seek to maintain current size and structure without looking to grow or for collaboration opportunities This was not considered to be viable option	Fully in control Less complex Board keeps jobs Invest where you want	Inability to present clear strategy would likely to a credibility issue with Monitor Current size – small FT sustainability? Loss of services will further reduce size of Trus Timing issue – leaves less time to pursue more radical options Quality and safety of services reduced due to (pressure Likely to lead to break-up
Partnership (one or more service lines)	Seek partners to develop service provision across one or more service lines	Unlikely to require regulatory approval Test fit with potential Care group partners Pool assets Increase capacity Sharing best practice Some, albeit limited, cost savings Potential to share risk	Marginal returns i.e. limited impact on future sustainability challenges Reputational damage if partner does not perfo Potential competition considerations (regulato issues) Sharing rewards (profits) with partners
Care group	Two or more organisations Emerging policy Entities remain as two separate bodies but some elements of a combined board and governance arrangements Allows for some sharing of services and back office functions	Care group may be more palatable to staff and service users than a full merger Helps achieve sustainability Allows arrangements with a non-foundation Trust Define own governance structure Allows Calderstones to retain its identity Potentially quicker than a merger as no public consultation Greater potential for economies of scale than individual service line partnerships Catalyst for growth and expansion of service offering Potential Care group partner already identified	Relatively new concept – pathway for achievin this is not clear Regulatory approval required Lose relative independence Reputational damage if partner does not perfo Potential competition consideration (regulator issues)
Merger	Full merger to become one entity	Potential for the greatest savings through economies of scale and synergies Established process Increased resilience of a larger organisations More capital for investment	May not be possible with a non-Foundation Tr All or nothing – difficult or impossible to rever less integrated model if merger does not work intended Perceived limited appetite from regulator for mergers No partner identified.

The organisational option appraisal, shown in Fig 7, provided an opportunity to consider each option in depth. Formal partnership/alliance working with a preferred NHS provider that would complement the vision, values and strategic direction of Calderstones is our overall preferred strategic direction. This will be both on a horizontal and vertical review of services provided. The advantages include:

- Greater economies of scale
- Improved robustness of services
- Sharing of best practice
- Integrity of Calderstones FT
- Sharing of resources/investments
- Possible provisions of new services not currently possible to provide
- Provide greater opportunity for staff

Risks associated with this include not fully achieving possible savings, integrity of partnerships, and breach of competition rules if we cannot disconnect from partnership, governance management, and sharing of financial gains.

If the alliance arrangement works and is acceptable then transforming this onto a more functional "Group" arrangement in the longer term would be considered. This arrangement would allow more benefits of partnership working to be realised. We vision this arrangement having an overseeing steering group made up of key organisational colleagues from the two organisations and keep the integrity of Calderstones FT. This would only allow one partner and would require the Trust to continue being "attractive" to be considered into the "group". This would be considered "new" in NHS terms.

Service Line Business Opportunities

Although the organisation will be progressing formal alliance working there are a number of business opportunities for the service lines that will be running in parallel. We are in a favourable position to take advantage of the policy to transform current NHS provision and make realistic progress in creating better and new services that are sustainable across the organisation.

Through our market analysis and option appraisal we have considered four possible solutions that would aid the Trust in developing a strategy that could be favourable to commissioners and beneficial to the organisation. Four strategies have been considered for each of the service lines growth, shrink, collaborate and transform. The agreed developments allow the Trust to continue to provide a safe and a sustainable specialist regional service and to undertake transformational change prioritised as shown:-

1. Introducing an Assessment & Treatment Unit (ATU)

Although we are confident that a number of service users, especially those with complex needs or are viewed to be challenging who require a slow stream approach to support and treatment, continue to require and benefit from the ESS and Step Down services that we deliver, the long term future of these services remains unclear. Through transformational change our aim is to plan to deliver two 10 bed ATUs, one on-site and one off-site, during 2016/17 and onwards. The capital cost will be approximately £4million and assumes a £350K contribution. We aim to deliver these services more efficiently in recognition of the limited resources available to commissioners and within the agreed specification. This would

provide an additional model of care, support commissioner's intensions and lower the risk on derogation of our estate. If developed on our own, then it would require additional drawing on our cash, no guarantee of commissioner support and possibly reduce demand for secure services. Others options include use of other appropriate facilities within the North West region to house a unit like this, lowing the requirement on capital outlay.

