



## **Strategic Plan Summary for 2014-19**

**Hertfordshire Partnership University NHS Foundation Trust**

## 1.1 Summary

The plan period 2014/15-2018/19 represents a very challenging but also an exciting time for HPFT.

2014/15 is the fourth year of HPFT's significant programme of transformational change that has been designed and planned alongside our commissioners with significant input from service users, carers, and staff including clinical leaders from across the Trust. Underpinning this programme of change is a focus on maintaining the quality and safety of all our services and a drive to continuously improve the experience that service users, carers, referrers and commissioners have of HPFT.

Our workforce is the key to this and our plans reflect this. We will continue to work hard over the plan period to develop our workforce, with individuals who have the right skills, knowledge and values. We will deliver on our customer care strategy that places a positive staff experience at the heart of delivering a positive service user experience. We will continue to use a wide range of information and feedback to constantly measure quality of care. We will also look for more opportunities to talk more to service users, their families and the public about what is important to them for their health and social care needs and be open when care and services do not meet the standards we want to deliver.

The plan period is an exciting time for HPFT because 2014/15 will see key elements of our four year transformation journey fall into place, and from 2015/16 on wards we expect to start see the benefits of these changes in the feedback we receive from the people who use our services and our staff. Examples of this include:

- The opening of our new, state of the art £42m inpatient facility, Kingfisher Court
- The roll out of a new, more joined up model adult mental health community services
- The opening of our new Learning and Development Centre

The plan period is also a very challenging time for HPFT because of the back drop of continued financial pressures. HPFT has consistently delivered real net efficiencies of >4% per year over the last four years, far in excess of the 0.4% - 1.4% estimated to have been achieved across the NHS as a whole. While the Trust continues to seek further opportunities for efficiency improvements, this level of savings cannot be sustained beyond the current transformation programme. The continued sustainable delivery of high quality services over the period of this plan depends on:

- Increased recurrent reinvestment of efficiencies into secondary care mental health services e.g. to meet increase demand, and the aspirations set out in 'Every Patient Counts' and 'Closing the Gap'
- Driving further productivity improvements e.g. through the development of agile working to increase direct contact times.
- Greater integration across the wider system to:
  - Share overheads costs e.g. estate and back office functions
  - Take advantage of delivery synergies e.g. in treating and caring for the frail elderly including people with dementia
- Retaining existing income streams and selectively developing new ones where this can make a positive contribution clinically and financially

We are excited by the prospect of playing a leading role in co-ordinating and delivering more joined up services across mental and physical health and social care, working with our partner providers and commissioners across Hertfordshire.

We have identified a cumulative funding gap of c.£16m - £19m across the plan period based on realistic planning assumptions. Financial evaluation of the strategic options available to the Trust suggests the potential for savings of £11m -£16m. A significant element of this is linked to significant system wide

change and service integration. The detailed work around this with commissioners and provider partners is only just beginning and will impact significantly on HPFT's ability to deliver financial sustainability into the final three years of the plan period (2016/17-2018/19).

## 1.2 Introduction to the Strategic Plan

Hertfordshire Partnership NHS Foundation Trust (HPFT) provides integrated health and social care across community and hospital settings. The Trust treats and cares for people across Hertfordshire, Norfolk and North Essex.

The Trust is committed to providing excellent health and social care for people with mental ill health and those with a learning disability. We aim to provide services which make a positive difference to the lives of service users and their carers, underpinned by the principles of choice, independence and equality. The partnership arrangements with the local authority provide an excellent opportunity to develop a recovery orientated approach based on holistic assessment of both health and social care needs. We also aim to play a full part in the local health and social care economies that we serve by promoting and driving greater integration between mental and physical health and social care.

