

TO: West Gloucestershire PCT Board

FROM: Amanda Fisk, Director of Performance & Corporate Development

DATE: 16th February 2006

SUBJECT: LOCAL DELIVERY PLAN 2006/07

1.0 BACKGROUND

- 1.1 It has been agreed with the Strategic Health Authority that the three Gloucestershire Primary Care Trusts will produce a single LDP for 2006/07 within the existing 2005/06 – 2007/08 LDP.
- 1.2 The three PCTs have used the requirement to produce an LDP Chief Executives Summary to share an understanding of the approach needed for service improvement in the present financial environment, in order to produce a coherent LDP in the lead up to the new PCT for the county (subject to the outcomes of the consultation). The LDP Chief Executives Summary was submitted to the SHA on 31st January 2006.
- 1.3 The PCTs involved key local stakeholders in the process, with a meeting between all PCTs and with regular meetings between all PCT and Trust Chief Executives, and the Director of Social Services, to discuss the LDP.
- 1.4 In addition to the LDP, each local health community has been asked to produce an Integrated Service Improvement Plan (ISIP), setting out how the community will transform service delivery through more efficient and productive systems, maximising the opportunities of workforce and technology developments. The draft ISIP for the Gloucestershire health community was submitted to the SHA on 16th January 2006. The final document is due for completion by the end of March 2006.

2.0 DISCUSSION

- 2.1 Following the submission of the LDP Chief Executives Summary on 31st January, the annual planning guidance *The NHS in England : the operating framework for 2006/07* was published. Whilst following the usual pattern of setting out the framework of priorities, expectations and rules of operation for the year ahead, the document is more radical than in previous years given the critical importance of achieving financial balance in 2006/07. (A summary of the operating framework was sent to all Trust and PCT Chairs and Chief Executives within AGW by Trevor Jones. This was copied onto West Gloucestershire PCT Non-Executive Directors and PEC members).
- 2.2 Supplementary guidance to the national framework was issued by the SHA on 9th February 2006. This sets out an 8 point framework for implementation of the national guidance. A meeting has been called of PCT and Trust Chief Executives and Directors of Finance across the SHA for 13th February to explain the details.

- 2.3 The context for change, and particularly system reform, is the extension of the Payment by Results financial regime, making further inroads towards the maximum 18 week referral to treatment target for 2008, the impending reorganisation of PCTs and the move to Practice Based Commissioning.
- 2.3.1 What is absolutely clear from the document and from the SHA is that no organisation will be permitted to make investment without robust plans to deliver the statutory requirement of all organisations to achieve financial balance. In fact the document goes further by requiring a financial surplus.
- 2.3.2 Key aspects of the financial context for 2006/07 are a 2.5% requirement for improvement in efficiency (CRES) across all parts of the NHS, the recovery of any carried forward deficits for 2005/06 as well as achieving in-year balance, and significant changes to the tariff around emergency care. The SHA is taking more ownership of the process than in previous years and will be scrutinising the financial schedules submitted with the final LDP on 24th February 2006.
- 2.3.3 The Payment by Results tariff is being extended outside of Foundation Trust communities to cover electives, non-electives, A&E and outpatients in all hospitals. Some of the main changes, which will have a significant effect on the Gloucestershire health community are the introduction of combined tariff for minor A&E and minor injuries unit attendances and a differential tariff for emergency care setting a threshold, above which activity will only be priced at 50% of average cost, based on 2004/05 outturn plus 3.2%.
- 2.3.4 The changes in the tariff, within the context of the operating framework and the overarching requirement for financial balance, create a significant financial challenge for the Gloucestershire health community. At this stage the LDP Chief Executive Summary does not set out a position of financial balance. Current deficits, which must be carried forward, are in effect moved to different parts of the health community if the pattern of services continues to be provided as currently. This has led the Chief Executives of all three PCTs and the three in-county NHS Trusts to agree a joint position on establishing a Community Change programme for local health services, which is likely to lead to a reduction in the range of and sites at which services are currently provided. A media statement and staff communication was released on 7th February 2006 setting out this position and outlining the intention to take radical decisions. Key stakeholders were also informed, including the Joint Staff Consultative Forum (which has just started operating as a single committee on behalf of the three PCTs).
- 2.3.5 The Community Change programme will be driven by the Integrated Service Improvement Plan (ISIP). At this stage six priority areas have been agreed, which will require the drawing up of detailed benefit realisation plans. The key priority areas are as follows:-
- i) Emergency and urgent care – a multi-agency Emergency and Urgent Care Network Board has been set up and met for the first time on the 6th February 2006.
 - ii) Analysis of programme spend.
 - iii) Reviewing opportunities to reduce duplication in services provided on 24/7 basis.
 - iv) Providing care closer to home – for example evaluating more intermediate care and rehabilitation services and less acute hospital beds.
 - v) 18 week waits, Choice and the Independent Sector

- vi) Choosing Health – Public Health Directors across the three PCTs have jointly identified priority areas to reduce the demand and need for healthcare.

2.3.6 Each key change programme will be led by a PCT Chief Executive.

3.0 NEXT STEPS FOR THE LDP PROCESS

3.1 The deadline for the final submission of the LDP, supported by finance, service and workforce strategies remains the 24th February 2006. The Strategic Commissioning Group is meeting with NHS Trust provider colleagues to review the financial position. This involves reaching agreement on what is a pre-commitment or other commitment, assessing the impact of achievable cost efficiencies and evaluating whether any resources are available for expenditure. It is likely that there will be a deficit requiring a cost saving programme for 2006/07 underpinned by the Community Change programme. The process to develop cost savings plans, to be underpinned by the ISIP programme, in order to meet the requirements of the LDP submission by 24th February, remains challenging. The PCT Chief Executives and the Gloucestershire Chief Executives Forum are meeting regularly to oversee the process.

3.2 As the LDP financial schedule has not yet been agreed across the county it is proposed that responsibility for signing off the 24th February 2006 submission is devolved to the Chair and another Non-Executive Director and the PCT Chief Executive and Director of Finance.

4.0 ACCESS AND PERFORMANCE

4.1 PCTs are expected to ensure continuing delivery of all their current LDP commitments. However six specific service priorities have been identified for particular focus during 2006/07. These were as follows:-

- Health inequalities – delivering the local delivery plan trajectories to reduce health inequalities by 10% by 2010.
- Cancer 31 day and 62 day targets.
- 18 week maximum wait by 2008.
- MRSA – achieving year on year reductions in MRSA levels.
- Patient choice and booking.
- Sexual health and access to Genito-Urinary Medicines Clinics so that by 2008 everyone referred to a GUM Clinic has an appointment within 48 hours.

5.0 TIMETABLE FOR THE LDP PROCESS

5.1 The local and county process is set out below:

DATES	ACTION
16 February	Public Board – review of LDP progress ahead of the submission to the SHA by 24 th Feb
16 February	SCG meeting
17 February	Three PCTs Joint Board and PEC LDP session
24 February	Submission of LDP and final schedules
27 February	PCT Chief Executives meeting
2 March	Copy of final LDP to PEC
13 March	Three PCTs meeting with AGW to review/agree LDP
16 March	Copy of final LDP to Board

16 March	SCG meeting
31 March	AGW submits composite AGW wide LDP to DoH
31 March	Final ISIP submission
30 April	All SLAs signed off

6.0 RECOMMENDATIONS

- 6.1 The Board is asked to note the current status of the LDP, the impact of the operating framework, the creation of a Community Change programme and the underpinning ISIP process.
- 6.2 The Board is asked to agree devolved decision making arrangements for the final LDP due to be submitted by 24th February 2006.