

TO: West Gloucestershire Primary Care Trust Board

FROM: Amanda Fisk, Director of Performance & Corporate Development

DATE: 19th January 2006

SUBJECT: FINANCIAL RECOVERY PLAN PERFORMANCE MONITORING REPORT

1.0 BACKGROUND

- 1.1 The PCT has developed a Financial Recovery Plan (FRP) in response to the deterioration of the financial position during the latter half of 2004/05. The Financial Recovery Plan for 2005/06 stands at £13.7M.
- 1.2 Performance management arrangements have been designed based on regular reviews by the Director of Performance & Corporate Development with other directors and individual project managers, monthly directors FRP meetings and a formal report on progress to PCT Public Board meetings. The Strategic Health Authority (SHA) has assessed Gloucestershire PCT as a “Challenged Organisation” on the grounds of financial performance. Monthly review meetings have been scheduled between the SHA and the PCT Chief Executives and Directors of Performance & Finance. To date five meetings have taken place.
- 1.3 Greater integration has been created between the Finance Report and the Financial Recovery Plan, so that they both reflect the latest financial position and the FRP status.

2.0 CHANGES/UPDATES SINCE THE LAST BOARD MEETING ON 17th DECEMBER 2005

- 2.1 Following the Challenged Organisation meeting held on 8th November 2005, a letter was received dated 1st December 2005, setting out the key actions arising from the meeting. These were as follows:-
 - Capital to Revenue transfer – the PCT to consider further options, with AGW having agreed to transfer a second tranche of capital for £482K.
 - FRP and in-year budget pressures – in the context of the PCT indicating a projected deficit, and the AGW assessment that the PCT should achieve an underspend in 2005/06, the PCT was tasked with exploring and implementing further initiatives to achieve a year end underspend. Areas to progress included technical issues relating to Foundation Trust spend, further reductions in prescribing expenditure, acceleration of the GP incentive scheme and further progress on managing emergency patients (e.g. the Primary Care Nurse Facilitator pilot).

- 2.2 The letter of 1st December 2005 confirmed that, in view of the progress which the PCT had made to date, the December Challenged Organisation meeting would be stood down, with the position reviewed at the January Challenged Organisation meeting. A briefing paper was drawn up and shared with the AGW performance management team on the 28th November 2005, in replacement of the usual monthly Challenged Organisation meeting.
- 2.3 The sixth challenged organisation meeting took place on 9th January 2006. Attention focused on the change in the financial position of the PCT since the November meeting.
- 2.4 The PCT financial position has deteriorated, by £1,165K since October, with the position as reported on the month 9 FIMS confirmed as a forecast overspend of £2,446K, based on 8 months commissioning activity. The month 8 figures for performance against the GHNHSFT plan show a further deterioration increasing the GHNHSFT forecast overspend to £2.8M. Further details are set out in paragraph 4.
- 2.5 Further savings have been identified against the FRP of £13.7M, with plans now identified to achieve £15,160K.
- 2.6 As part of continued engagement with GP practices, a letter was sent to all practices by the Chief Executive on 15th December 2005 setting out the current financial position, the measures undertaken to date to reduce activity and expenditure and outlining plans for further delay or avoidance in expenditure, some of which are likely to impact directly on general practice. The letter also outlines plans to implement 28 day prescribing in order to reduce drug wastage and create further savings in 2005/06. £330K has been added to the FRP in response to the initiative and the PCT Medicines Management Team are now working with practices to achieve the changes required.

3.0 PROGRESS AGAINST THE FINANCIAL RECOVERY PLAN AT THE END OF MONTH 9

- 3.1 The following components of the FRP have progressed since the last Board meeting, also responding to the actions identified in the letter from AGW following the November Challenged Organisation meeting.
- 3.1.1 **Schedule of cost improvement and demand management schemes** – the latest schedule of schemes implemented with monitoring in place, and also the schedule of projects at development/scoping stage are enclosed as Annexes 1 and 2. The updated traffic light risk assessment summary and savings against target graph are also enclosed as Annexes 3 and 4. The main changes to note, from the traffic light assessment, are the increase in the amount of slippage to £2.5M and the introduction of a new scheme for 28 day prescribing at £330K. At month 9 the FRP is expected to exceed the annual target by £1,422K.

The proportion of schemes and projects now classified as “green” on the risk analysis stands at 77% with only 4% “red”. The savings plan implementation status shows 70% “identified and implemented” and the removal altogether of the portion previously held as unidentified.

