



FINAL
2-Year Operational Plan
2017/18 & 2018/19



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Introduction

This plan is prepared in line with NHSI requirements.

We are utilising an impact assessment process to ensure the decisions needed within our plan are carefully considered in the round. Specifically, we are planning to implement the service changes included in the Success Regime and Better Care Together system programmes, move to shared support services with key partners, complete the development of a mental health strategy for Cumbria and deliver significant efficiency.

In preparing our plan a number of critical financial planning assumptions have been made. These are set out in the financial planning section of this plan. We have programmes in place to deliver 3% efficiency during each year, however we are dependent upon whole “system” transformation programmes to achieve this. Contracts with commissioners are being developed to include risk sharing on areas able to achieve our control totals. Specifically, the Trust is planning to deliver a 3% cost improvement programme and the Trust is seeking to achieve a further recurrent £5m system benefits to count towards achievement of the Trust’s control total in 2017/18. The arrangements to share this risk with the system and mitigate it have been made with support of all local NHS partners and NHS Improvement.

The Board has:

- Approved the financial plan and narrative document for submission to NHSI.
- Agreed the declarations shown on the attached self-certification schedule that the Board;
 - is satisfied as to the accuracy of the template,
 - accepts the control totals for 2017/18 and 2018/19,
 - confirms that it expects to need distress funding during the planning period,
 - confirms we are resetting the control total for 2016/17 to £6m and accepting, with the caveats outlined within the financial planning section, the control total for 2017/18 and 2018/19 of £3.2m and £1.7m respectively.
- Authorised the Chief Executive and Director of Finance to sign the declarations on the Board’s behalf.
- Agreed the declaration for the workforce planning template and authorise the Director of Workforce and Organisational Development to sign it on the Board’s behalf.

Overall, the Trust’s strategy to “create Happy, Healthy and Hopeful communities” across Cumbria remains an enduring overarching driver to our plans. By working within STP governance structures and by developing integrated services (both clinical and support services) with our partners we believe we can become more sustainable in the long term. We are therefore fully engaged with the business case processes in Better Care Together and the Success Regime.



Statement of Intent Regarding our Future

CPFT has created a compelling organisational vision and strategy that has driven engagement, improvement and cultural change over the last few years. Strong partnership working within the wider health and care system is a key plank of this strategy in order to transform services across care settings. Our collective effort with partners has resulted in the development of shared programmes of change in the Better Care Together Vanguard in the south; Success Regime in the north, east and west; and county-wide partnership strategies for Mental Health and Learning Disabilities, and Children and families.

However, increasingly, there are mixed messages about what these programmes of change mean for our staff, for our services and for the long term future of our organisation. Therefore, the Board has developed a short statement setting out our organisational perspective and ambition within the wider system.

CPFT's position



Happy. Healthier. Happier.

We intend to use our organisational strengths; our unique experience and knowledge, and our momentum in our improvement journey to be a strong partner within the health and care system to collectively solve the major issues Cumbria faces with spirit and tenacity.

We are a relatively strong and stable part of the Cumbrian health and care system:

- We have stable and capable leadership at all levels within the organisation
- We have had success in our approach to organisational development and in delivering cultural change (eg, 2nd most improved organisation in our peer group for staff engagement 14/15)
- We have built improvement capacity and capability and have delivered some key improvements (eg, our comprehensive Improvement Plan and CQC inspection outcomes in key areas)
- We have built positive working relationships with our public and partners and have examples of delivering change across organisational boundaries (eg, Millom)
- We have had some successes in workforce development including recruitment to long-standing areas of challenge (eg, End of Life Care)

We have a lot to offer within the health and care system:

- We have significant expertise and experience in areas vital to the system strategies; ranging from universal community based care and support to specialist community services to secondary and specialist mental health care
- We are a champion for care in home settings that will be instrumental in supporting the move to new models of care that promote health and wellbeing; are delivered closer to home, and are focussed on promoting independence, recovery and re-ablement
- We have a history of working in partnership on service development and can act as a 'change agent' to effect new ways of working

We therefore, see a valuable role for us in both designing a more sustainable health and care system; and in the future delivery of integrated services through stronger, more collaborative partnerships:

- We are an active partner within the two developing place-based Accountable Care Systems north and south; bringing our particular expertise and experience to effect changes in where and how care and support is provided. It is our ambition to be strong partners in whatever delivery model is developed in the future
- We will remain an expert provider of county-wide services that need our specialist expertise and leadership, working increasingly within pan-Cumbria clinical networks where appropriate