The Trust has a track record of both strong financial performance and good governance. We recognised early on the scale of the challenge for us to continue to improve services in the context of a more competitive, customer driven and financially constrained environment. As a result we embarked on a coordinated programme of transformation in 2010/11. As a result, HPFT has successfully improved productivity and value for money across its range of services and associated back office functions to deliver £27m in recurrent annual efficiency savings across Hertfordshire over the last four years. These productivity improvements, equivalent to >4% p.a., have been delivered:

- Whilst maintaining service levels and the quality of care. Robust Quality Impact Assessments ensure there are clear measures in place to identify any adverse impact on quality.
- Against a starting point of relative underinvestment in mental health services across Hertfordshire. In 2010/11 PCT programme spend on 'Mental Health Disorders' was 10% lower in Hertfordshire than for comparator PCTs per weighted head of population (the latest figures for 2012/13 show this gap has grown).

2014/15 represents the last full year of this journey. As this significant programme draws to a close during 2015/16 the focus will shift to:

- Embedding the changes that are bringing benefits to our patients and commissioners.
- Looking at how our new approaches, knowledge and skills, gained through the transformation programme, can be used to benefit the wider health and social care systems of our commissioners
- Greater service integration with the wider health and social care economy – central to this is a new locality based model of joined up care across mental and physical health and social care that we have developed with our partner providers in Hertfordshire

As a result, the five year period covered by this strategic plan comes at critical time for the Trust. HPFT has consistently delivered real net efficiencies of >4% per year over the last four years, far in excess of the 0.4% - 1.4% estimated to have been achieved across the NHS as a whole. While the Trust continues to seek further opportunities for efficiency improvements, this level of savings cannot be sustained beyond the current transformation programme. The continued sustainable delivery of high quality services over the period of this plan depends on:

- Increased recurrent reinvestment of efficiencies into secondary care mental health services e.g. to meet increase demand, and the aspirations set out in 'Every Patient Counts' and 'Closing the Gap'
- Greater integration across wider system to:
  - Share overheads costs e.g. estate and back office functions

- Take advantage of delivery synergies e.g. in treating and caring for the frail elderly including people with dementia

Our five year Strategic Plan has been developed against this backdrop with input from our Governors and stakeholders. It is informed by:

- National policy and guidance
- Local commissioning plans
- The local health economies we serve, including financial and demographic pressures
- The competitive environment
- The Trust's own assessment of how well positioned it is to meet these external challenges while continuing to provide quality services

## 1.3 The challenge

### 1.3.1 Local Health Economy Context

HPFT's services are commissioned by Clinical Commissioning Groups (CCGs) across Hertfordshire, North Essex and Norfolk and also NHS England via the Specialist Commissioning Group.

There are two Clinical Commissioning Groups (CCGs) in Hertfordshire, Herts Valley CCG (HVCCG) and East & North Hertfordshire CCG (ENHCCG). Both CCGs operate a federated model to ensure strong local clinical engagement in CCG decision making.

Over the last year the two CCGs, social care and the main Hertfordshire providers have been striving to improve inter-organisational relationships and develop a shared strategic agenda.

The two Hertfordshire CCGs and Hertfordshire County Council (HCC) have collectively agreed to pool £240m of funds under the Better Care Fund (BCF) covering all out of hospital monies relating to older people's care, including community health provision (district nursing, intermediate care, palliative care, community beds), continuing healthcare funding, and the older people's budgets for homecare and residential care. They have undertaken to jointly commission and transform the services that are in the pool to develop more effective, efficient, and integrated services for older people.

Both Hertfordshire CCGs are part of a long standing Joint Commissioning Partnership arrangement with HCC. The Joint Commissioning Team, which is jointly funded under the agreement, commissions the countywide HPFT mental health and learning disability services contract.

Both CCGs are committed to a continuation of the existing joint commissioning arrangements for mental health and learning disability services.

### 1.3.2 HPFT's strategic position

Funding pressure, increased choice and competition, and the intentions of our CCGs to commission more joined up care are the key drivers that are shaping our external environment over the next five years. HPFT is well placed to meet the challenges and take advantage of the opportunities over the coming years that arise from this.

The Trust has a track record of both strong financial performance and good governance, however, we do not believe in complacency. We understand the significant challenges of providing improving services in the context of a more competitive, customer driven and financially constrained environment.