Rationale

Our overall strategy has considered the recommendations from the Winterbourne Review which emphasises a focus upon community support rather than units when dealing with challenging behaviour. However, the report also recognises that to set-up a range of services where there is the necessary expertise, is a complex task. Our workforce has those skills and expertise and what we aim to do is use utilise them not only in our existing services but to have them available in the community. As part of this strategy our intention is to work with commissioners in transforming our existing service by considering different approaches and models which would deliver more clinically focused therapeutic services with shorter periods of stay and founded on the principles of person-centred approaches.

It is clear that our strategy for enhanced support services indicates a complete change in how we deliver these services and the model and configuration of ESS needs to reflect future commissioning requirements; exploiting the skills of our workforce and meeting the needs of service users now and in the foreseeable future. The options we considered included shrinking the overall service; transforming, growing and collaborating with another provider. Through our market analysis and team debate options to grow and collaborate were discounted for the reasons due to risk, not having commissioning support and high capital expenditure. The two options that were considered appropriate and realistic to progress were to shrink and transform, with the latter being the most constructive option to consider (Fig 8).

Fig. 8: Option appraisal for Enhanced Support Services

Option	Comment	Pros	Cons
Shrink	**Do nothing option.** **Contingency planning option.**	Enhance reputation (as focusing on the Trust's strengths). Remove loss making services. Free up estate for other uses. No capex required. Transfer workforce? Free up management to focus on care.	Lost contribution. Workforce reduction. Unused estate?
Transform	**Defend.** **Services to be included:** **High complexity.** **Assessment and Treatment.** **Individual Packages of Care.**	In line with Commissioners perceived intentions. Easier to plan and market. Enhance pathway – adds ATU. Removes service users who may be better cared for in alternative settings.	Lost contribution (as reducing services). Slow moving to set up ATU (and no current reputation for ATU). No guarantee of winning tender. Highly competitive. Capital investment required. Staff restructure.

Transforming the ESS service is the option which provides the Trust with an opportunity to continue to be seen as a leading learning disability service and to build upon our successes within the specialist treatment provider arena. Although we have acknowledged the overall there will be a reduction in the current ESS, we are optimistic that we will be able to improve our pathways by building upon our core business of forensic services and establish our reputation as being successful in delivering services to individuals who challenge mainstream services. We plan to offer two very specific pathways within the A&T, a forensic pathway for complex after support (section 37/41s and sexual offending) and a challenging behaviour pathway, for those individuals who do not need physical security but do need relational and procedural security. Commissioners have already suggested they may tender out these services, and there is no guarantee that if that we would be successful. However, we are in a strong position with our knowledge and experience to submit a persuasive bid. Our early engagement will be a crucial tool to ensure we are communicating our willingness and ability to respond to their requirements and use our expertise to facilitate the development of new specifications.

2. Expansion of MSU

Our Medium Secure services are highly performing in a market where there is limited competition. The strategy for service development therefore is focussed on ways in which we can increase capacity to attract more referrals from current commissioners and those from out of area.

Our current medium secure accommodation whilst delivering an appropriate and quality service to both men and women improvements could be made to the women's facility that would create a high quality environment that is gender sensitive and ensures privacy and dignity to the service users. This would need a redesign or a new building to achieve these improvements. As a high cost service consideration would need to be given to creating a women's environment and increasing capacity so that we would have economies of scale when it comes to the staffing model remaining cost effective.

This additional accommodation would then be used to meet possible extra demand for the service from Wales as we have been successful in being placed upon their Framework and currently provide some services currently at both medium and low secure. Interest has also recently been expressed from Northern Ireland and Scotland which we cannot support at the present time due to lack of capacity.

The long term plan is to look at the development of a 20 bed unit established in the North West.

Rationale

Again, considering the four strategic options of growth, shrink, transform and collaborate, our market analysis and debate indicated the most appropriate strategies involved growth and collaboration (see fig 9). We acknowledge that we are in a difficult and unpredictable economic climate, but we have a distinct advantage over other organisations that this is a difficult market to penetrate and that we are the only LD NHS Trust. We need to use this to expand our access to other commissioning areas. The Trust has expressed interest from commissioners outside of the North West region. It is essential that we positively engage these commissioners to realise long term commitment from them, which would endorse the level of investment is worth undertaking. In addition, increasing MSU beds would increase our overall capacity, which could create an option of diversifying into new markets such as

acquired brain injury or cognitive neuro services which have limited regional access but also nationally.