It is recognised that the health and care system in Cumbria may need to change in the longer term to address our collective challenges. However, CPFT is clear that structural change and movement to different organisational forms will only be considered if a compelling case can be made that this is necessary to deliver better quality and value for money:

- Our priority is to support change in clinical practice and the implementation of new models of care to drive better outcomes and reduce cost across our health and care system
- We recognise and support the need to align incentives across the system to make this easier, such as payment mechanisms, shared records and shared infrastructure
- Any structural or organisational form changes will only be supported where a strong case can be made that this better facilitates the points above; and promotes our 'triple aim' of better health, better care, delivered sustainably

Approach to Activity Planning

The Trust's services are provided from 4 operational care groups. Each of the services is specified in a block contract. The basis of the block contract has been an



annual roll over of activity adjusted for changes (service reductions/increases) as agreed in contract negotiations.

Baseline activity information has been jointly drafted with commissioners as a basis for contract negotiations. Specific areas of service change remain to be specified with activity levels for some inpatient and outpatient areas. RTT and DTOC service performance are also key issues for the Trust. Specific areas of activity that are subject to detailed capacity and demand management are; Neurology, Community Paediatrics, Restorative Dentistry, IAPT, and Paediatric Audiology. These plans are dynamic and are reviewed monthly within the Trust’s Quality Governance arrangements. The Trust has attended the NHS Improvement demand/capacity training and is utilising recommended tools/methods to address the issues we face.

We expect to meet activity levels in our contract – albeit there are major dependencies on workforce supply and effective rostering. We have agreed with our commissioners ongoing delivery of trajectories for the areas of performance risk and have plans in place to meet these trajectories accordingly. These plans are monitored throughout the year at Board of Directors level in accordance with our Governance, Assurance and Accountability Framework. The plans include limited use of the independent sector.

Importantly, - in order to manage our contracted activity within the block resources in the contract we are increasingly identifying ways to rightsize our services back to the levels contracted for. This requires careful planning and work with our commissioners that we are taking forward.

Whilst we are working effectively with partners to plan for extra demands during winter it is important to note that the Trust has not been provided any further resources within its block contracts to do this from Cumbria CCG, Cumbria County Council or NHS England.

Approach to Quality Planning

The Trust’s vision and strategy is underpinned by 4 clear objectives;

<p>QUALITY (Q) Consistently delivering the highest possible quality of service we can achieve.</p>	<p>PEOPLE (P) Realising the full potential of everyone we work with and the talent of all our staff.</p>	<p>SERVICES (S) Transforming our services to improve them for the people we serve.</p>	<p>EFFICIENCY (E) Being relentlessly efficient and effective to ensure we are financially sustainable.</p>
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To ensure we achieve these strategic objectives the Trust has established a framework of key outcomes and a business planning process that defines and cascades our plans to all parts of the organisation. This planning process includes the annual appraisal process and we therefore embed everyone’s role into achieving the overall strategic plan.

The 20 outcome areas we focus on are given in the diagram below;

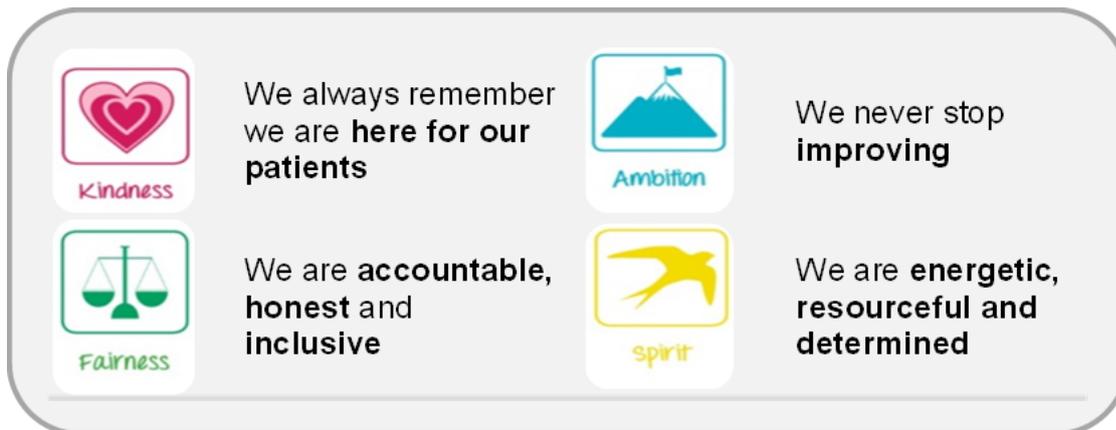


Our Balanced Scorecard



The Trust's planning cycle enables a full and broad process of strategic assessment, review and planning to take place linked to all levels of the organisation and our external stakeholders.