In addressing some of the challenges this poses we are making strong progress against our service transformation plans. We:

- Have successfully implemented a Single Point of Access for all our services across Hertfordshire
- Have completed a successful evaluation of a range of innovative alternatives to admission, winning the Health Service Journal Award for Innovation in Mental Health for one of these schemes (Host Families).
- Opened our new £42m Mental Health and Learning Disability Facility, Kingfisher Court

As the only Foundation Trust in Hertfordshire we have embraced the opportunities to work with the wider health economy to meet the QIPP challenge. We are working closely with both CCGs in Hertfordshire and

their individual localities to ensure that mental health and learning disability are a significant part of future CCG agendas and priorities. In addition, our strong partnership with Hertfordshire County Council (HCC) has allowed us to continue to have a constructive dialogue around difficult issues and decisions that result from the additional financial pressures faced by social services.

### 1.3.3 Demand and Capacity

#### Demographic Changes

The population of Hertfordshire has increased across the last decade and this increase is forecast to continue over the period of this plan. This is demonstrated by summarised population statistics from the Hertfordshire Joint Strategic Needs Assessment (JSNA). There has been and will continue to be, an associated increase in the prevalence of mental health disorders across the plan period to 2019.

*Table 1: Hertfordshire Projected Annual Population Growth 2014/15 – 2018/19*

Per annum average	
Under 18	1.16%
18-65	0.7%
65+	1.74%

Whilst a useful guide, these population projections do not always directly translate into the patterns of demand experienced by our services. In particular, there has been a significantly higher increase in demand amongst the older population over the last 24 months and we anticipate that this level increased demand will continue. For example, demand for Continuing Healthcare (CHC) placements has seen a sustained increase of c.10% over the last 6 – 12 months and is at a level over and above previously planned and agreed capacity. This is significantly above the forecast demographic change set out in the JSNA.

#### Service Capacity

Projected service demand and capacity (including staffing levels) has been modelled as part of HPFT's transformation programme taking into account both demographic trends and changes in service model e.g. resulting in anticipated shifts from hospital to community based activity. We are explicit about adequate staffing levels and are committed to escalating issues of capacity to commissioners if required.

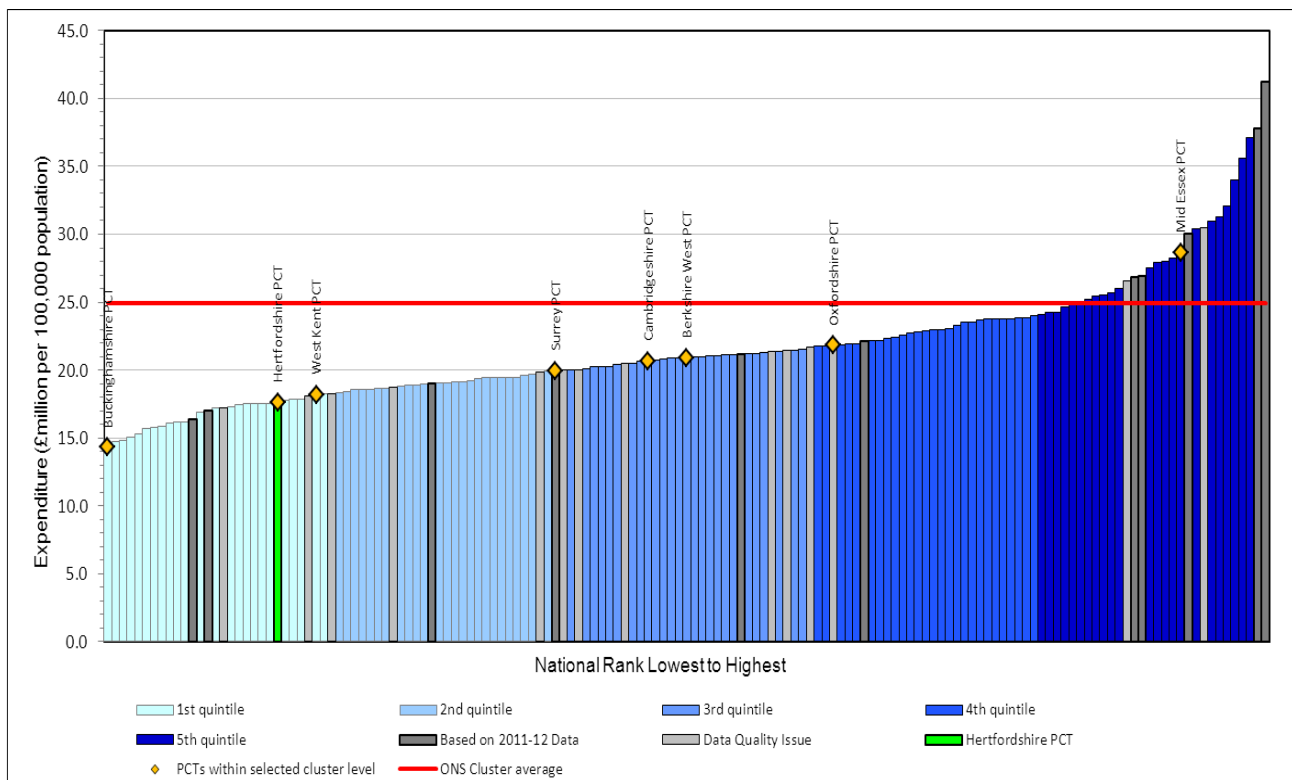
The transformation programme includes significant remodelling of our inpatient environment including a new state of the art 86 bed facility. This has been designed with maximum flexibility in mind so that the Trust can respond to future changes in the requirement for different kinds of inpatient provision.

