North Essex Partnership
University NHS Foundation Trust

Strategic Plan Document for 2014-19

North Essex Partnership University NHS Foundation Trust

(final publication version for submission)

27/6/14

1.1 Strategic Plan for y/e 31 March 2015 to 2019

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

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Date	**27/06/2014**

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)*	**Chris Paveley**	**Name** *(Chief Executive)*	**Andrew Geldard**
Signature		**Signature**	

Name *(Finance Director)*	**Rick Tazzini**
Signature	

1.1.1 Executive Summary

Introduction

This Five Year Plan for NEP builds on the Two Year Plan already submitted to Monitor. Whilst the Two Year Pan concentrated upon immediate and short term issues, this plan looks further into the future and assesses the role and development of the organisation within the wider healthcare system over the next five years. At the time of writing, all the Trust's main contracts have either been agreed or are very close to agreement, following a mediation process The following plans and the financial submission are, therefore, based upon the income, deflator and demographic uplift figures which we are confident will be in the final contract documents.

It is also worth noting that the timings of Monitor's and our process for strategy development are not aligned. The current NEP Five Year Strategy runs until April 2015, while we are currently expecting to launch a new strategy in September 2014. Clearly though, strategic thinking is constantly evolving and the NEP Board is fully engaged in the development of our long-term strategy. Whilst there may be changes in the detail of our approach as our strategy develops, the fundamental elements of our thinking are contained within this document.

The Commissioning landscape within our Local Health Economies

The three north Essex CCGs, our major commissioners, which account for 70% of our income, share an overall approach of providing more care closer to patients' homes and, as far as possible, at primary care / community level through Stepped Care. This is set out clearly in their joint North Essex Mental Health Strategy, although all three have detailed plans that differ in emphasis and timing reflecting their local need. All three are working in the context of considerable financial challenges.

The Mid-Essex LHE is the most challenged and is the subject of a critical friend review by Boston Consulting Group, which was commissioned by Monitor, in order to provide expert help with strategic planning, to secure sustainable quality services for their local patients. NEP has been fully engaged in that process, being seen more as a part of the potential solution to the LHE, than a cause of the financial problem.

Both West and North-east Essex CCGs are responding to their financial situations (centred largely on their local acute activity) through programmes of community and mental health service redesign and reprovision.

All three CCGs have committed themselves to maintaining sustainable mental health services and to prioritising the physical health of people with mental health needs, and all three of our CCGs see integration as a key driver in their planning.

Strategic Planning Process

We have a well-established planning cycle, involving and engaging the Executive Team (which has regular meetings devoted to strategy), Board Seminars and our governors. Area Directors develop their own Area Annual Plans, which inform investment and CIP decision-making. Our geographical and specialist services directorates will continue to underpin the development of our Annual Plans with high levels of listening to and engagement with staff, governors, service users, families/carers, GPs and local communities, but also with

accountability to deliver against Trustwide priorities, standards, and measures. Our very active council of Governors continues to develop ways of improving engagement and dialogue with public and staff members, and it plays a full part in holding the Board of Directors to account and giving views on forward plans, including quality priorities, and on services. We have reviewed our Constitution and increased the proportion of staff Governors, and have clear development programmes for all our governors to ensure they are properly prepared for their increased responsibilities arising from the Health and Social Care Act 2012 and as recommended by the Francis Inquiry. We have always taken our public accountability very seriously and will continue to do so.

Involvement with commissioners' plans

The North Essex Mental Health Strategy is primary care-focussed but states a wish to retain sustainable mental health services within its vision for stepped care and a move toward integration of mental and physical healthcare. Engagement between the Trust and the CCGs has included presentation and discussion to the Board, to local Area clinical Boards and to our Governors. The Trust has formally responded to the CCGs, stressing the need to safeguard those with severe mental illness and multiple disadvantage within any redesigned community system, and we hope for a collaborative approach moving forward.