In line with our overarching strategy and the 4 strategic objectives above the Trust has established a core set of values to shape the culture of continuous service improvement within the organisation. These are set out below;



Risks to the achievement of our strategic objectives are articulated in our Board Assurance Framework and monitored through our risk management processes. The Board of Directors has line of sight to the management of significant risks through our corporate governance and Board Assurance Framework processes. Our clinical governance arrangements and quality governance frameworks are structured to enable the effective identification, management, escalation and reporting of risks to quality.

Approach to Quality Improvement

Our strategy for quality improvement sets out our quality priorities which are connected to the needs of the population and the 5 quality outcomes in the above scorecard. The Trust participates in the annual publication of avoidable deaths per trust in line with national requirements.

In November 2015 the CQC carried out a comprehensive inspection of the services provided by CPFT, involving 85 inspectors carrying out a total of 61 planned inspections. We welcome the CQC's inspection as a tool for continuous improvement. The Trust was assessed on the following five areas, each of which were each given a separate rating. Overall the Trust was assessed as 'Required Improvement':

- | | |
|-----------------------------|-----------------------------|
| 1. Are services safe? | Requires Improvement |
| 2. Are services effective? | Requires Improvement |
| 3. Are services caring? | Good |
| 4. Are services responsive? | Requires Improvement |
| 5. Are services well-led? | Requires Improvement |

The Trust has developed and is taking forward an improvement plan to address the areas of improvement identified by the CQC during their formal inspection in November 2015. The Trust is making good progress against this improvement plan and keeps the CQC regularly updated on progress. We will continue to pursue during 2017/18 and 2018/19 the aim of achieving an overall CQC rating of 'Good'.

The Trust's Governance, Assurance and Accountability Framework (GAAF) is the Trust's performance management and measurement framework. The GAAF is underpinned by a range of key performance indicators framed around the QPSE model set out above. The quality outcomes framework, which evidences quality improvements, is integral to the GAAF performance framework. Quality and safety dashboards are also an element of the GAAF.

A Quality and Safety Directorate is in place ensuring expertise on key areas such as safeguarding, patient experience, legal processes, clinical governance and risk management is deployed throughout the organisation's 4 care groups and support services.

The Trust has capacity and capability in quality improvement through the development over the last two years of a workforce and OD function, creation of a service improvement team, and designated roles to support our Care Groups deliver their quality improvement priorities. Additionally, through the Cumbria Learning and Improvement Collaborative (CLIC), of which the Trust is a founder member, training is delivered to staff throughout the Trust and wider health and care system on implementing the Cumbria Production System (CPS) for quality improvement. This set of improvement tools is largely based on proven "lean" methodologies. The CPS improvement methodology is adopted by partners across the health and social care system and is a key enabler for system wide collaboration, integration and sustainable change.



Quality Improvement Plan

We work with our commissioners on CQUIN targets and performance improvement trajectories. We also routinely take stock of our current and forecast performance against national constitutional standards under the Single Oversight Framework (formerly Monitor's Risk Assessment Framework), and build these into our GAAP performance reporting and management processes, where appropriate liaising with our regulators to keep them informed of progress. These arrangements will continue for the foreseeable future. In the past local CQUIN has proved to be distracting and relatively low value add, and the Trust welcomes the national move away from local CQUIN schemes for 17/18.

Our clinical audit programme is framed around national and local quality and safety standards and is a driver of continual improvement.

We have also worked with our STP partners to understand the needs and opportunities for system wide quality improvement. This plan is intended to enable delivery of the visions of both STPs of which the Trust is a partner (West East North Cumbria, and Lancashire & South Cumbria) and therefore collaborative working with our partners to deliver internal and system wide quality improvements is a significant element of this plan, and a number of assumptions have been made about the effectiveness of collaborative system-wide working to deliver the anticipated quality improvements benefits.