Fig 9: Option Appraisal Medium Secure Services

Option	Comment	Pros	Cons
Grow	**Primarily by expanding geographical reach (e.g. Scotland, Wales, Northern Ireland).**	Incremental revenue and contribution. Enhanced reputation. Better quality. Increased geographical coverage. Ability to diversity service offering e.g. Acquired Brain Injury	Capital outlay – new beds. No guarantee that new beds would be filled. May prevent investment in ot service lines.
Collaborate	**Potential for vertical (High Security) and horizontal (e.g. Acquired Brain Injury) integration.**	Greater operational, financial and operational sustainability. Economies of scale. Bold and visionary. Better patient safety and quality. Creates opportunities for service users and staff. Cement market reputation. Creates new business opportunities	Greater operational, financial operational sustainability. Economies of scale. Bold and visionary. Better patient safety and qua Creates opportunities for ser users and staff. Cement market reputation. Creates new business opportunities

3. LD Autistic Forensic Unit

Our Low Secure Services are currently delivered from a mix of good and poor accommodation, whilst our commissioners remain unclear about the value we add as a specialist provider. Meanwhile, competition for these services remains high. The Trust's service developments are therefore focussed on delivering and evidencing better outcomes, improving efficiency and making the estate fit for purpose and addressing the derogation problem that exists against our the old LSU facility (in terms of both quality and geographical location).

Our plan is to investigate the development/re-provision of LSU beds off site potentially with a partner. However, rather than doing the same type of low secure facility the plan would be to create a unit specialising upon the delivery of a nationally recognised Learning Disability Autistic Forensic Unit.

Rationale

The option appraisal discarded both growing and shrinking as unfeasible options. The LSU is the Trust's largest contributor and therefore would not be a service worth considering shrinking. Due to its current contractual arrangement under Specialist Commissioning the Trust would not be in a position to gain their support to grow these particular services. Collaboration and transformation were the two preferred options for business development in the low secure service (See Fig 10). However, collaboration is probably the better of the two best options. There are opportunities to identify a potential partner to establish a new community based facility with a stronger specialist focus which would enable the Trust meet the derogation against its current on-site low secure estate. In addition the trust would have the opportunity to build upon its expertise as a leading specialist provider and give the unit a

specialist clinical focus for people with ASC and Asperger's which would have a more mainstream catchment area.

Fig 10: Option Appraisal Low Secure Services

Option	Comment	Pros	Cons
Collaborate	**Seek partner with potential capacity or capital.**	Economies of scale. Could help to address derogation issues. Partner may have capital/site for expansion. Protects market share. Enhanced reputation.	Economies of scale. Could help to address deroga issues. Partner may have capital/site expansion. Protects market share. Enhanced reputation.
Transform	**40 unfit for purpose beds replaced with 20 beds off site and 20 bed ATU in ESS. Current below standard onsite beds wound down gradually.**	Addresses the derogation issue. Let s Commissioners manage market. Possible rationalisation of the estate.	No guarantee that lost income/contribution from the current 40 unfit beds would b replaced. Not clear what level of contribution ATU would make ESS.

Estate Strategy

The Trust has a large estate with a range of new, purpose built facilities and old buildings in need of modernisation. Our overall estate strategy aims to make sure that the premises owned and managed by Calderstones FT are fit for purpose, accessible, meets the needs of our workforce and service users, complies with regulatory standards of the NHS and are used to best effect. As a result of investment and effort, the majority of our premises have been upgraded and had energy efficient technologies installed to the extent that the Trust has one of the lowest energy consumptions/carbon emissions of all Trusts in the North West Region. We ensure Trust's premises are inspected annually to assess compliance with statutory requirements and to identify how improvements can be made. In addition to the requirements of statutory regulation, any schemes which make significant environmental improvement will be considered to be a priority for funding.