### 1.3.4 The Financial Challenge

HPFT has successfully improved productivity and value for money across its range of services and associated back office functions to deliver £27m in recurrent annual efficiency savings across Hertfordshire over the last four years. These productivity improvements, equivalent to >4% p.a., have been delivered:

- Whilst maintaining service levels and the quality of care. Robust Quality Impact Assessments ensure there are clear measures in place to identify any adverse impact on quality.
- Against a starting point of relative underinvestment in mental health services across Hertfordshire. In 2010/11 PCT programme spend on ‘Mental Health Disorders’ was 10% lower in Hertfordshire than for comparator PCTs per weighted head of population. The latest figures for 2012/13 show this gap has grown (Chart 1).

Chart 1: PCT expenditure on Mental Health per 100,000 weighted population (Hertfordshire = Green bar; ‘Prospering Southern England’ comparator PCTs = Yellow diamonds):

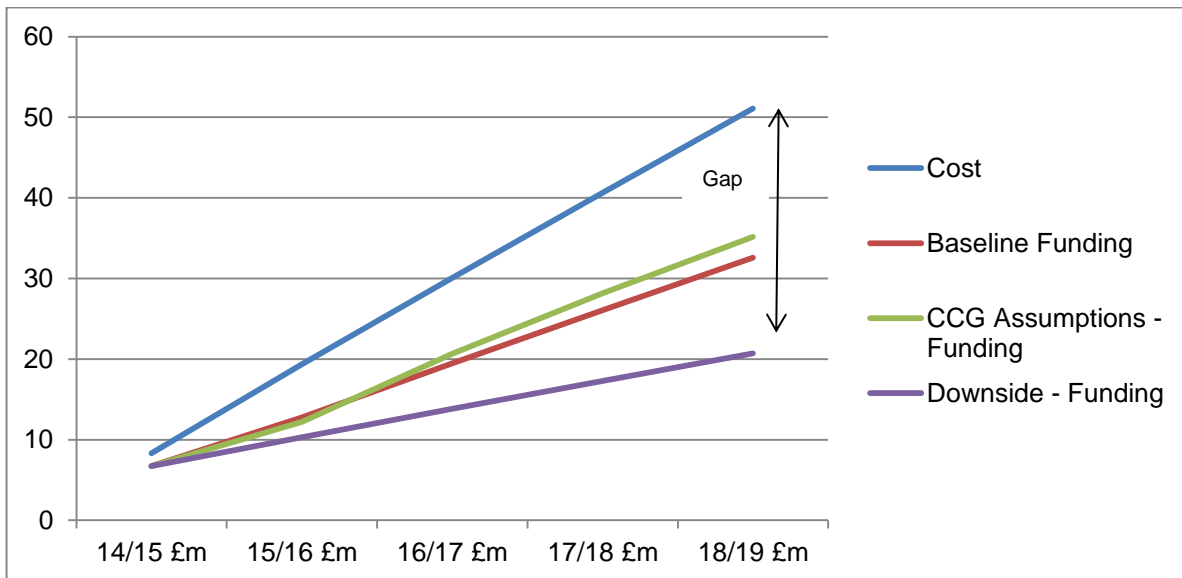


In assessing the extent of the financial challenge across the plan period we have modelled the headline effect of three scenarios:

- The planning assumptions forming the basis of the ‘Affordability Challenge’ set out by Monitor (*Guidance for the Annual Planning review 2014/15*). Provider efficiency target set at 4% but with expectation of 2-2.5% achievement, supplemented by 1.5-2% reinvestment.
- Planning assumptions set out by key commissioners
- Downside – affordability challenge increases to full 4% due to lack of reinvestment in services

The potential cumulative outcome of each of these scenarios in terms of ‘funding gap’ is highlighted in the graph below and set out in more detail in the following paragraphs:

Chart 2: Funding gap across plan period 2014-2019



High level modelling suggests a potential opportunity gap of £11m -£16m that could be realisable over the plan period. This compares to an unidentified savings requirement of £16m -£19m between 2015/16 and 2018/19.

## 1.4 Strategic plans

### 1.4.1 Vision

Our aspiration remains to be the very best at what we do – that means providing safe services that consistently deliver the very best patient outcomes and experience in a sustainable way.

Our vision is for integrated community based care across Hertfordshire and beyond that recognises the needs of the whole person and ends the artificial divide between physical health, mental health and social care.

We will help people of all ages, including some of the most vulnerable in our society, live their lives to the fullest potential. We will do this by providing treatment and support to them and their family and / or carer to keep them mentally and physically healthy and well. We will deliver care, support and treatment that:

- Keeps people safe from avoidable harm
- Is effective and ensures the very best clinical and individual outcomes