Data quality improvement plans are in place, a significant element of which relies on the implementation of electronic patient record (EPR) systems across all services. A new EPR system went live in our Children's Services Care Group in March 2016. Introduction of new and/or development of existing EPR systems within our remaining care groups forms part of our plans for the remainder of the current year, and for 2017/18. Our data quality strategy approved during 2016, will also drive improvements in the quality of our data.

Our quality and safety dashboards contain real-time performance information on quality improvement areas such as falls, safe staffing, infection prevention and control, and pressure ulcers. Dashboards are readily accessible to clinical and operational leads and enable triangulation of quality, workforce and financial performance indicators at Board, Service and team level. They are therefore an enabler in the management and mitigation of risks to quality, safety and efficiencies. We continue to refine and develop the use of dashboards as part of our continual improvement activities.

Seven Day Services

The Trust provides services that are a mixture of elective and non-elective care. Non elective care is provided through primary care assessment and minor injuries units which are 24/7. General community nursing provide services 24/7. Community Mental health crisis services are also 24/7. Inpatient services in both mental health and general community services are 24/7 although admissions to general community services during weekends are limited by availability of key medical skills in some remote locations. CAMHS out of hours services (including weekends) are not commissioned or adequately provided for in Cumbria and this remains a key priority

for the Trust and commissioners to address in future. Most other services provided by the Trust are elective and as such are largely offered across the county in convenient locations during weekday working hours.

In developing Sustainability and Transformation Plans we have worked with our partners to understand the where there is the ability and opportunity to deliver seven-day and better integrated services.

Quality Impact Assessment Process

The Trust has an agreed Impact Assessment (IA) process which is overseen by our Medical Director, managed through our established governance framework, and overseen through the Board's Quality & Safety Committee thus providing the Board of Directors line of sight to the impacts of cost improvement programmes and major change schemes.

Our IA process was modified during 2016 to explicitly follow the steps that are employed widely in conducting Health Impact Assessments (HIA) and to use our Quality, People, Services and Efficiency (QPSE) strategic outcomes as a framework for evaluation. The IA process also incorporates equality impact assessments under the Public Sector Equality Duty within the Equalities Act 2010, and as such, is referred to as our Integrated Assessment process. The process enables balanced decision making around financial sustainability decisions which may impact on service quality.

To deliver our efficiency programme we have in place a formal efficiency programme board that is CEO chaired and has medical and nursing directors as core members alongside all other executive team members and care group representatives. Our approach includes in-year monitoring and reporting of actual against expected quality impacts set out within the IA.

Triangulation of Quality with Workforce and Finance

Through our GAAF processes, the Board of Directors receives integrated reports, based upon triangulated performance information, at each meeting. These are used to inform Board-level decisions on strategic matters. Clinical safety dashboards, which are populated with 'live' and triangulated data, are readily available to teams and services and enable timely planning and response to quality issues which may arise.

Approach to Workforce Planning

Overall, our workforce plan is aiming to set out how we deliver the workforce required for services across Cumbria for the future. There is large scale redesign of services underway through a series of major organisational and service transformation programmes and therefore we expect during 2017/18 to finalise substantial workforce plans in detail across all of the Trust services. Our financial plan, in order to meet control totals, shows that we are likely to have to significantly reduce the overall cost of the Trust, including both the number of whole time equivalent posts and the skills mix of staff employed. Our plans to deliver these



reductions are contained within the Trusts efficiency programme as well as the major transformational programme being taken forward within the wider health system.

Key themes within our workforce planning are as follows:-

- Changes to skill mix across all areas, including reskilling where appropriate to retain experienced qualified staff
- Critical mass of services and teams to achieve economies of scale, eg shared support services across organisations
- Integrated and innovative approaches to role development and recruitment
- Reduced activities offered (including services for patients and support services)
- Increased development of our bank to ensure flexible deployment
- On-going review and full embedding of our rostering good practices to ensure continuous learning and improvement
- Alternatives to “short in supply” critical skills, eg new roles to replace previously difficult to recruit medical and other clinical roles
- Significant reduction in agency and locums as a consequence of all of the above
- Consistent and structured workforce planning methodology and tools aligned with the business planning cycle
- Provision of key workforce information to support workforce planning
- Priority setting to limit the activities of the trust within financial envelope
- Significant development of integrated services with partners. This may include substantial organisational form development over time.