We are currently reviewing our overall estate strategy based upon our previous plan to ensure we have premises fit for purpose and that our facilities are required for operational purposes. At this time of change we recognise that our estate strategy, whilst ensuring it meets the regulatory obligations, needs to be operated flexibly and dynamically to support new developments and transformational change. Our current strategy includes offering a number of vacant properties for sale on the open market that had previously been identified as surplus to requirement. However, as our transformational plans have progressed and opportunities to develop new, or improve existing services have arisen, our estates strategy now needs to support our intension to review our plans to create new services in some properties.

Financial

Like all other NHS providers the Trust is required to deliver year on year productivity and efficiency savings. This will ensure Calderstones provides services which are sustainable

and safe going forward.

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

Table 1 provides a high level summary of the key financial assumptions and performance of the proposed strategy.

Table 1 – Summary of key financial assumptions and performance over 5 years.

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Reported Surplus	-1.1	0.1	-0.9	-0.9	-0.9	-0.9
Impairments	1.6	0	0	0	0	0
Surplus	**0.5**	**0.1**	**-0.9**	**-0.9**	**-0.9**	**-0.9**
Non Recurrent Expenditure	1	1	1	1	1	1
Normalised Surplus	**1.5**	**1.1**	**0.1**	**0.1**	**0.1**	**0.1**
Cash	**6.8**	**6.7**	**2.9**	**3.9**	**2.9**	**2.0**
Liquidity ratio	4	4	3	4	4	3
Capital Servicing Capacity	4	4	3	3	3	3
Overall CoSRR	**4**	**4**	**3**	**4**	**4**	**3**
Asset Disposal Proceeds	**0**	**0**	**2**	**2**	**0**	**0**
CIPs Real (Incl Contribution)			1.34	1.70	1.53	1.05
CIP % of Expenditure			2.60%	3.10%	2.90%	1.90%
Implied Efficiency			3.53%	2.60%	2.76%	2.77%

The normalised surplus of the trust after taking into account assumed CIPs and investments is c0.1m from 2015/16 onwards.

The financial plans would provide the Trust with a CoSRR performance metric over the 5 years period of at least a 3. Whilst we are planning to invest in additional facilities this would be supported by selling some of our investment properties which are currently not utilised, estimated to be c£4m.

The financial plan assumes that the in-year CIPs are achieved on a full year effect recurrent basis. Over the next 2 years these will move from transactional, local trust savings to more of a transformation and alliance based programme which is to be developed.

Table 2 provides a summary of the implied impact of tariff and cost pressures based on latest intelligence.

Table 2 – summary of implied tariff and cost pressures over next 5 years

	2014/15	2015/16	2016/17	2017/18	2018/19
Assumed average Tariff deflator	-1.6%	-1.6%	0.4%	-0.6%	-0.7%
Expense Assumptions					
Pay	1.2%	2.2%	3.4%	2.5%	2.4%
Drugs	2.0%	2.0%	2.0%	2.0%	2.0%
Clinical Supplies	2.0%	2.0%	2.0%	2.0%	2.0%

Clearly changes to these assumptions will have an impact on our implied efficiency rates to be achieved each year.

The 2014/15 contract and commission intentions meetings have been transparent and open. CCGs intentions are to move away from the block contract in future financial years, which is different to the block contract historically agreed.

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

- Workforce: staffing levels will need to reduce in line with the CCG contracting intentions. If suitable replacement service provision is not identified to replace the ESS contract loss this may lead to the need for a redundancy programme which may have an impact on the whole health economy. However the Trust may look to work with Commissioners to redeploy and mitigate losses wherever possible.
- Cost improvement plans: as service provision reduces in line with contracting intentions this reduces the Trust's scope to identify suitable schemes to achieve required savings.

The financial plan has assumed at this stage that 48% of our current ESS contract would be lost from August 2015 to reflect this risk. This means we would retain 19 of the 44 currently contracted activity for ESS beds until August 2015. The rationale being that we believe these 19 would be more appropriately treated within our type of specialist care. Tactically we will be positioning ourselves to retain all this work but have not assumed this in the strategy presented.

The potential impact of losing this work includes redundancy payments which we have 46 assumed will be supported by the commissions and have not been factored into our costs.

The financial model assumes that secure service contract activity is at 2013/14 levels going forward. We understand that at this time Specialist Commissioning is considering its

services as they are formally in turnaround.