- Empowers individuals to manage their mental and physical health and wellbeing

We will support the delivery of joined up, co-ordinated services that provide the best possible customer experience. We will do this:

- Directly across our own services; and by
- Working in partnership with other providers and agencies



## 1.4.2 Strategic Plans

A number of strategic options have been evaluated and considered by the Trust Board in light of the challenges and opportunities set out above. 'Doing Nothing' was considered but dismissed in light of the scale of the financial challenge and inevitable impact on service quality. Integration of services around the needs service users / patients / carers is at the heart of each option, as is the need to continue to meet the mental health needs of those who are most unwell.

We have developed detailed plans for the first two years of this five year strategic plan period that set out how will deliver against the vision and aims described above. They are summarised in our Operational Plan 2014/15-15/16 around eight overall objectives:

1. We will deliver safe and effective services
2. Service users, carers, referrers and commissioners will have a positive experience of our services
3. We will transform services, putting the needs of service users and carers at the centre
4. Staff will have a positive experience of work
5. We will have a productive and high performing workforce
6. We will embed a culture that promotes our values
7. We will secure the financial sustainability of our services
8. We will develop an enviable reputation for quality and innovation, and strong relationships with commissioners, GPs and our key partners

These are underpinned by:

- Outcomes that clearly define the result (e.g. from a service user, or financial perspective) of delivering on each objective;
- Success Measures that set out specifically how we will know that we have achieved our planned outcomes; and
- A Delivery Plan with key milestones we expect to meet along the way

In order to secure HPFT's clinical, operational and financial sustainability this strategic plan sets out three complimentary priorities. We will:

1. Deliver and demonstrate value to commissioners through the collection, analysis and best use of information to design, implement and manage effective and efficient care pathways of care delivered by a skilled and productive workforce
2. Build on our core strengths in mental health and learning disabilities to secure new income and broaden our geographical reach where there are clear operational and financial synergies
3. Build on the strengths we have / are achieving through our transformation programme to deliver more joined up mental health, physical health and social care services around the needs of service users and patients

The Board, with input from the Council of Governors, considers that collectively this offers the best opportunity to bridge the ever widening funding gap faced by the Trust over the next 5 years.

