

TO: West Gloucestershire Primary Care Trust Board

FROM: Amanda Fisk, Director of Performance & Corporate Development

DATE: 16th March 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 West 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 seven meetings have taken place.
- 1.3 A series of seven meetings have taken place. The meeting scheduled for March 2006 had been replaced by an LDP Review meeting, and at present no further “Challenged Organisation” meetings have been agreed. It is likely that new arrangements will be put in place from April 2006 onwards.

2.0 CHANGES/UPDATES SINCE THE LAST BOARD MEETING ON 16th FEBRUARY 2006

- 2.1 Following the Challenged Organisation meeting held on 6th February 2006, a letter was received dated 16th February 2006, setting out the key actions arising from the meeting. These were as follows:-
 - FRP and in-year budget pressures – the PCT to continue to explore opportunities to reduce the year end deficit. It has been confirmed that any overspend in 2005/06 will become a brought forward deficit for 2006/07, with no extension on the period for recovering the deficit.
 - Technical issues with the Foundation Trust – the PCT is requested to consider lodging a formal dispute, in line with agreed processes.
 - KPMG criteria – as part of the recent work by “Turnaround Teams” within the SHA, KPMG have produced a set of criteria against which organisations can check they have all necessary financial management arrangements in place. This information has been shared with PCTs and some PCTs may be visited to review the application of the criteria.
- 2.2 The PCT financial position recorded on the month 11 FIMS submitted on 3rd March 2006, is a most likely overspend of £3.9m, based on 10 months commissioning activity.

2.4 Within the PCT, Directors are continuing to review progress against the FRP of £13.7M, which is expected to exceed the annual target by £800K.

3.0 PROGRESS AGAINST THE FINANCIAL RECOVERY PLAN AT THE END OF MONTH 11

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 February Challenged Organisation meeting.

3.1.1 **Schedule of cost improvement and demand management schemes** – the latest schedule of schemes implemented with monitoring in place is enclosed as Annex 1. The updated traffic light risk assessment summary and savings against target graph are also enclosed as Annexes 2 and 3. At this stage the FRP is expected to exceed the annual target by £880K.

The proportion of schemes and projects classified as “green” remains at 77%, and the proportion classified as “red” at 3%. The proportion classified as “amber” is 20%. The savings plan implementation status shows 69% of schemes “identified and implemented”. The PCT management team has now moved from identifying schemes under development which may be brought to fruition during 2005/06, to compiling an FRP for 2006/07, based on the continuation of existing schemes and the implementation of schemes at the development/scoping stage.

3.1.2 **Managing Emergency Patients** – the total numbers of patients diverted from Gloucestershire Royal A&E Department to the Primary Care Centre since August 2005 now stands at 1,176 which provides a weekly average of 39 patients. There have been several out of hours periods recently when high numbers of patients have been diverted to the Primary Care Centre. Plans are progressing between the Foundation Trust A&E team and the PCT to reinstate the Primary Care Nurse Facilitator role, which ran from the middle of October to November 2005. Subject to an evaluation of value for money based on the cost of providing the role versus income to the Foundation Trust and savings to the PCT, it is planned to incorporate the diversion aspects of the role within the A&E department. Teams from the A&E department and the PCT are due to meet shortly to review the use of the Manchester clinical protocols, to agree pathways for patients towards minor injuries and illnesses. This is in the context of the introduction of a new, lower rate, tariff for A&E minor injury attendances in the recently issued Operating Framework.

3.1.3 **Case Management** - significant progress has been made in the last few months in a number of strands of the project. In November the PCT 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 and is currently in excess of 650 patients.

3.1.3.1 However, further work is needed to increase performance levels, refine the patient selection process and improve on the frequency of reporting ‘emergency admissions avoided’ or ‘deferred’ as a measure of the effectiveness of case management.

3.1.3.2 The Case Management Project Team has been evaluating the effectiveness of the model chosen to support patients and their immediate carers, living with longer-term needs. The graph attached at Annex 4 shows results of the work to identify potential savings in inpatient admissions and also shows the performance of case managers in accumulating case loads.