The PCT management team continue to review schemes at the developmental/scoping stage in order to identify new schemes or initiatives with definite savings. The two most recent schemes to move from the developmental/scoping schemes proforma to the FRP schedule are those for a community hospital based Fracture Clinic and day case blood transfusions.

3.1.2 **Capital to revenue transfer** - a further sum of £482K has been transferred by AGW to the PCT, and is incorporated in the FRP schedule. The total sum allocated by AGW for a capital to revenue transfer now stands at £907K.

3.1.3 **Managing Emergency Patients** – the total number of patients diverted from Gloucestershire Royal Hospital A&E Department to the Primary Care Centre since August 2005 now stands at 712, which provides a weekly average of 36 patients. A significant number of patients were diverted to the Primary Care Centre over the Christmas period, which placed the Centre under considerable pressure, but supported the achievement of the GHNHSFT A&E 4 hour wait target. The successful pilot of the Primary Care Nurse Facilitator, which ran from the middle of October to November 2005, has not yet been reinstated due to difficulties in recruiting to the post. The Managing Emergency Patients Steering Group, made up of senior managers and clinicians from both organisations, continues to meet and will be accelerating plans for joint working and collaboration over the next few months, using a recently issued set of new clinical protocols. This work is being taken forward on behalf of West Gloucestershire and Cotswold & Vale PCTs.

3.1.4 **Case Management** - Significant progress has been made during the past 3 months in a number of strands of the project. In November the Primary Care Development Managers (PCDMs) were asked to set local targets to support the project team in building the case load. A revised target of 630 cases across the PCT was set for achievement by early December. The case load grew quickly to around 530 patients. Performance is being analysed to establish where the gaps are and to establish next steps to grow the last part of the case load, but this represents a significant achievement on behalf of the case managers, the PCDMs and the Project team.

3.1.4.1 This increased case load has led to a sharp increase in the number of 'significant events' being reported to the PCT. We are undertaking to audit all of these returns in January to categorise the **156** event forms to show '**stopped admissions**', '**admissions that could not be avoided**' and '**ongoing interventions that are keeping patients at home**'. The plan is then to establish what the dominant long term condition is for each case managed patient, for example:

- 1) For all event forms, indicating an 'emergency admission had been avoided':
 - Establish what the primary cause was for the patient's emergency admissions during the previous 6 months (January to July 2005) and cost these episodes
 - Calculate the savings for the reduced number of admissions and bed days for the period July to December 2005.
- 2) For all event forms, indicating 'ongoing intervention is keeping them out of hospital':
 - Establish what the primary cause was for the patient's last emergency admission, and previous frequency / cost of those admissions over last 6 months
 - Calculate the savings for these avoided admissions.

In both cases, evidence will be looked at where the interventions of the case manager has saved money relating to changing services accessed.

3.1.4.2 The project team has also been busy leading the professional development of our 36 case managers and the wider district nursing teams which is crucial to underpinning our long-term conditions approach and ensuring we have the right knowledge, skills, relationships and referral points in primary care to support patients and achieve local and national targets.

3.1.4.3 The project team has been instrumental in building a referral web across the health and social care community to enable professionals and agencies to refer patients who might benefit from our case management service. We have already seen patients referred to the service that might otherwise be overlooked or lost in the current system. The result of this work is we have a large body of staff engaged and eager to develop new approaches to ensure we can deliver more services within primary care. Furthermore, the case management service is now seen as the referral point for the most vulnerable in our local population.

3.1.4.4 It should also be noted that all of the above has been achieved at considerably less than the original budget set for the project. This year we will have spent around £85K on the project (against agreed budget of £275K), with savings to be well in excess of this.

3.1.5 **Demand Management Incentive Scheme/Practice Engagement** – meetings which were originally held by the Chief Executive with the 6 most “Challenged Practices” have now been followed up by GP senior managers and the Medicines Management Team. The methodology against which each practices activity and expenditure is measured for elective and non elective and outpatient activity has been issued for 2 months. Practices are being performance managed, with individual Directors taking a lead with the most challenging practices, and using a traffic light risk assessment for the level of engagement. A summary of the Practice Incentive Scheme progress to date is enclosed at Appendix 5.

Added to the current level of practice engagement is the new Implementation Plan for 28 day prescribing, at an estimated saving to the PCT in 2005/06 of £330K.