Table 2: HPFT Strategic Development Priorities

	Priority	Summary Strategic Development Plan
1	<p>Deliver and demonstrate value to commissioners through the collection, analysis and best use of information to design, implement and manage effective and efficient care pathways of care delivered by a skilled and productive workforce</p>	<p>We will continue to implement a series of changes as part of our co-ordinated transformation programme. Alongside this will continue to drive efficiencies within our corporate functions and non-pay spend areas e.g. through our procurement strategy.</p> <p>We are also committed to reducing the recording burden for frontline staff and have begun a project 'Creating Time to Care' led by the Executive Director - Quality and Medical Leadership, which will work with staff to find solutions to the issues of bureaucracy they have raised.</p> <p>The roll out of the new Electronic Patient Record and Business Intelligence systems in 2013/14 and 2014/15, and an increased focus on data quality, will provide a more robust platform for identifying variation in productivity and support us to consistently embed more productive ways of working across all our services over the plan period</p> <p>We will roll out a fit for purpose business intelligence system that supports more productive working and better decision making by providing clinicians and managers with the right information, in the right way at the right time. This will be a key enabler in embedding an 'information based culture' and driving continuous improvement across the plan period.</p> <p>The above will allow us to build our evidence base to demonstrate HPFT's quality, customer experience and cost advantages to commissioners and service users.</p>
2	<p>Build on our core strengths in mental health and learning disabilities to secure new income and broaden our geographical reach where there are clear operational and financial synergies</p>	<p>In addition to the key elements summarised above we will invest heavily in relationships, ensuring we make the most of our existing customer relationships across Hertfordshire, Essex and Norfolk, and developing new relationships outside of these areas.</p> <p>With respect to growth, we will target our energies carefully on areas where we have relationships or a natural connection. We will evaluate opportunities on a case by case basis and only target those where we believe there to be service as well as overhead synergies that can contribute positively to the clinical, operational and financial sustainability of the Trust.</p>
3	<p>Build on the strengths we have / are achieving through our transformation programme to deliver more joined up mental health, physical health and social care services around the needs of service users and patients</p>	<p>HPFT is working with ENHCCG to deliver on this vision for integrated out of hospital care, in partnership with Hertfordshire Community NHS Trust (HCT), East and North Hospitals NHS Trust (ENHT) and HCC. Over the coming months we will be working closely with ENHCCG and the other partners to develop plans for developing and rolling out more joined up models and pathways e.g. around dementia and long term conditions.</p> <p>HPFT is also working with HVCCG, HCT and HCC in west Hertfordshire to develop and deliver more joined up physical, mental health and social care.</p>

The Board continuously reviews the Trust's strategy adapting and amending plans for unexpected future challenges. The external context is continuously evolving and we know HPFT needs to be flexible in responding to changing commissioner requirements and national policy. A formal review is undertaken annually. We also maintain an ongoing review programme for the Trust's supporting strategies and plans to identify any gaps and ensure they continue to support the delivery of the organisation's overall vision and strategy.

The priorities set out in this strategic plan link directly into the Trust's annual business plan with specific milestones against which the Board monitors progress against the plan. The Trust's overall business plan links directly with the objectives at business unit and service line level.

### **1.4.3 Financial Summary**

We have continued to implement our long-term financial strategy in recognition of the significant downturn in the economic environment and the particular challenges for the public sector. This has focused on delivering savings through an ambitious service transformation programme, with planned service changes enabling high quality and safe levels of service whilst achieving the required efficiency savings through to 2014/15.