Whilst our plans at this stage are largely top-down, we are working to develop the ‘bottom up’ approach using WRAPT (workforce planning and repository tool) and the Population Centric Workforce Planning Model. Importantly though, we are developing workforce plans within a reconciled workforce control total linked to the financial plan.

Our workforce strategy (People & Organisational Development Strategic Plan) has four key aims around leadership, skills for the job, team working and continuous improvement. Through collaborative working with partners we are strengthening continuous service improvement capabilities across the Cumbria health and care system.

We will continue to deploy our ‘You and the Big Picture’ process for staff engagement, ensuring team and personal objectives are aligned with our business plan priorities and focusing individual personal development plans on priority training, development and educational requirements. This process informs our systematic learning needs analysis process, which culminates in targeted allocation of training and development funding. We value training and development of our staff. We are planning for the implementation of the apprenticeship levy, ensuring that we optimise apprenticeships in order to recoup the top sliced levy and promote succession planning through a “Grow our Own” approach. Much of this work around apprenticeships will be undertaken in partnership with our acute Trust partners

We have controls in place which limit the use of temporary staff and for ensure that, where temporary staff are used, they are recruited through approved providers in



accordance with NHSI's requirements. The Trust does not currently use international recruitment however is exploring potential with other system partners as a means to address workforce sustainability issues in some of our services.

In the West, North and East Cumbria STP footprint, the Trust is leading on Workforce and OD and therefore the Exec Director for Workforce and OD is also the SRO for the STP. The north east Local Workforce Action Board (LWAB), led by HENE, has had its inaugural meeting and the SRO is a member of this group; ensuring that the system and the Trust are contributing to the emerging regional workforce priorities as they are identified. We are working with STP partners on implementing a system-wide approach to workforce planning using the WRAPT model.

Approach to Financial Planning

Financial forecasts and modelling

Background

The Trust operates in two health systems, West, North & East (WNE) Cumbria and Morecambe Bay, in which all provider and commissioner organisations are in financial deficit. The WNE Cumbria system is one of 3 NHS areas placed in a Success Regime.

The key financial challenges for the Trust are:

- An inefficient service configuration comprised of many small and widely dispersed units.
- The need to maintain safe staffing levels across these services.
- The difficulty in recruiting suitably qualified and experienced staff leading to higher than desired staffing costs due to agency use.

The Trust has a control total deficit of £4.5m for 2016/17. The risks in the 2016/17 plan were clearly set out for regulators by the Board of Directors at the start of the year. The Board remains ambitious in its efforts to achieve the control total, but has not been able to successfully address all risks identified at the start of the year. Consequently the Trust is in the process of re-forecasting the outturn for 16/17 at Q3 onward which after further recovery actions will be beyond our 16/17 control total and close to £6m deficit, depending on the impact of in-year recovery actions in train.

The Trust is fully engaged with planning in the 2 STP footprints in which it operates. In WNE Cumbria this is through the Success Regime. In Lancashire & South Cumbria (L&SC), our involvement is via the Morecambe Bay Health and Care Partnership in L&SC. Both STPs include plans to achieve significant savings from service transformation.

Key assumptions

The financial plan is based on the following key assumptions, reflecting national guidance and other information available.



- The Board is seeking to achieve the control totals notified by NHSI from 2017/18. These are for income and expenditure deficits of £3.2m in 2017/18 and £1.7m for 2018/19. On this basis the plans assume receipt of the general element of the STF income of £1.7m in both years. Targeted STF income has not been included at this stage.
- Contract income uplift of 0.1% in line with national guidance and the contract offer from the main commissioner.
- No other income or cost pressures arise from the contract settlement.
- Cost inflation of 2.1% including pay increases and the apprenticeship levy, in line with national guidance.
- Achievement of 80% of available CQUIN income.
- No additional unfunded cost pressures, including from addressing performance standards and national priorities.
- No costs arising from activity growth.
- Extremely ambitious delivery and achievement of £10m of savings in 2017/18 and a further £5m in 2018/19 from internal efficiencies and system wide initiatives, equating to 9% savings over the 2 years.
- No changes to organisational form that adversely affect the above.

Summary financial plan

Based on the above assumptions the summary income and expenditure plan is as follows.

	2016/17 £m	2017/18 £m	2018/19 £m
Income	176.8	175.6	173.2
Pay costs (including redundancy)	138.6	133.9	131.1
Non pay costs	41.6	38.6	37.4
Non pay non-recurrent benefits	(3.0)	0.0	0.0
EBITDA	(0.4)	3.1	4.7
Depreciation, interest, dividend & surplus on asset sale	5.6	6.3	6.4
Net surplus/(deficit)	(6.0)	(3.2)	(1.7)

Cash

The cash flow in the planning template is summarised below.