There has been dialogue thoughout the planning process with CCGs, and in particular with Mid Essex CCGs as part of the Boston Consulting Group "critical friend review"

This plan, therefore ,draws on partners' plans and on theiremerging five year plans which were being drafted during the preparation of this document.

Risks to the organisation and strategic options

There are a range of threats and opportunities identified within the plan including:

- The move to cost and volume for MH Care Clusters 1-8
- NEECCG Care Closer to Home market exercise for community services
- All CCGs looking toward integration of mental and physical healthcare
- Competitive tendering of some core business (e.g. substance misuse services)
- Opportunities to win new business from tenders

Following Monitor's planning guidance, NEP has assessed the strategic options "grow", "shrink", "merge" and "transform".

Over the five year horizon, ultimately NEP either maintains income, grows or shrinks. The aim will be both to grow new business to replace lost income and reduce costs to match reductions in income. There are a number of scenarios which have been considered, the first of which is our base assumption:

1. Some community services are lost, whilst others are retained as part of joint service offerings. The loss of any income from tenders of current services and from MH care Clusters 1-4 is matched by gaining outside business, or as costs are reduced in line with income loss.
2. The Trust is successful in retaining all community services via joint service offerings with other providers, in line with LHE commissioning intentions. Specialist services are also retained, in addition to growth by providing specialist and community services in other geographical areas

3. Community services are no longer retained by the Trust, leading to the Trust becoming solely a provider of specialist inpatient services, leading to reconfiguration to adapt to this environment

The strategic choices made in order to deliver 1 above are to transform and to grow:

Transform: in line with LHE commissioning intentions we will develop new Community Service Offerings - working with local CCGs and strategic partners to offer integrated service offerings, both in Essex and beyond. We will ensure that our specialist expertise is used to full advantage, to achieve excellent outcomes for MH patients within any integrated model.

Grow our Specialist service offerings – we are seen as an excellent provider of choice for these services and will maintain and look for opportunities outside the geographical area, bringing benefit back into the LHE.

Financial plans

The base financial case for the next five years is set out below

Base Outputs	2014/15	2015/16	2016/17	2017/18	2018/19
	£000's	£000,s	£000,s	£000,s	£000,s
Operating Revenue	108.356	108.678	107.956	108.054	108.175
Surplus before disposals	0.000	0.000	-0.004	0.056	-0.008
CIPS	2.484	2.928	2.484	2.484	2.484
Cash for Liquidity (Cumulative)	5.190	5.582	6.628	9.384	7.401
CoSRR	3	3	3	3	3

The Trust's CIP cash requirement over the five years is approximately 2.4% each year, this being augmented by unfunded cost pressures to arrive at the Monitor 4% target figure for the Mental Health sector.

The break-even position for each of the five years is sufficient to achieve a Continuity of Services Risk Rating of "3" in each year.

The Trust has also modelled a downside case showing the effect of loss of income from MH Care clusters 1-4, which with mitigations also shows a CoSR rating of "3" over the five year period.

1.2 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***

North Essex Foundation University NHS Foundation (NEP) will remain sustainable financially, operationally and clinically in one, three and five years' time. While the business will have to change, by necessity and in line with the changing healthcare environment, the Trust will continue to operate and provide care in the future.

1.2.1 Financial Sustainability

- Negotiations and service redesign is ongoing to ensure that the NEP continues to match core operating costs to the income from the business it is able to attract
- NEP's specialist services represent an area where the Trust can grow, building on its clinical reputation
- Work is ongoing to accommodate commissioning intentions within the Trust's core community business
- Any financial losses from services that the Trust is unable to retain will be mitigated by passing on in full costs related to those services and by the acquisition of new business from elsewhere.
- Our base case projections for our finances suggest that we will operate a deficit for 2015/16, though that we will be able to move to a break even position beyond that and we have the potential to mitigate those losses by acquiring new business.