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

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

Transformational Plan

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

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

- Trust Vision: Transformation programmes of change will contribute to the Trust strategic goals and espouse the Trust Vision and Values.
- Clinical Leadership: Multi-disciplinary clinicians will lead transformational change to ensure the primacy of clinical service quality improvement and innovation.
- Process not ‘top-slicing’: Transformational change will become a continuous cycle of service improvement delivering value for money with longer term delivery linked to the Trust 5 year integrated Business Plan (IBP) and delivered as annual objectives in the Annual Operating Plan.
- Ideas and innovation: The approach will involve all Trust directorates and functions in an integrated approach to sharing ideas and solving problems.
- Service Users: Where appropriate service users will be involved in new innovations 47 and consulted when services change.
- Workforce Involvement: Clinicians and the wider non-clinical workforce will be fully engaged in the process of innovation and in assessing the impact of change on service quality and outcomes.
- External Stakeholders: The views of national clinical experts, commissioners, the

public, and regulators will be incorporated into the approach.

- Benchmarking: Innovative approaches will be compared with good practice elsewhere, to support a continuous spiral of improvement.

Quality Assurance: All transformational schemes will be subject to a quality impact assessment (QIA) and robust monitoring against outcome key performance indicators (KPIs).

Capital Expenditure

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

Total capital spend over the five year period (2014/15 to 2018/19) is expected to be £10.3m, This figure includes a £4m assessment and treatment unit, many small projects, upgrades and refurbishments and backlog maintenance costs. The plan assumes that the Trust will generate £4m from the disposal of assets over the five years. The proceeds will go towards restructuring the service, capital projects and maintaining cash flow. This programme will ensure that all of our accommodation meets regulatory requirements and commissioner specifications, eliminating substandard estate. Slippage on any of these schemes will not be prejudicial to the quality of care delivered, as existing services will remain intact until the new developments are ready. However, slippage may impact on our ability to deliver contracts in line with commissioner specifications and deadlines.

Additional Risks and Mitigation

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

Additional Risks:

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

Mitigations:

- Retain as many ESS beds through service redesign in 2015/16 minimising the. Impact current assumption.
- Achieving new business with non-northwest commissioners such as Scotland, Northern Ireland and Wales.
- Working with a stakeholder in renting or leasing premises for LSU service users.
- Supporting ELFS & FD in promoting and developing its national networks.
- Like all NHS providers the challenge of meeting year on year efficiencies without **compromising service user safety, quality or experience is difficult. Whilst the Trust**

does have plans for 2014/15 they come with a mixed degree of risk in their achievement.

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

Table 3 – Calculated financial impact of upside and downside assumptions

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Normalised Surplus Upside	1.5	1.1	0.3	0.4	0.4	0.4
Normalised Surplus Base	**1.5**	**1.1**	**0.1**	**0.1**	**0.1**	**0.1**
Normalised Surplus Downside	1.5	1.1	-0.2	-0.6	-0.9	-1.2
Cash Upside	6.8	6.9	3.9	5.1	4.5	3.9
Cash Base	**6.8**	**6.7**	**2.9**	**3.9**	**2.9**	**2.0**
Cash Downside	6.8	6.7	2.7	3.6	1.7	-0.5
CoSRR Upside	4	4	4	4	4	3
CoSRR Base	**4**	**4**	**3**	**4**	**4**	**3**
CoSRR Downside	4	4	3	3	3	2

A summary of the key assumptions of the sensitivity review are:

Base Case

- Assumption of CIPS being achieved at approximately c£1.4m per annum.
- Tariff deflator is assumed to be 1.8% on secure contracts and 1.5% on enhanced services.
- MSU and LSU including Step Down activity is contracted at 2013/14 levels.
- For 2014/15 ESS contract income reduces by 4 beds to 44, with corresponding commissioning income reduction (c£0.6m) and associated cost savings (c£0.3m).
- From 2015/16 ESS Income assumes a loss of 25 beds from the 14/15 contracted activity and therefore income. (This means ESS beds reducing from a planned 44 to 19 with effect from August 2015. This financial impact is an income reduction of c£4.2m but with related costs reduction of c£3.2m).
- NHS England pay for redundancy costs associated with ESS contract reductions.
- All other income streams are unaffected
- House Sales income is received from 15/16 onwards to support capital developments and cash balances.