	2017/18 £m	2018/19 £m
Cash from operations	3.1	5.2
Capital expenditure	(4.7)	(3.2)
Proceeds of sale of land (a)	1.2	
Financing costs	(2.8)	(2.9)
Loans received	3.2	0.9
Opening cash balance	3.1	3.1
Closing cash balance (b)	3.1	3.1
Opening loan balance	3.1	6.3
Closing loan balance	6.3	7.2

(a) Included in cash from operations (settlement of debtor) in planning template.

(b) Cash required at period end to fund outgoings before next loan drawdown in mid month, and retain 2 days cash buffer as advised by NHSI.

The Trust therefore anticipates the need for distress funding and has so indicated on the self certification schedule in the planning template.

Risks

Key risks to achievement of the financial plan are:

- Ability to achieve the required level of savings. As a percentage of costs the savings needed are considerably above anything the Trust has achieved in the past, and we will be relying on system wide service transformation to deliver the required efficiencies, significant reduction in the organisation's capacity and commissioner backing for service retractions. Whilst considerable progress has been made in system wide planning, the system has yet to put in place delivery mechanisms to implement the revised clinical strategies agreed.
- The contract offer from the main commissioner is an offer at the minimal level within nationally guidance parameters. The offer is for an uplift of 0.1%. The CCG has articulated a desire to share risk with the trust to enable the trust to benefit from reduced spend in CCG commissioned packages of care and other areas linked to the wider system strategies in place. Such a risk share will need to be explicit in its ability to bridge the Trust's path from 3% efficiency scheme to control total levels. At the time of plan submission the contract agreement being pursued is to include this risk share as a vital basis to meet our control totals and is demonstrating the overall system's desire for all organisations to succeed within the agree systems STP and PCBC parameters.
- The impact of the proposed boundary change between Cumbria and North Lancashire CCGs is expected to be low in the short term but could be more significant over the 2 year planning period.



- Ability to achieve performance related income – CQUIN and STF - is a risk within our plan.
- Potential unfunded cost pressures arising from activity growth or other matters including the need to achieve performance standards and deliver national priorities.
- Restructuring costs resulting from the Trust and system wide efficiency programmes.

Efficiency savings

Historic achievement

In the past few years the Trust has achieved efficiencies averaging 2.3% of costs. There has been an increase in the last 2 years, though this has been achieved by non recurrent savings.

YEAR	SAVINGS TARGET £m	SAVINGS ACHIEVED			% OF COSTS
		RECURRENT	NON REC	TOTAL	
		£m	£m	£m	
2013/14	4.3	2.6	0.3	2.9	1.7%
2014/15	3.3	2.8	0.0	2.8	1.6%
2015/16	5.4	2.9	2.9	5.8	3.2%
2016/17 (forecast)	5.8	3.2	1.8	5.1	2.8%

Scale of the challenge

Given the Trust's underlying deficit, the tariff efficiency requirement and the more challenging control total the level of savings required in 2017/18 is £10.1m, or 6.0% of operating costs. This is significantly higher than has been achieved in the past. Assuming this is achieved recurrently the savings required in 2018/19 reduce to £5.0m, 3.0% of costs.

Surplus/(deficit)	2017/18 £m	2018/19 £m
Prior year forecast/planned outturn	(6.0)	(3.2)
CQUIN & STF income	(4.0)	(4.5)
Non recurrent costs/(savings)	(2.8)	0.7
Prior year underlying position	(12.8)	(7.0)
STF income	1.7	1.7
CQUIN income	2.8	2.8
Income uplift 0.1%	0.1	0.1
Cost pressures 2.1%	(3.5)	(3.5)
Additional recurrent costs	(0.9)	-
Restructuring costs	(0.7)	(0.7)
Forecast before savings	(13.3)	(6.7)
Plan (control total)	(3.2)	(1.7)
Savings required to achieve control total	10.1	5.0
Savings required as % of costs	6.0%	3.0%

Meeting the challenge

The overall strategy for financial recovery is;

- 1) Maximise delivery of existing efficiency plans
- 2) Right-size our activities back to the contracts we are commissioned within (including achieving all the income we are due under our contracts)
- 3) Remove the premium costs of a temporary workforce
- 4) Systematically reduce discretionary spending
- 5) Significantly reduce our overhead activities.