1.2.2 Operational Sustainability

- The Trust is working with commissioners on service models surrounding key operations
- Our local commissioners have made it clear that they wish to move away from differentiated mental and physical health services into more integrated services. The Trust will accommodate this by working in partnership with other providers
- This work could take the form of joint ventures, lead provider models, with the Trust either operating as the lead or sub-contractor, or alliance partnerships,
- There will be different solutions appropriate to different areas of Trust work. NEP will be responsive to commissioners in finding the right fit for the right service
- At the same time, NEP will continue to develop specialist inpatient services, which are not at risk, to allow for greater efficiency and growth into other areas.

1.2.3 Clinical Sustainability

- The Trust will continue to adhere to best practice guidelines and governance for the duration of this strategy
- CQC inspections of Trust work have been positive overall. Care will be taken that in developing new service offerings and growing the business to adapt to the market environment in such a way that negative impacts to quality are avoided.

1.3 Market analysis and context

1.3.1 Healthcare needs assessment - based on demographic and healthcare trends;

Demographic change projections – north Essex:

The population of north Essex is projected to grow by 6.8% between 2013 and 2019 (ONS 2011-based subnational population projections). This will give an all-age population growth of nearly 67,400 people by 2019, with 44% of the growth in the over-65 age range.

The change of health and social care focus locally, with the diseases and reduced independence of older people gaining more attention and investment, reflects the projected rise of 16.5% in the population of people aged over 65 by 2019.

The full population-change projections are:

	Age 0 - 16			Age 17 - 65			Age 66 and over		
	Population 2013	Projected population 2019	Change (%)	Population 2013	Projected population 2019	Change (%)	Population 2013	Projected population 2019	Change (%)
Braintree	31,459	33,927	7.8%	93,602	95,146	1.7%	25,330	30,599	20.8%
Chelmsford	34,002	36,428	7.1%	107,899	108,474	0.5%	28,645	33,059	15.4%
Maldon	11,616	12,110	4.2%	38,187	38,109	-0.2%	12,894	15,638	21.3%
Mid-Essex	77,078	82,464	7.0%	239,687	241,729	0.9%	66,869	79,296	18.6%
Harlow	18,451	20,264	9.8%	53,107	54,816	3.2%	12,084	13,132	8.7%
Epping Forest	24,976	27,359	9.5%	79,682	83,471	4.8%	22,719	25,298	11.4%
Uttlesford	17,922	20,313	13.3%	50,342	52,327	3.9%	13,935	16,559	18.8%
West Essex	61,348	67,937	10.7%	183,131	190,614	4.1%	48,738	54,989	12.8%
Colchester	34,812	38,726	11.2%	116,674	123,256	5.6%	28,032	33,492	19.5%
Tendring	24,544	26,725	8.9%	79,004	82,265	4.1%	38,050	43,855	15.3%
NE Essex	59,356	65,452	10.3%	195,678	205,521	5.0%	66,083	77,348	17.0%
North Essex Total	197,782	215,853	9.1%	618,496	637,864	3.1%	181,689	211,633	16.5%

Demographics within North Essex

Ethnic minorities

It was estimated in 2011 that just over 10% of Essex residents were from mixed, Black or Minority Ethnic (BME) groups, while across England this figure is over 16%.

- Whilst this is an increase from 2001, it is still lower than averages across England, the East of England and the South East in 2001.

At this time Essex also had a lower proportion of its population identifying with white minority ethnic groups than elsewhere (3.5% compared with an English average of nearly 4.6%). As

Essex continues to grow it is becoming more diverse. The county's BME population is growing.

- Those in Essex belonging to Mixed, Black, Asian or Chinese ethnic groups in fact more than doubled between 2001 and 2007, when it reached nearly 90,000 people.

Recent immigration from Eastern Europe has increased the proportion of people from "Other white backgrounds", although there is no particular focus of Eastern European population in north Essex. to compare to that of Ipswich.

Travellers have a small presence in north Essex compared to the high-profile presence they have in south Essex.