Downside Case

- CIPs has been scaled back to 75% achievement in each year.

Upside Case

- Retain a higher percentage of ESS beds amounting to £1.5 m of Income.

1.5 Appendices

Appendix 1: Summary Financial Statements from 2013/14 to 2018/19

Income and Expenditure

£ million	2013/14 Forecast	2014/15 Forecast	2015/16 Forecast	2016/17 Forecast	2017/18 Forecast	2018/19 Forecast
Income	64.6	57.0	53.5	54.8	54.2	57.3
Pay Costs	-51.5	-46.2	-44.5	-45.6	-45.3	-47.2
Non Pay Costs	-9.0	-7.1	-6.4	-6.5	-6.2	-7.4
EBITDA	**4.1**	**3.7**	**2.6**	**2.7**	**2.7**	**2.7**
Net Surplus	**-1.1**	**0.1**	**-0.9**	**-0.9**	**-0.9**	**-0.9**
Normalised Surplus	**1.5**	**1.1**	**0.1**	**0.1**	**0.1**	**0.1**
Continuity of Services Risk Rating (CoSRR)						
Debt Service Cover	4	4	3	3	3	3
Liquidity	4	4	3	4	4	3
CoSRR	**4**	**4**	**3**	**4**	**4**	**3**

Statement of Financial Position

£ million	2013/14 Forecast	2014/15 Forecast	2015/16 Forecast	2016/17 Forecast	2017/18 Forecast	2018/19 Forecast
Fixed Assets	44.7	45.0	47.1	45.1	45.2	45.2
Cash and Cash Equivalent	6.8	6.7	2.9	3.9	2.9	2.0
Other Current Assets	2.4	2.2	1.8	1.8	1.8	1.8
Current Liabilities	-5.6	-5.5	-4.7	-4.7	-4.7	-4.7
Net Current Assets	3.6	3.4	0	1.0	0	-0.9
Long Term Liabilities	-1.3	-1.3	-0.9	-0.9	-0.9	-0.9
Total Net Assets	**47.0**	**47.1**	**46.2**	**45.2**	**44.3**	**43.4**
Funded by						
Public Dividend Capital	19.3	19.3	19.3	19.3	19.3	19.3
Retained Earnings	16.7	16.8	15.9	14.9	14	13.1
Revaluation reserve	11.0	11.0	11.0	11.0	11.0	11.0
Total Assets Employed	**47.0**	**47.1**	**46.2**	**45.2**	**44.3**	**43.4**

Cash Flow

£ million	2013/14 Forecast	2014/15 Forecast	2015/16 Forecast	2016/17 Forecast	2017/18 Forecast	2018/19 Forecast
EBITDA	3.1	2.7	1.4	1.7	1.7	1.7
Non cash flows in operating surplus	0	0	0	0	0	0
Movement in working capital	0.2	0.1	-0.3	0	0	0
Cash generated from operations	3.3	2.8	1.1	1.7	1.7	1.7
Investing activities	-5.2	-1.5	-3.7	0.8	-1.2	-1.2
Financing activities	-1.4	-1.4	-1.2	-1.5	-1.5	-1.4
Net cash flow	-3.3	-0.1	-3.8	1.0	-1.0	-0.9
Opening cash balance	10.1	6.8	6.7	2.9	3.9	2.9
Closing cash balance	6.8	6.7	2.9	3.9	2.9	2.0

Appendix 2: Cost Improvement Plans (CIPs) for 2014/15

	£000	WTE	
Forensic & High Support Services	449	6.00	Skill Mix Review
Medical & PTS	70	2.88	Skill Mix and restructure
Finance, IT & Facilities	90	1.00	Non pay rationalisation/Efficiency review in admin posts
Human resources & training	43	0.56	Transforming OD and Staff Bank systems
Management Restructure	100	2.00	Management structure alignment and consolidation
Income Generation Scheme	71	0.00	Car Parking Scheme
Staff Bank Savings	100	0.00	Payable rate review
Other Non-Pay Savings	172	0.00	Introduction of E-Procurement, leaner practices and innovation platform.
Total	**1,095**	**12.44**	