Detailed impact assessments for the cost reduction proposals within the above strategy are in progress. Impact assessment of these has commenced with decisions being brought forward to Board of Directors from November 16 onwards.

System wide service transformation

The Success Regime and Better Care Together programmes include a range of proposals to improve services and achieve efficiencies. Most significant from a financial perspective are proposals to reduce acute activity and cost by putting in place preventative measures and community based alternatives to acute care. Considerable progress has been made in system wide planning but the system has yet to put in place strong delivery mechanisms. Whilst there is agreement on the intention to return the systems and individual organisations to financial balance by 2020/21, there has as yet been limited consideration of how the plans will affect individual organisations and therefore impact on the individual control totals.

Capital planning

Apart from completion of capital elements of the Trust's IM&T strategy (£0.95m in 2017/18) planned capital expenditure for 2017/18 and 2018/19 is limited to that essential for compliance and repair and replacement of estate, equipment and IT. The programme is summarised below.

	2017/18 £m	2018/19 £m
IT repair and replace	0.8	0.8
IT developments	0.95	
Premises – backlog maintenance	0.8	0.75
Premises – non backlog maintenance	1.6	1.1
Medical equipment	0.55	0.55
Total	4.7	3.2

The Success Regime PCBC includes significant capital developments which it is assumed are centrally funded, some relating to services provided by the Trust. These will only proceed if the funding is approved.

The 2017/18 plan includes a cash receipt of £1.2m as the final instalment of the proceeds of land sold in 2016/17.



Caveats to financial plan

Importantly, the Trust draft plan is caveated on the following key areas;

- 1) STF income in 16/17 and 17/18 is assumed to be received.
- 2) Contracts with commissioners need to be finalised that include risk sharing on the areas able to achieve our control totals. Specifically, the Trust is planning to deliver a 3% cost improvement programme and the Trust is seeking to achieve a further recurrent £5m system benefits to count towards achievement of the Trust's control total in 2017/18.
- 3) Actual implementation of at least 3% cost reductions needs to be achieved without any further new financial risks occurring.
- 4) Savings need to be retained by the Trust in order to support achievement of our control total.
- 5) The impact of increased demands from the introduction of new care models in our transformation programmes is assumed to be cost neutral.
- 6) The costs of change need to be significantly limited.
- 7) The reduced organisational capacity following such a cost reduction programme is assumed to leave a viable organisation able to achieve the requirements of the CQC registration and NHS I licence we are required to or that this is maintained through new organisational form arrangements locally.
- 8) Minimal capital investment will be required to deliver the savings plans and to support ongoing activities during this period.
- 9) Assumptions in the plan in line with national guidance prove to be adequate/accurate.

Link to the Emerging 'Sustainability and Transformation Plan' (STP)

The Trust is a partner in two STP footprints; West East North Cumbria, and Lancashire and South Cumbria. As directed by NHSI, 100% of the Trust's financial plan is included in the West East North Cumbria STP.

Our 2-year plan for 2017/19 is framed around supporting and enabling STPs to deliver sustainable change required by the NHS 5 Year Forward View. The plan has also been developed with the aim of recovering our finances over the long term.

Our Executive team and leaders within our care groups and support services are working closely with STP colleagues to design service delivery vehicles that offer high quality, safe services across the County of Cumbria within the constraints of the financial control totals. Planning in this regard is at early stages for many of our services due to the system wide interdependencies involved. For example, the outcome of the 'Healthcare for the Future' (Success Regime) public consultation affecting services in West East and North Cumbria will not be known until early 2017.

Planning activities to develop the programmes of work within our 2-year plan are currently underway. Detailed planning work will continue on this during Q4 of

2016/17 and will involve close working with our STP partners on things like sustainable recruitment, workforce planning, right-sizing service delivery within contract specifications, and integrating support services.

For programmes involving system interdependencies, delivery milestones will be agreed with STP partners. Progress against our plan will be monitored and managed through our Governance Assurance and Accountability Framework. STP governance arrangements are currently under development and will include oversight of STP delivery plans. The Trust will have Executive-level membership of STP governance groups and will connect with those groups at a strategic and operational level.

At the time of writing there is some uncertainty around the future design of services that we currently provide on a county wide basis, for example mental health services due to changes taking effect in April 2017 affecting how services are commissioned within Cumbria. As a key stakeholder in these matters, the Trust expects to be involved in discussions on the future of county wide services.