A 2013 caseload snapshot showed the following ethnic mix of patients:

Ethnicity	Proportion of caseload
White British	94.50%
White Irish	0.73%
Other white	1.97%
Mixed	0.92%
Asian or Asian British	0.92%
Black or black British	0.56%
Chinese and other	0.41%

1.3.2 NEP Capacity Analysis -

Below are the staff numbers and how these are expected to change in coming years:

Establishment FTE	Actual	Projected				
Staff group	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19
Medical & dental	125.4	122.5	120.5	125.0	125.0	125.1
All registered nursing, midwifery and health visiting staff	1068.2	1056.5	1048.4	1051.8	1050.8	1051.0
All scientific & technical staff	228.7	223.7	218.7	220.8	220.6	220.6
Healthcare assistants	75.6	75.6	76.1	75.2	75.1	75.2
Social care staff	91.5	90.8	90.1	91	90.9	90.9
Qualified ambulance staff	0	0	0	0	0	0
Non-clinical staff	497.6	477.6	457.6	498.2	499.4	501.1
All staff in post excluding bank staff, locums and agency staff	2087.0	2046.7	2015.9	2062.0	2061.8	2063.9

Change year-on-year (%)		Mar-14	Mar-15	Mar-16	Mar-17	Mar-18
Medical & dental		-2.3%	-1.6%	3.7%	0.0%	0.1%
All registered nursing, midwifery and health visiting staff		-1.1%	-0.8%	0.3%	-0.1%	0.0%
All scientific & technical staff		-2.2%	-2.2%	1.0%	-0.1%	0.0%
Healthcare assistants		0.0%	0.7%	-1.0%	-0.1%	0.1%
Social care staff		-0.8%	-0.8%	1.0%	-0.1%	0.0%
Qualified ambulance staff						
Non-clinical staff		-4.0%	-4.2%	8.9%	0.2%	0.3%
All staff in post excluding bank staff, locums and agency staff		-1.9%	-1.5%	2.3%	0.0%	0.1%

The below table illustrates the Trust's capacity analysis, relative to other mental health Trusts

Patient group	Category	Parameter (populations of appropriate age where specified)	Performance
Adult	Acute inpatient	Bed numbers per 100,000	Lower quartile border
		Patients admitted per 100,000	Below average
		Admissions under MHA per 100,000	Lower quartile
		Emergency readmissions within 30 days per 100,000	5th lowest Trust in sample
		Occupied bed days excluding leave per 100,000	Below average
		Mean length of stay excluding leave	Lower quartile
		Mean length of stay when admitted under MHA	Lower quartile
	CMHT	Wait for urgent appointment	Lower quartile
Older adult	Inpatient	Bed numbers per 100,000	Average
		Patients admitted per 100,000	Below average
		Emergency readmissions within 30 days per 100,000	Lower quartile
		Occupied bed days excluding leave per 100,000	Above average
		Mean length of stay excluding leave	Lower quartile
		Mean length of stay when admitted under MHA	Lower quartile
	CMHT	Wait for urgent appointment	Lower quartile

