

TO: West Gloucestershire Primary Care Trust Board

FROM: Brian Aird – Interim Director of Service Development

DATE: 17th March 2005

**SUBJECT: 'MEETING THE CHALLENGES AHEAD' - LOCAL DELIVERY PLAN
2005/6 – 2007/8**

1.0 INTRODUCTION

At the PCT Board meeting in November 2004, approval was given to informal consultation on a draft document entitled: "Meeting the Challenges Ahead" which set out the broad strategic direction for the PCT. In January 2005, the Board received a progress report on the development of the Local Delivery Plan (LDP), highlighting some of the key policy and financial drivers and noting in particular the financial challenges for the year ahead. The purpose of this paper is to present the final versions of the Strategic Direction and the LDP for the next three years; and to seek the Board's approval to both.

2.0 STRATEGIC CONTEXT

- 2.1 The PCT staff, patch teams, PEC and Board have been involved in discussing the direction of travel for the organisation and the key issues for the development of services to meet the population's needs.
- 2.2 "Meeting the Challenges Ahead" (Appendix 1 of the LDP) sets out the key principles that should drive any decision making within the organisation as well as setting out proposals around the shape of services for the future. A key message within the document is that primary and community care will continue to undergo significant transformation and that the role of the PCT, the workforce, and engagement with key stakeholders and strategic partners has never been more important in achieving this.
- 2.3 Consultation took place with identified groups and organisations, staff, public, patients, health and social care organisations and local strategic partnerships. Feedback from all quarters was very supportive of the direction of travel and it is recommended that the Board now adopts this document as its Strategic Direction for the next three years.
- 2.4 Alongside this, the PEC has begun work on a Clinical Strategy to underpin the clinical and service aspects of "Meeting the Challenges Ahead". Although the final Strategy will comprehensively cover all aspects of the clinical work of the PCT, early priority will be given to consideration of issues relating to diagnostics and outpatients, unscheduled and emergency care and chronic disease management/long term conditions. Further reports on progress will be made to future meetings of the PEC and Board.

3.0 LOCAL DELIVERY PLAN DEVELOPMENT

3.1 The Local Delivery Plan 2005/6 – 2007/8 (Attachment 1) has been developed as a result of a comprehensive process involving:

- local business planning in PCT patch-based discussions,
- County-wide consideration of key targets and pressures,
- a PCT specific assessment of both the key policy and service drivers and the financial pressures and finally
- a County-wide and a PCT specific assessment of priorities, including consideration of both funding priorities and the consequences of not proceeding with some investments

3.2 The PCT Board has previously given consideration to local objectives and these, along with a progress report on LDP development, were considered at the January Board meeting. Since then, a joint Board and PEC meeting has given consideration to a draft of the LDP and Directors have held further discussions with colleagues locally and with the Strategic Health Authority.

3.3 The resultant Plan for consideration at this meeting is therefore the product of extensive consultation and discussion both internally and externally. It reflects the current position of the PCT in both a service and a financial context; and demonstrates how progress can be made in working towards the fulfilment of the PCT's strategic objectives in the context of a challenging financial situation.

4.0 LOCAL DELIVERY PLAN DRIVERS

4.1 The Plan as presented demonstrates how services can be improved, key targets met and financial recurring balance achieved over the three years (with non-recurrent balance in 2005/6)

4.2 Although the PCT is producing a three year LDP, there is a greater focus on the next financial year, given greater clarity on the phasing of targets and financial allocations as well as the need to achieve financial recovery in as short a timescale as is practicable.

4.3 There is no doubt that the financial picture is a challenging one and that the overriding necessity to produce a Plan which is financially balanced over the three years has forced us to consider whether and to what extent all the key targets can be met. Among those issues which are pressing hardest on our ability to deliver are:

- **Financial Pressures** – discussions are under way within the local health community and with Gloucester Hospitals Trust to seek to agree that 50% of the non recurrent transitional gain in 2005/06 lies with the Foundation Trust with the balance apportioned between the three PCTs non recurrently in that year.

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The benefit to the PCT in 2005/06 could be up to £4.5m non recurrently. The national guidance suggests that this approach is one for the local health economy to resolve. If this can be agreed it would cover the deficit brought forward from 2004/05.

- **New Investment** – in order to avoid deterioration in the financial position and to contribute to financial recovery, investment has been contained within the need to invest in unavoidable pressures and that which is necessary to meet the government's key patient access targets. Nevertheless, some targets e.g. in mental health, have had to be re-phased and consequently the Board may wish to re-affirm its commitment to investment in this area at the first available opportunity.

The sources and application of funds is set out in summary in Attachment 2 '2005/6 Developments'.

- **Savings Required and Cash Releasing Efficiency Schemes (CRES)** – The Plan demonstrates a need for savings of £10m in 2005/6 in order to achieve non-recurrent balance in that year. This includes a requirement for 1.7% cash releasing cost improvements across the PCT's portfolio. This is also shown in Attachment 2.

The achievement of these savings has been the subject of extensive discussion internally and with the Strategic Health Authority and a Savings Plan has now been developed, which appended as Attachment 3.

5.0 THE NEXT STEPS

Following approval by the Board, action will be taken by Directors to begin communication and implementation of the Plan immediately. The Board will receive regular performance reports in the usual way. However, in addition, it is proposed that robust performance management arrangements are put in place to ensure the delivery of the Savings Plans in line with overall PCT objectives. This will include routine and regular reports to the Director team from Project Groups and a monthly progress report to the Board.

6.0 RECOMMENDATIONS

The Board is asked to:

- 6.1 Agree "Meeting the Challenges Ahead" as the Strategic Direction for the PCT
- 6.2 Agree the Local Delivery Plan 2005/6 – 2007/8
- 6.3 Support the proposals in the Savings Plans and the associated performance management arrangements.