

TO: West Gloucestershire Primary Care Trust

FROM: Amanda Fisk, Director of Performance & Corporate Development

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SUBJECT: FINANCIAL RECOVERY PLAN 2005/06 - PERFORMANCE MONITORING REPORT

1.0 BACKGROUND

- 1.1 The PCT has developed a financial recovery plan (FRP) in response to the deterioration in the financial position during the latter half of 2004/05. The financial recovery plan for 2005/06 currently stands at £13.7M, pending final reconciliation of the 2004/05 outturn position and negotiations with the Foundation Trust about transitional funding (arising out of the move to the Payment by Results financial regime).
- 1.2 This paper sets out details of the projects and schemes which are underway to deliver the financial recovery plan. The main emphasis of the FRP is on reducing demand, and thereby activity and cost. The paper also describes the project management and performance monitoring arrangements in place.

2.0 MANAGING NEW AND LOCAL DELIVERY PLAN ALLOCATIONS

- 2.1 During the course of every financial year, the PCT receives new allocations – normally targeted for specific initiatives. The PCT will ensure that recurring funds are invested in the area intended, but there is often an opportunity to withhold nonrecurring funding either because the timing of the funding will naturally result in an underspending, or because the PCT decides to manage the implementation of the initiative in a way that will release funding. The FRP includes an assumption that £500k will be released nonrecurrently in 2005/06 from new allocations, in addition to the assumed slippage on schemes built into the 2005/06 Local Delivery Plan (LDP).
- 2.2 In practical terms, all new allocations arriving in the PCT will be logged and notified to LDP leads. An implementation plan will be agreed with the lead director at the weekly directors' meeting – the default position will be that funding is not released until this plan is agreed. The schedule of allocations will be maintained during the year, and decisions about releasing funding taken in the light of the overall progress of the FRP.

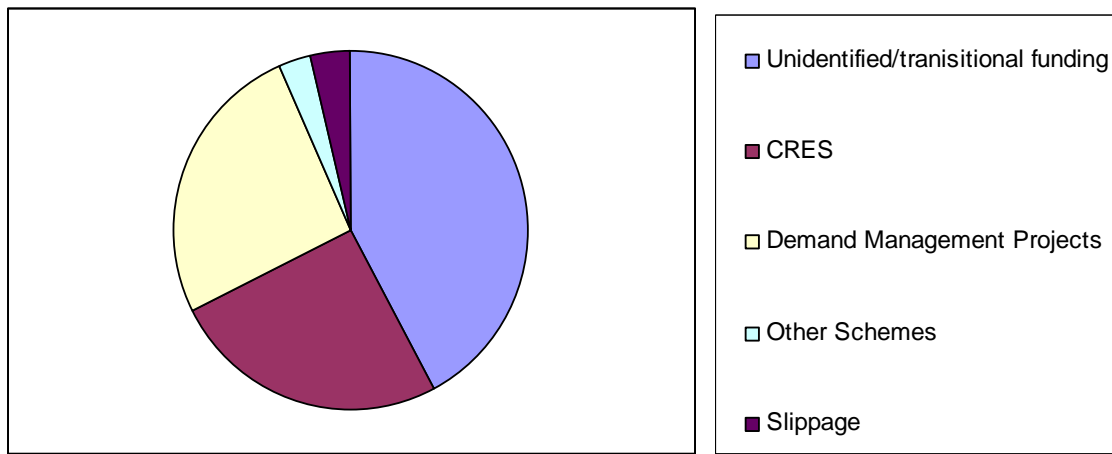
3.0 AREAS TARGETTED FOR REDUCED EXPENDITURE AND PROJECTS TO MANAGE DEMAND

- 3.1 The greatest potential for achieving significant savings lies in the management of demand for services, particularly at the source i.e. primary care. Building on the working relationships between the 32 general medical practices and the PCT provides an opportunity for using improved care pathways to align clinical decision making with the management in resources. The integration of financial

management with clinical decision making forms the basis of the North Forest Commissioning Project which covers six GP practices.

- 3.2 In recognition of the fact that financial performance is partly a consequence of operational efficiency, £3.9M of the £13.7M financial recovery plan has been targeted on PCT directly commissioned and own provider services. 1.7% Cash Release Efficiency Savings (CRES) have been applied to all Service Level Agreements and to the PCT provider budgets. Further sums have been set against a range of other PCT managed budgets and also the primary care prescribing budget.

The distribution of savings against projects and other areas is as follows:



- 3.3 Demand management forms the largest part of the FRP. A range of projects and schemes has been developed by the Service Delivery Directorate to improve care pathways and at the same time provide more cost effective access to and use of services. Details of the individual schemes, along with all the schemes which make up the FRP are attached as Annex 1.
- 3.4 There are three overarching areas of demand management which are being addressed as part of the PCT Strategic Service Direction for 2005 to 2008:-
- Chronic Disease Management (CDM)/Long Term Conditions (LTC)
 - Emergency/Unscheduled Care, including access to A&E and primary care out of hours services
 - Outpatients and diagnostics.
- 3.5 The PCT Professional Executive Committee (PEC) has recently prioritised these areas in developing a PEC clinical strategy. Multi professional groups led by PEC clinicians are examining how to support the needs of the PCT population within primary and community services, by identifying and addressing current restrictions on access to diagnostics and ensuring specialist care can be provided when required. The work being led by the PEC has a purely clinical (service improvement) focus, but it has been established that a by product will be reductions in the number of emergency /non-elective and elective admissions to the Foundation Trust.