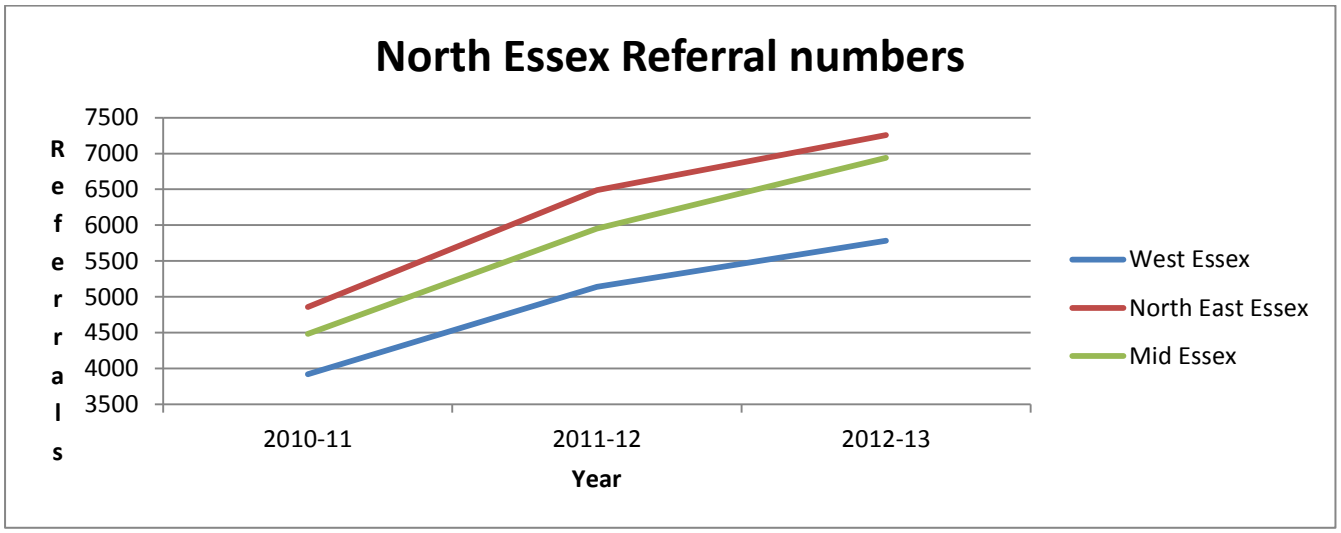
The table shows that, through efficient processes, the Trust is able to manage a smaller than average bed complement with a low average length of stay and a low rate of readmission.

1.3.3 Funding analysis - based on historic trends and likely commissioning intentions;

Historical demand trends

- Demand for mental health services in north Essex continues to rise, with GPs continuing to refer more patients than the service can treat.

PCT/CCG	GP Referrals			Change 2010/11-2012/13	%
	2010-11	2011-12	2012-13		
West Essex	3918	5137	5784	1866	48
North East Essex	4856	6487	7259	2403	49
Mid Essex	4481	5952	6941	2460	55
NEP total	13,308	17630	20038	6730	51



Activity

Service models have been re-designed, particularly in the areas of psychiatric consultation, day services, dementia care, continuing care and rehabilitation and recovery,

- This has led to planned decreases in outpatient and day care attendances and rehabilitation and continuing care inpatient stays.

Balancing this, major unplanned increases in crucial areas of acute activity (within the block contract) have occurred across the Trust.

- This has occurred in acute inpatients (including psychiatric intensive care), CMHTs and psychological therapies (including the community eating disorders service).

Expressed per 100,000 population these increases have been:

NORTH ESSEX				
ACTIVITY PER 10,000 POPULATION: CHANGE 2010/11 - 2013/14				
ADULT		**Activity 2010/11**	**Activity 2013/14**	**Change 2010/11 - 2013/14**
Acute inpatient	OBDs	44,812	46,437	3%
CMHT	Contacts	70,858	75,538	6%
Psychological therapies	Contacts	18,019	19,347	6%
OLDER ADULT				
CMHT	Contacts	22,762	26,448	4%
2013/14 activity is projected out-turn from 7 months' data				

Current mental health activity profile

Current negotiations between NEP and commissioners have based around mental health activity by severity.

The total value of mental health activity by severity, as assessed by mental health clusters, assigned by a HoNOS score, is shown below:

Super MH Care Cluster	Care Clusters	Value Incl £m
A. Non-psychotic – mild, mod & severe	**1-4**	**11**
- very severe & complex	**5 – 8**	**16**
B. Psychosis	10 – 17	20
C. Organic (Dementia)	18 – 21	17
Assessments		3
Total		**67**

- Current commissioner plans show a reduction in the Trust activity for activity in the lower severity 1-4 mental health care clusters, which will be taken up by investment in IAPT
- There is still work to be done on arranging agreement on the level to which activity will be reduced and how this will be reflected in contracts between the Trust and the commissioners
- Any loss of income from the lower severity mental health clusters will be mitigated by the Trust in a reduction in the costs of the service, when the activity pattern is established