Membership and Elections

Our Governors Council elections are held annually in September. Governors hold a three-year term of office, which are staggered so that one third of the Council is due for election each year. The next round of elections are due to be held in September 2017, however there continues to be a number of vacancies on an annual basis. The Governors Council is considering ways to improve this issue within the review of the Constitution during Q4 2016/17. This review will be undertaken with the support of the Company Secretary. Online voting was offered for Governors elections in 2015, the response rate to which (11%) was encouraging. However, in the 2016 election there was only one constituency ballot held so the online voting figure was significantly reduced. We plan to develop this further in 2017/18 with the support of the Election Returning Officer and the Membership Database Service Provider.

We have a very active Governors' Council. In addition to meetings of the Council of Governors, governor development sessions are scheduled throughout the year to raise awareness of governance issues in order that they better able hold the Trust to account on behalf of their membership. In January 2016, the Governors' Council agreed a training and development plan and self-assessment process to evaluate their effectiveness. We continue to support governors with their training programme. Examples of actions taken forward from the outcome of the self-assessment process:

- A governors sharing their learning from a Governwell training session on Accountability sessions with other governors at bespoke training sessions
- The Trust commissioning training for governors on how to chair meetings following this being identified as a training need. The training will be provided by Cumbria Community Voluntary Service.

The Annual Members meeting was held in September 2016 where seventy-five members of staff and public attended. Governors attend local groups to listen to the views of the public and encourage the public and staff to understand the role of the governor.



We encourage Governors to attend public meetings on the major transformational programmes (Success Regime and Better Care Together) in order that they can engage with the Trust in representing their membership's views on those programmes. The Governors Council has taken an active role in writing to members prior to and during the Success Regime public consultation in West, North East Cumbria to understand the views of members so that their views can be fed back to the Board of Directors.

Lead Governors from the Trust and University Hospitals Morecambe Bay Foundation Trust (UHMB) discussed joint development sessions for Governors from both Trusts to understand how they can work together in the future and the first of these joint sessions was held on 2 March 2016. In 2016 UHMB Council of Governors agreed a new Appointed Governor position for a member of our Governors Council. A Public Governor from South Lakeland was identified to fill that position on a temporary basis in 2016. The Governors Council has approved that a reciprocal arrangement be included in the review of the Constitution in 2016/17.

The Governors Council approved the three year Membership Engagement Strategy in September 2015. Implementation of the strategy is being overseen by the Membership & Communications Committee who provide updates to the Governors Council on progress towards achievements of the strategy's targets. A review of this Strategy is being undertaken in 2016/17 to ensure it is fit for purpose in the changing healthcare environment.

Priorities for 2017/18 and 2018/19

Our core Trust priorities for the next two years are aligned to our longer term service strategies and cost improvement plans, and are being developed with significant involvement from clinical leaders and wider leaders with the Trust. Impact Assessment processes to support delivery of the plans will be undertaken as required. Our plan priorities will be communicated to staff through our You and the Big Picture campaign.

Key risks to the delivery of our plan

Risks to our strategic goals are monitored on a quarterly basis by the Board of Directors via the Board Assurance Framework. The Board refreshed the strategic risks which might impact on our business in October 2016.

These are set out below.

Ref	Risk Description
A	Patients or service users do not receive high quality care because either safety, outcomes or experience are compromised <i>now, or in the future, arising from the demands of managing multiple complex system-wide transformational programmes</i>
B	Unable <i>to sustain</i> the cultural change needed to improve the quality of care for all patients and service users
C	High quality and sustainable care is compromised by inability to implement

	improvement strategies for hard and soft infrastructure (facilities, estate, applications, IT)
F	Unable to deliver <i>and sustain</i> senior leadership workforce capability and capacity improvements to deliver modernised and transformed services
H	Inability to balance financial sustainability with maintaining high quality, safe services
I	<i>Failure to effectively demonstrate system and organisational improvement, transformation and sustainability</i>
J	<i>Failure to influence the shape of future care models because CPFT's strengths and system leadership are not fully realised</i>

An assurance framework for each strategic risk has been developed with 1st, 2nd and 3rd lines of assurance identified and assessed. Board-level reports on the Board Assurance Framework include a summary of the assurance levels for each risk, together with an assessment of the proximity of each risk.