4.0 FINANCIAL PERFORMANCE FOR 2005/06 AT MONTH 9

4.1 The PCT has reported an overspend to date of £2.497K in the month 9 FIMS, which is a deterioration by £969K since month 8 FIMS as a result of a worsening forecast with GHNHSFT (by £787K), out of county providers (£498K), private sector placements (£373K) but offset by improvements in earmarked funds (£234K). The main areas of outlying expenditure and actions to address them are as follows:-

i) **GHNHSFT Contract** – at month 8 forecasting a variance against plan of £2,857K, which is a deterioration of £787K since the submission of the month 8 FIMS.

Non elective activity is the main area of continuing risk which is a combination of growth in activity over and above the 7.1% factored into the baseline (and before the planned impact of the FRP demand management schemes) and case mix changes during 2005/06. A similar level of growth is being experienced by Cheltenham & Tewkesbury and Cotswold & Vale PCTs with a similar level of financial overspend incurred by Cotswold & Vale PCT.

Discussions took place at a county level, including colleagues from GHNHSFT at the three PCT Contract Board in late December 2005 to establish a series of actions to halt the growth in, and expenditure on, non-electives for the remainder of the financial year. These have been added to following further discussions within the PCT and are as follows:-

- An analysis of the patient pathway for patients admitted as an emergency and subsequently receiving rehabilitation. There is a significant amount of resource tied up in this patient pathway.

- Based on the significant increase in the number of bed days and accompanying reduction in length of stay for West Gloucestershire PCT patients over the last year, a further audit of one day and zero length of stay will take place, with clinical input.
 - There has been a significant increase in the cost of NICU/SCBU costs over the last year (£2.8M forecast outturn for 2005/06 compared with £2.2M planned activity). Further analysis is taking place of the underlying reasons behind the trend.
 - Although the number of West Gloucestershire PCT patients within GHNHSFT classified as a Delayed Transfer of Care is small the PCT is concerned that in addition to receiving a fee from Social Services, GHNHSFT is also charging the PCT for the inpatient care. The PCT is currently seeking clarification on this.
- ii) **Private Placements** – the forecast overspend has continued to increase – currently standing at £1,431K. Two meetings of the county-wide multi-agency Scrutiny Panel have taken place. The panel considers all placements costing over £50K per annum. Nine high cost care packages have so far been considered by the scrutiny panel and packages have been agreed that are both clinically appropriate and cost sensitive. Tight performance management arrangements are being implemented to monitor agreed progress and to ensure that the proposed service changes are reflected in the financial projections. The latest financial information indicates that growth in this budget is coming under control.

Negotiations are also underway with the Gloucestershire Partnership NHS Trust, via Cheltenham and Tewkesbury PCT as the lead commissioner, to transfer the budget for private placements to the Trust during 2006/07.

- iii) **Ermin House** – this is an in-county service provided by GHNHSFT, located on the GRH site. Our current understanding is that this service is moving away from long term care to a respite/rehabilitation model. This change has resulted in a greater number of long term patients being discharged than the estimate included in the AWP. To date 7 patients whose costs exceed £50K have been discharged resulting in a total cost of £290K; this service is not currently risk shared across the county.

It is planned to make maximum use of the facility in 2005/06 – costs can be cheaper than private placements - and to explore potential for risk sharing the costs across the county in 2006/07.

- iv) **Out of County NHS Trusts** – the main pressure is from the contract with UBHT which has increased in its forecast overspend significantly between months 7 and 8, primarily due to low volume, high cost cases. Given the nature of the rapid deterioration in the financial position with UBHT, the PCT has reviewed the the risk sharing agreement across Gloucestershire PCTs.

5.0 CONCLUSION

- 5.1 The PCT continues to carry considerable financial risk during 2005/06. The “best case” forecast outturn at month 9 is for the PCT overspending by £2.4M but is still dependent on existing FRP schemes and projects delivering the forecast savings and no further deterioration in levels of expenditure with GHNHSFT. The success at a county and PCT level of stemming the increase in and reducing the cost of non-elective growth with GHNHSFT is critical.

6.0 RECOMMENDATIONS

6.1 PCT Board members are asked to:

- Note the contents of the report.
- Note the changes to the schedule of schemes implemented and underway and those which are at the developmental/scoping stage.
- Note the progress in relation to the Case Management Project, Managing Emergency Patients project and the demand management incentive scheme.
- Note the additional action being taken in relation to the current forecast deficit.