Local health economy status

The following table shows the increasing allocations to CCGs 2014 -2016

CCG Allocations 2014/15 and 2015/16 - £000s										
	2013/14	2014/15	Increase		Distance From Target		2015/16	Increase		Distance From Target
	£000s	£000s	£000s	%			£000s	£000s	%	
Mid Essex	379,825	391,149	11,324	3.0%	-4.9%		399,951	8,802	2.3%	-4.7%
North East Essex	399,103	407,644	8,541	2.1%	4.0%		416,095	8,451	2.1%	3.5%
West Essex	311,286	322,798	11,512	3.7%	-4.9%		331,089	8,291	2.6%	-4.7%
	1,090,214	1,121,591	31,377	2.9%			1,147,135	25,544	2.3%	
England	62,743,712	64,336,427	1,592,715	2.5%			64,336,427			
Source: NHS England Allocations 2014/15 & 2015/16										

North Essex CCG

- Considers itself to be in a financially challenged position
- Hosts Colchester Hospital University NHS Foundation Trust (CHUFT), which was put into special measure by Monitor in 2013
    - Care Quality Commission (CQC) found that cancer care at Trust was inadequate, leading Monitor to find that it had breached its licence
- We are fully engaged in development and procurement process for the “Care Closer to Home” community redesign.
    - Seen as an opportunity, along with other health and social care providers, to develop service to support the out-of-hospital agenda
    - Also a potential threat, since unknown quantity of our community mental health services will be included in the tender
    - New service will be in place from April 2015, following 2 year planning period

Mid Essex CCG

- One of the 11 health economies in England that is “in distress” on the basis that they will most benefit from external support in the first few weeks of the new financial year
- To receive expert help with strategic planning in order to secure sustainable quality services for local patients
- A programme of work lasting around 10 weeks across 4 work streams will be undertaken
    - A diagnosis of supply and demand
    - Solutions development and options analysis
    - Plan development
    - Implementation

We will be playing our full part in co-operating with this important process. Previous work in this locality by independent experts has shown underinvestment in Mental Health compared to a relative excess spend in community and acute services.

West Essex CCG

- Also considers itself to have a considerable financial challenge
- Has a savings plan for 2014/15 which includes reductions of activity, some affecting the Trust, in which areas we are working with the CCG
    - Redirecting patients in HoNOS clusters 1 – 4
    - Their frailty programme
- We expect any reduction in throughput of lower-acuity patients, and subsequent income reduction to be offset by cost reductions and/or increases in higher-acuity activity reflecting changing demographics and unmet need

1.3.4 Competitor analysis - based on an assessment of the Trust's key areas of strength and weakness relative to its key competitors;

- The Trust has completed a competitor analysis in line with Monitor guidance
- There are two different frameworks created, one for the Trust's direct competitors, another for indirect and potential competitors
    - Direct competitors are those who perform the same services as the Trust in the same geographical area
    - Indirect competitors are those which are either geographically removed from Trust business, do not currently offer the same services or both
- Prioritisation of the different elements within the analysis has been designed to represent the competitive procurement process and how the Trust therefore sees itself and its competitors in the market
    - In a more traditional NHS environment the reputation of the Trust and relationship with commissioners would have a much higher impact than is currently the case
    - As commissioners have moved to a more competitive process, cost has become the primary factor in determining the majority of tenders
    - Performance of existing Trust services, while still a factor, has less of an impact on the outcome than it once did
- In consideration of the procurement environment the Trust is reworking and realigning service offerings to remain competitive.

1.4 Strategic Options

Option1: Transform, having a separate focus on community services from specialist services and providing integrated service offerings with other providers

Likely impact of option on key service lines

- Community services would be a part of integrated care pathways, alongside physical community health services
- NEP would be one partner amongst a group of providers

Likely impact of option on the broader LHE

- This option would require alignment with local commissioners and CCGs, as well as providers whose pathways would fall under the same integrated service offerings
- CCG commissioning documents predict enhanced services for patients by more joined up care
- Bidding for integrated services alongside physical care providers would have an impact on existing physical care providers if successful and separate from NEP involved offerings