Further development of the strategy has continued, focusing on:

- maintaining financial sustainability;
- responding to the more competitive and challenging environment;
- changes introduced through the Health & Social Care Act 2012; and
- planning guidance 'Towards High Quality, Sustainable Services'.

Our financial strategy continues to maintain the balance of service quality and financial performance against the significant efficiency requirement across the plan period. Our investment programme is ambitious and requires a recurrent planned surplus to be achieved. We also continue to seek growth opportunities that fit with the Trust's strategic vision through either developmental growth or competitive opportunities that help the Trust:

- maintain a sustainable critical mass and contribution
- continue to provide a wide range of integrated health and social care services
- increase operational efficiency and productivity

The financial outcomes of the plan reflect our balanced approach to service quality and financial performance as well as the potential impact of the continuing efficiency requirement and our service transformation programme. They do however rely on significant system wide change and service integration to deliver financial sustainability into the final three years of the plan period. The identified opportunities are set out in section 1.5.5.

## Financial Headlines

We have identified a potential cumulative funding gap of c.£16m - £19m across the plan period based on realistic planning assumptions. We have also set out a range of opportunities for closing this gap which, if fully, delivered would maintain a Monitor COSRR of 4 across the plan period.

Full delivery of the identified opportunities, particularly in the final two years of the plan, is critically dependent on external factors, especially the delivery of system wide change and service integration. Given the significant risk to full delivery of the potential savings opportunities identified we also set out below the impact of these system wide changes not fully materialising.

Table 3 Financial Headlines

Measure	2014/15	2015/16	2016/17	2017/18	2018/19
Income	198.7	194.4	193.4	193.7	194.0
Pay costs	(124.7)	(120.5)	(121.6)	(123.3)	(123.9)
EBITDA	13.6	13.7	12.4	12.6	12.6
Normalised Surplus	2.0	1.7	0.8	0.9	0.8
Cash Level	25.1	28.9	21.5	18.8	17.3

The key assumptions that underpin the financial headlines set out above are:

- Income is assumed to reduce in 2015/16 with the end of the non-recurrent income supporting the service transformation programme. From 2015/16 onwards income is assumed stable with the national net deflator being offset by reinvestment from the two main Hertfordshire commissioners in line with their stated financial plans.
- Pay costs will reduce in 2015/16 as part of the current efficiency programme and the key driver in the outer years is the impact of both activity and pay inflation increases (including the pension cost increases expected in 2015/16 and 2016/17).
- The full £4m annual net savings requirement is achieved in each of the outer three years, largely through system wide efficiencies. As noted above there are in our view significant risks to these being achieved

The above assumptions result in:

- A fall in EBITDA principally due to pay increases and also non pay inflation (assumed at 2%) with the EBITDA margin being circa 6.5% in the later years of the Plan.
- A reduced surplus of 0.5% during the Plan period (before considering the impact of any asset revaluations).
- Cash balances that remain high and with the loan expected to peak at £23m in 2014/15 and reduce thereafter. It is not assumed that the loan will be repaid early.
- A Monitor COSRR of 4 across the plan period based on:
  - A Capital Service Cover Rating of 3 being maintained. This rating is significantly sensitive to any further reduction in EBITDA (see below).

- A Liquidity rating of 4 being maintained.

### Sensitivities

The above scenario reflects a £4m CIP being achieved in the outer 3 years through system wide efficiencies. There are in our view significant risks to these being achieved.

Sensitivity analysis has been undertaken based on:

- A £1m shortfall in delivery of the required savings in 2015/16 (year 2)
- A £2m shortfall in delivery of the required savings in each of the final three years of the plan

This has a very significant impact on the forecast risk ratings as shown below:

*Table 4: Financial Risk Ratings based on partial achievement of planned savings*

	2014/15	2015/16	2016/17	2017/18	2018/19
Metric	Rating				
<b>Capital Service Cover Rating</b>	3	1	1	1	1
<b>Liquidity Rating</b>	4	4	3	1	1
<b>Continuity of Services Risk Rating</b>	4	3	2	1	1