- 3.1.3.3 The project team will focus their efforts during March on supporting case managers to make better use of information they receive. For example, greater emphasis will be placed on following up weekly adult admissions to Gloucestershire Royal Hospital. Case managers will be instructed to contact ward staff and provide an 'in reach' service if required, regardless of the patient's age.
- 3.1.3.4 At the same time, the project team will be working closely with the Information Management team to consider how patient selection and cost analysis tools might be developed to target smaller groups of patients and then track the effectiveness of case management.
- 3.1.3.5 The professional development of both qualified and unqualified staff continues to be a cornerstone of this change programme. The first group of Healthcare Assistants are half way through a comprehensive training programme, which is being delivered by social services. Band 5/6 staff can look forward to joining a robust, in house clinical training programme this summer; backed by our specialist nurses and Gloucestershire University.
- 3.1.3.6 Finally, more agencies and organisations are finding out about our case management service than ever before. The project team continue to have contact with a wide range of stakeholders.
- 3.1.3.7 Jon Ryland, who has project managed the case management initiative for the PCT is due to leave PCT employment at the end of March 2006. Jon's contribution to this project, working as part of the whole team, has been significant in achieving the progress to date.
- 3.1.5 **Demand Management Incentive Scheme/Practice Engagement** – the incentive scheme was introduced in October 2005 to provide those practices not part of the North Forest Commissioning Cluster with a stepped introduction to Practice Based Commissioning (PbC), and to support the PCT's wider demand management and financial recovery programmes. It provides a financial incentive to practices who are able to reduce projected costs (as of September 2005) for emergency admissions, and for five outpatient specialties. The outpatient specialties were selected on the basis that they did not link to any significant existing demand management initiatives, and could therefore particularly benefit from further review within primary care.
- 3.1.5.1 Practices receive weekly patient-level information in relation to emergency admissions, and monthly costed summary information for both outpatient attendances and emergency admissions. A risk share arrangement has been established to share costs for high cost patients (above £25k). In addition practices have been followed up individually to provide further information and to encourage participation. PbC seminars (looking at the incentive scheme, but also highlighting wider PbC issues and outlining the impact of Payment by Results) were organised during November and December 2005 at a patch level.
- 3.1.5.2 Further seminars are being planned to provide an opportunity to share ideas about potential service improvements within primary and secondary care, to harness clinical leadership and enthusiasm, and to disseminate learning from the National Primary Care Development Team (NPDT) Practice Based Commissioning Collaborative, of which the North Forest of Dean Commissioning Cluster is a first wave member.
- 3.1.5.3 Information is currently available for the first three months of the scheme (October to December 2005). This suggests that:

- A number of individual practices have moved towards their savings targets. Based on December data, there are currently 8 practices showing eligibility for a partial incentive payment for emergency (non-elective) admissions. Additionally, there are 6 practices showing eligibility for a partial incentive payment for outpatient care, and one practice showing eligibility for a full incentive payment for outpatient care.
- Practices are also, in aggregate, now moving towards the overall scheme savings target for non elective care, although the impact is fairly marginal at this stage given the wider non-elective over-spend. Growth in outpatient spend has also reduced over the period of the scheme.

We will continue to monitor the performance of the scheme over the remaining part of the financial year, and the learning will be used to inform the agreement of local targets and incentives within the national Directed Enhanced Service for Practice Based Commissioning. This will be available to all practices from April 2006.

A summary of the Practice Incentive Scheme progress to date is enclosed at Annex 5.

4.0 FINANCIAL PERFORMANCE FOR 2005/06 AT MONTH 11

4.1 The PCT has reported a forecast overspend of £3.9m in the month 11 FIMS. Key issues of concern in relation to the forecast deficit are as follows:-

i) **GHNHSFT Contract** – at month 10 the forecast overspend is £4.3m.

As detailed in the Finance Report (Agenda Item 9 ii) non elective activity continues to be the main area of risk. The current GHNHSFT forecast overspend assumes reclaiming the costs of beddays for patients subject to a Delayed Transfer of Care reimbursement charge to GHNHSFT from Social Services (£113K) and reclaiming some costs of rehabilitation charges (£200K).

ii) **Private Placements** – the scrutiny panel put in place to agree and monitor the placement of any patients where costs are above £50K is continuing. Plans to transfer the budget, within a risk management arrangement, for private placements to the Gloucestershire Partnership NHS Trust during 2006/07 are also progressing.

5.0 CONCLUSION

5.1 The PCT continues to carry considerable financial risk during 2005/06.

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.
- 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.