

TO: West Gloucestershire Primary Care Trust Board

FROM: Penny Harris, Director of Service Development

DATE: 20th November 2003

SUBJECT: REVIEW OF LDP SUBMISSION 2003 - 2006

1. Introduction

In September AGW required that the local health communities reviewed their existing LDP submissions to ensure that key targets across the 3 years are delivered and financial balance achieved. The process was undertaken within Gloucestershire across each of the organisations and with a countywide review of key issues. At this stage it is clear that further work is required in both year 1 and as part of the planning process for years 2 and 3. This document however updates the Board on this submission and is supported by a number of additional papers, which are available on request.

- An assessment of key risks for year 1 for the Gloucestershire PCTs (appendix 1 attached). Detailed action plans on the key issues are also available.
- A review of risks in years 2 and 3 undertaken through the service development groups for the health communities and reviewed by the Strategic Commissioning Group. This lists key commissioning issues which will be reassessed and prioritised through the planning process for 2004/5. The Strategic Commissioning Group will oversee the process (appendix 2 attached).
- An organisation specific improvement plan to achieve 3 star status (appendix 3 attached).
- The risk sharing plan for the Gloucestershire health community. This will need to be reviewed as more detailed understanding of some of the organisations' specific risks become clearer and will need Board approval from all organisations (appendix 4 attached).
- An outline of the key organisational development issues for commissioning within and across the PCTs. This will require additional support in the light of the challenges of system reform and potential foundation trust status (Section 7)
- An update on the complete review of the LDP Action Plan (appendix 5 available on request).

This paper goes on to outline how the LDP process will be managed for 2004/5.

2. Risk Assessments

Risk assessments have been undertaken within organisations and across the health community. Within West Gloucestershire this process involves a complete review of the LDP action plan which is reported to the Board on a quarterly basis. The full details of this review are available (appendix 5). The focus within this paper is upon the major issues impacting on delivery of financial balance and delivery of the key targets.

2.1 Year One

Appendix 1 sets out the key issues for the three PCTs and is supported by detailed

Agenda Item 14

appendices on issues relating to key targets in 1.1 to 1.9 for West Gloucestershire PCT itself.

Within the health community the key risks which impact on financial balance across the health community are well known, and are summarised below:-

- (i) Forecast deficits from Cotswold and Vale PCT, West Gloucestershire PCT and Gloucestershire Hospitals NHS Trust (GHT) and GHT non delivery of their full CRES target
- (ii) Increases in individual private placements for learning disabilities, mental health and eating disorders in excess of budgets
- (iii) Potential prescribing overspend in West Gloucestershire PCT
- (iv) Pressure on community loans budget and potential costs of continuing health care retrospective reviews
- (v) Out of County Service Level Agreements in particular that with North Bristol Trust
- (vi) Increased offer under SLA to GHT (i.e. underwriting £950k and marginal costs) and the potential for increases in activity to require further funding
- (vii) Increased costs from specialist commissioning agreements.

It is clear that there is an expectation within the health community that individual organisations will develop financial recovery plans to achieve financial balance and deliver their CRES programme. Within West Gloucestershire, the CRES programme has been delivered but the finance paper details the risks being carried and that financial balance would be at the cost of utilisation of new allocations and / or delaying agreed investment plans.

2.2 LDP Target Review

On delivery of key national service targets the risk assessment has been informed by a review of all the LDP activity templates, updating the schedules in the light of activity to date. This confirms that all targets for West Gloucestershire remain on line to be achieved except reduction in emergency demand in year three. The need to focus upon the action plan for reducing emergency referrals however remains a high priority for the PCT.

2.3 Performance Management

Whilst all plans remain in place and on programme, there are areas being monitored closely as potential risk areas within the PCT as part of the performance management process. These include:-

- Emergency demand – a detailed action plan is reported to the Board quarterly (appendix 1.3)
- Delayed discharges – the number has remained static but protocols for domiciliary care and expansion of intermediate care coming on stream (appendix 1.4) and progress is monitored weekly.
- Prescribing – a detailed action plan with agreed programme for each practice is in place (appendix 1.5) See also prescribing report.
- Primary Care Access – the sustainability of achievement is being assessed with each individual practice (appendix 1.6) but position has already improved in September 2003.
- Dental Services Provision – access to NHS dentistry remains an area of concern and commissioning responsibilities will need to be addressed (appendix 1.7)

The overall pressure to achieve the significant change across the whole agenda including system reform, contract changes and Agenda for Change has also been highlighted as of concern for all three PCTs within Gloucestershire and within West Gloucestershire detailed action plans for implementing GMS contract and out of hours are being developed (outlined in appendix 1.8 and 1.9).

3. Review of Plans for 2004/5 and 2005/6

The following section sets out the risks for the existing LDP in years 2 and 3. These have been identified through the county service development groups and confirmed in discussions across the health community.