- 3.6 In addition, the PEC and PCT Board have approved expenditure of £275k as pump priming investment for the Long Term Conditions work, in order to support senior community nurses (G grade district nurses) moving to case management. As shown in the scheme details as part of Annex 1, reductions in emergency/non-elective admissions are anticipated from September 2005 onwards, initially in the PCT Patch Works sites where the initiative will be rolled out first for example by reducing the incidence of patient crises. A progress update on the CDM and unscheduled care projects is attached at Annex 2.

4.0 PERFORMANCE MANAGEMENT ARRANGEMENTS

- 4.1 Each demand management project shown in Annex 1 is reviewed on a regular basis by the Director of Service Delivery with the individual project manager. In addition weekly meetings are held with project managers by the Director of Performance and the Director of Service Delivery where plans for delivery are not meeting the project milestones or where there are concerns about the project. Key to the success of the demand management projects is clinical engagement. The projects or initiatives to reduce expenditure through increased efficiency are also reviewed regularly by the relevant Director using the same approach.
- 4.2 Each project manager has been tasked with plotting a trajectory for their project showing planned reductions in activity and cost over time, net of any investment costs. An example of this in terms of activity can be seen for the Diabetic outpatients and Podiatry procedures projects at Annex 3 (i) and (ii). It is not straightforward to capture and record changes in activity for some of the demand management schemes and savings may depend on case mix. However, it is a requirement for approval for the project to proceed that these trajectories are plotted and the PCT Information Team is supporting this aspect of the work.
- 4.3 The overall savings trajectory for the PCT, showing progress towards achieving the £13.7M target, and taking into account the success of the individual projects, is being managed by the Finance Team. Annex 4 plots projected non elective admissions to the Foundation Trust, showing the impact of the demand management schemes. This will be adapted to plot the costs of non-elective activity, taking into account patient case mix. Details of the progress of the demand management schemes will continue to be shared with the Foundation Trust so that adjustments to anticipated workload can be made and clinical engagement is being led by Dr Mike Roberts (PEC chair). Dr Roberts has recently started a series of regular meetings to be held with the Foundation Trust Medical Director.
- 4.4 A schedule of monthly Directors meetings has been set aside to review the FRP. Chris Spry, 'critical friend' appointed by the Strategic Health Authority, has been invited to attend these meetings. In the 2 weeks preceding these meetings the Director of Performance liaises with each of director lead for all the projects and agrees a green, amber or red risk rating. The risk rating is based on director level assessment of whether the implementation plan (and trajectory) is on target combined with the risk of the project not achieving it's year end savings forecast. The final assessment for each project as shown at Annex 5 is based on the assimilated information from project managers and the finance & information support managers to the projects and using the trajectories showing whether the project is proceeding to plan. The Directors of Finance and Performance agree the performance of the PCT against the overall savings trajectory based on actual achievement to date and the combined project risk assessments. Annex 6 plots

reduced expenditure (e.g through CRES) and reductions in demand (less than plan) which will achieve the FRP savings target. The monthly Directors meeting then takes stock of individual projects which require attention and reviews the overall FRP savings plans and trajectory. Following this review, an updated position is presented to the next PCT Public Board.

4.5 The next 6 months Directors meetings to review the FRP performance are as follows:

- 11th May
- 15th June
- 13th July
- 17th August
- 8th September
- 21st September

4.6 An example monthly performance monitoring timetable for May 2005 is as follows:

Activity per week	Week 1	Week 2	Week 3	Weeks 4/5
Tuesday morning meeting with project managers - held by the Directors of Performance and Service Delivery.	3rd	10th	17th	24th and 31st
Bi-monthly meeting of Demand Management project leads, finance and information support managers with the Directors of Performance and Service Delivery.		12th		25th
Meeting between Director of Performance and each Director responsible for an FRP project to agree the risk assessment on achievability				31st May to 3rd June
Directors of Finance and Performance agree overall performance of the PCT against the FRP savings trajectory.		9th		
Compilation of relevant schedules and trajectories showing FRP performance.		9th/10th		
Monthly Directors meeting to review the FRP, with Chris Spry.		11th		
PCT Board		19th		

5.0 STATUS OF THE FINANCIAL RECOVERY PLAN

5.1 From the FRP risk analysis at Annex 5, the following schemes have been identified as amber or red at this stage:

- i. Provider costs –amber
- ii. Referral Management Centre – red
- iii. Primary Care – amber –
- iv. Carpol Tunnel – amber –
- v. Elected caesareans - amber
- vi. Diabetes outpatients – amber
- vii. Respiratory outpatients – red
- viii. Bone Marrow Transplant – red
- ix. Out of Hours/In-Reach Team/A&E – red
- x. Chronic Disease Management - amber

Details can be seen on the schedule at Annex 1.

- 5.2 Projects will only move from red to amber or from amber to green following approval at the monthly FRP directors meetings, and after the schemes have been assessed through the performance management processes described in paragraph 4. It is proposal that the risk assessment be used for internal management purposes and also for reporting to the PCT Board and the Strategic Health Authority.

6.0 INCOME GENERATION

- 6.1 Several schemes are being scoped (as shown in Annex 1) some with a view to income generation.

7.0 COMMUNICATION AND STAFF INVOLVEMENT

- 7.1 The PCT has been communicating with all staff, whether they are commissioners, directly provide the PCTs own services or work at HQ. High levels of communication and interaction about the Financial Recovery Plan are creating an environment in which staff at all levels in the organisation can take responsibility for financial balance. The PCT staff need to be motivated to review all current working practices and wherever possible improve processes from a patient perspective, particularly focussing at this time on delivering more cost effective services and processes. The newly created Performance & Corporate Development Directorate is supporting directors and teams to integrate financial balance into overall business planning and day to day working.