LHE support required and alignment with the option

- If the Trust is able to provide focussed working on integrated care, this would align with the goals of the CCGs.
- There would still need to be alignment with the LHE in terms of which services are already commissioned by us and which services would belong to which area of the business.
- For the integrated care vehicle work NEP would need its LHE partners to want to work towards the same integrated model

Option 2: Grow by providing specialist services in new areas

Likely impact of option on key service lines

- If growth is limited into areas where NEP feels that resources available match those required to complete the service then existing service lines will be kept in place
- Providing specialist services in new areas will allow NEP to use the expert knowledge, which the Trust is known for, to allow growth and to enhance our reputation

Likely impact of option on the broader LHE

- Where the Trust has specialist knowledge, this would potentially allow us to take on services in a way that supports the local health economy
- Efficient use of resources and knowledge sharing could mitigate financial pressures on the LHE
- Where NEP is able to obtain new business and grow, this will enhance the sustainability of core NEP services and compensate to risks to the organisation caused by any loss of business

LHE support required and alignment with the option

- NEP is seen as having strong service provision for specialist services

- Specialist growth into new areas requires partnership with local and national providers to cover any necessary expertise and resource and with commissioners to ensure the right service is provided

These service options have been chosen as the agreed strategy, for reasons explained below:

Option1: Transform, Separating out community services from specialist services and providing integrated service offerings with other providers

- This would allow the Trust to develop service in line with the integrated care agenda that is being presented by local commissioners
- Retaining community services as part of these offerings would allow the Trust to retain enough income to allow the core structures to be sustainable
- Allowing for a distinction between community services, which would be part of integrated offerings, and specialist inpatient services would allow the Trust to retain a key strength, whilst still providing the services valued by commissioners in a community setting

Option 2: Grow by providing specialist services in new areas

- Specialist services are seen to be the least at risk of our service offerings, due to the reliance of these services on estates owned by the Trust
- Specialist inpatient services are additionally an area where the Trust has a strong reputation and obtaining additional business in this area could raise the national profile of the Trust

1.5 Plans and Supporting Initiatives

1.5.1 Service Line Initiatives

Growth of bed occupancy for CAMHS Tier 4 service

- An opportunity has arisen through a change in the national service spec which will increase the bed occupancy of the CAMHS tier 4 service
- Most competitors do not meet the quality service requirements
- There is a plan to implement repatriation of out of area patients over the next 12 months
- This would lead to a higher level of commissioned activity

Reduction in Inpatient Bed Occupancy Time for Adults of a Working Age

- There are plans in place to reduce the bed time occupancy for working age adults, via more efficient assessment and discharge, in order to increase throughput in the inpatient wards
- This would lead to increased access and improved patient safety

Greater Integration of Older Adults Step up, Step down Frailty Programme

- From the commissioning intentions of Mid and West Essex CCGs, an opportunity has arisen for better integration with community services for the step up, step down of older adults
- This would mean being responsive to community consultative service

To Become the Clinical Provider of Choice for Substance Misuse in the Local Area

- The provision of substance misuse services has come up for tender, both in Suffolk and across the whole of Essex
- NEP has the opportunity to develop bids for both services, working in partnership with local third sector providers to ensure joined up care across all areas of the drug and alcohol recovery service
- This allows us to bid to become the lead clinical provider for substance misuse in the area, whilst also allowing us to develop services in a similar way to how we plan to develop our mental health service offerings going forward

Joint Mental Health / Community Service Offering for North East Essex

- A clear timeframe has been made clear by North East Essex CCG on their desired "Care Closer to Home", along with the process from the commissioner
- A joint venture is being developed between NEP and local health partners to create an integrated service offering

Joint Mental Health / Community Service Offering for Mid Essex

- Commissioner yet to give firm plans or timelines on community service model for Mid Essex
- Stated intentions point towards a joint service offering, integrating physical and mental health

Journeys – care pathway and service delivery redesign across north Essex

- Programme of care pathway redesign and consequent service delivery redesign
- Two-year inclusive programme now reaching conclusion

- Commissioners have been involved throughout although this has not necessarily influenced CCGs' mental health strategies and commissioning intentions which have been largely developed without significant Trust input.