As indicated previously this needs to be considered further within the planning process as different solutions may be required as work on patient pathways, in particular, is developed. But the immediate assessment of the key risks include:

- GPT baseline and infrastructure issues
- Achieving and maintaining recurring financial balance
- Implementing Choice at point of referral, this will include reviewing process for waiting list management
- Setting up Out of Hours and Enhanced services under new GMS contract
- Achieving cancer standards
- Implication of NICE guidance especially IVF and Morbid Obesity (requiring an uplift to NICE reserve).
- Developing the commissioning process to ensure strategic change
- Significant financial pressures arising from specialist commissioning agenda (a known cost)
- IM&T pressures especially related to GMS contract and the introduction of ICRS
- Potential additional costs associated with the GRH 'new build' scheme, over and above agreed figure of £250k (see GHT risks schedule)
- Investment in patient and public involvement to continue to ensure this becomes fully part of decision making processes
- Introduction of antenatal Downs Screening (a known cost)
- Angioplasty expansion
- Potential implications of achieving change through the MARP project in Learning Disabilities
- Substance misuse shortfall in funding (detailed in financial schedule)

Appendix 2 covers the full assessment to date by the PCTs. There is the need for further work to be undertaken through the service development groups. Additional funding has been identified for known, unavoidable investment and a contingency identified should any of the key risks materialise. The latter is identified as a risk reserve. This has been agreed across the three PCTs, taking account of risks identified within the provider Trusts in Gloucestershire but will be subject to Board approval as part of LDP 2004/5 planning round. To assist with this process and to ensure coherence of plans across the county, the Directors of Finance are the approach to the LDP investment schedules across the three PCTs are regularising.

4. Achieving Three Star Status

Agenda Item 14

Within West Gloucestershire PCT, monthly reports are provided to the Board and Professional Executive Committee (PEC) on core performance targets including prescribing, and these are being extended to cover issues under the star rating process. A detailed preview of the star rating assessment of this year has been undertaken with the Board and PEC in July 2003, identifying where targets were not achieved and key issues to be resolved to improve performance in these areas. Some of these areas directly compare to issues identified within the LDP review but a complete improvement plan is attached in appendix 3, including clear identification of responsible managers / clinicians.

5. Gloucestershire Risk Share Arrangements

It is agreed that all organisations within the county are individually responsible for securing and maintaining financial balance, but that there may be occasions when one organisation requires additional financial support to deliver a recovery plan. A draft protocol setting out the conditions for such support to be provided has been discussed and is attached at Appendix 4. This will need to be ratified by the Boards and these arrangements will only come into force when all in-county SLAs have been finalised.

6. Cash Releasing Efficiency Savings (CRES)

It is acknowledged that delivering CRES presents a significant challenge to all organisations. There is the requirement in the local health community that individual organisations will assume responsibility for delivering their own CRES programmes whilst achieving and maintaining financial balance. Currently within Gloucestershire there is a delay in agreeing CRES at GHT, with the resultant effect that investment for development as set out in the LDPs are not currently being released. The CRES delivery is subject to further discussion as part of the Service Level Agreement but the PCTs have made a revised SLA offer that involves the PCTs agreeing to underwrite the £950k moving further faster monies, not yet received, to increase marginal costings to 50% of average price and cover the £1m brokerage, previously offered as financial support to GHT. This offer also clearly indicates that each organisation must remain responsible for their CRES albeit that the health community agrees the need to work together to achieve this in some areas.

Within West Gloucestershire, as noted above, the CRES plan for 2003/4 with the exception of planned savings on the prescribing budget, has been largely achieved.

7. The Commissioning Challenge

Within the Local Health Community there is a need for the PCTs to make an informed assessment of their capability and capacity to commission effectively, and to agree what their short and long term commissioning goals should be. This process has begun with the establishment of a county wide strategic commissioning group, which will also consider how the commissioning agenda should engage with the current and diverse related policy strands (such as Financial Flows, Patient Choice, Foundation Trusts) and the development opportunities each may bring.

Effective partnerships will be key to the future development of a commissioning strategy; and agreement has been reached across the commissioning organisations of the need to work together to set strategy and develop the use of care pathways to engineer change in service delivery models. This will also enable the PCTs to collaborate to secure effective outcomes for patients and best value from purchasing resources.

Clinicians need to become more involved in the commissioning process to ensure that plans fit around the clinical needs of patients and local opportunities to improve the health of the population. The assessment of health needs of local residents, review of utilisation of services and delivery of services against known targets and evidence will need to be developed. Service Development Groups have only just commenced some of this work.

Robust information will be required to support commissioning decisions, and this information will need to be more sophisticated information around the quality issues, following through the measurement of standards and patient outcomes achieved to improving performance in the next commissioning cycle. This will present a significant challenge to commissioners as they seek to manage and utilise information across organisational boundaries including speciality based information.

The potential of Foundation Trust requires immediate focus on commissioning. Management of waiting lists and referrals, analysis of referral patterns, identification of capacity needed and clear service specifications (based on care pathways), improvements in monitoring the activity of Providers and financial systems to enable the implementation of payment by results are just a few of the key development needs. In addition the commissioning approach to the GMS contract needs to be addressed.

Given the enormity of the agenda and the timescales for change with Gloucestershire Hospitals Trust having applied for Foundation Trust status, assistance in addressing the development agenda has been sought from the Strategic Health Authority and the Department of Health. A locally facilitated event has enabled agreement across the PCTs on direction of travel together but additional support is required.

8. Next Steps

It has been recognised that further work is required given the need to confirm the SLA with GHT, finalise the basis of the support arrangement through Boards and peer review recovery plans. In addition the more detailed work on service issues needs to continue through the service planning groups and will be managed through the Strategic Commissioning Group. The plan is to bring together proposed priorities for service change and redesign developed from firstly these county assessments of risks, but also local PCT work on business plans and patient feedback where available, for discussion with the Board and Professional Executive Committee in January 2004.

9. Conclusion

The Board are asked:-

- To note the progress with the review of the LDP and the risks associated with its development
- To approve the proposals for the basis of any health community risk share accepting they would only come into force when all in county SLAs have been finalised
- To note the next steps in reviewing service development and investment plans for 2004/5