Remedy – new clinical information system

- New extendable clinical information system based on proprietary Paris platform to replace CareBase (bespoke system initiated in 1996)
- Introduced with in 2014 with development milestones
- All clinical and relevant administrative staff trained and refreshed
- Potential for future mobile working developments and interoperability.

1.5.2 Prioritisation of Service Line Initiatives

- Service lines were prioritised according to the framework below, designed to take into account the impact of each of the initiatives on the business and the feasibility of making each happen
- Only those initiatives that fit with the existing NEP strategy were given full assessment and consideration
- The Impact was assessed in terms of the clinical, financial and commercial effect of the initiative on NEP

1.6 Financial Projections

Introduction

On the 4th April 2014, the Trust submitted to Monitor its two year operational Plan. For the 30th June the Trust is required to submit a five year strategic plan, the first year of which is fixed from the operational plan submission.

1.6.1 Base Case Projections

- As part of the original submission, the trust included base case assumptions for the 5 year period
- Assumptions were based around no major changes taking place during those years, with factors such as tariff deflator and demographic rises leading to fluctuations in income
- The table below shows the key financial assumptions

Figure1. Key Financial Assumptions

Inflation	Year 1 2014/15 %	Year 2 2015/16 %	Year 3 2016/17 %	Year 4 2017/18 %	Year 5 2018/19 %
Tariff	-1.8	-2.3	-1.8	-1.8	-1.8
Demographics	1.1	1.1	1.1	1.1	1.1
Pay	1	1	1.5	1.5	1.5
A4C	0.5	0.5	0.5	0.5	0.5
Drugs	1.5	1.5	2	2	2
Shared Services	1.5	1.5	2	2	2
Clinical Services	1.5	1.5	2	2	2
Non Pay	1.5	1.5	2	2	2
Capital Expenditure	1	1	1	1	1

- The base case position, projecting the financial assumptions above and assuming no changes during the period is represented in the table below
- Only key figures have been extracted from the Model, in order to highlight the important issues

Figure 2. Base outputs from Model

Base Outputs	2014/15 £000's	2015/16 £000,s	2016/17 £000,s	2017/18 £000,s	2018/19 £000,s
Operating Revenue	108.356	108.678	107.956	108.054	108.175
Surplus before disposals	0.000	0.000	-0.004	0.056	-0.008
CIPS	2.484	2.928	2.484	2.484	2.484
Cash for Liquidity (Cumulative)	5.190	5.582	6.628	9.384	7.401
CoSRR	3	3	3	3	3

- The Trust's CIP cash requirement over the five years is approximately 2.4% each year, this being augmented by unfunded cost pressures to arrive at the Monitor 4% target figure for the Mental Health sector.
- The break-even position for each of the five years is sufficient to achieve a Continuity of Services Risk Rating of "3" in each year.

1.6.2 Potential downside to Baseline

- The baseline project assumes that there will be no major changes in Trust income over the 5 year period
- There are, inevitably, potential risks which could result in income reductions for the Trust if they come into effect
    - The Trust has been involved in contract negotiations with the local CCGs over those patients in lower acuity mental health care clusters
    - Some Trust business will be up for tender in the 5 year period and it is possible that the Trust will cease to be the provider of some services in the future
- The loss of income from any potential risk can be mitigated by a reduction in staff costs, by TUPE or by reducing Trust staffing, allow a stable Continuity of Services Risk Rating of "3" in each year
- While there is the potential risk of losing certain business, the Trust is also actively bidding to grow the specialist areas of business, which would mitigate any losses and allow for an overall increase in profile and income

Summary

- The Trust has projected that, in a baseline scenario, the financial risk rating will not be affected and the Trust will continue to be sustainable
- The risks to the baseline planning assumptions have also been assessed, projecting a continuation of financial stability, once mitigating action is taken into account