

TO: West Gloucestershire Primary Care Trust Board

FROM: Amanda Fisk, Director of Performance & Corporate Development

DATE: 17th November 2005

SUBJECT: LOCAL DELIVERY PLAN 2006/07 TO 2008/09

1.0 BACKGROUND

- 1.1 The PCT Directors have begun to prepare for the annual Local Delivery Plan (LDP) process. The county level Strategic Commissioning Group (SCG) has initiated the county level LDP process. County Service Planning Leads have been invited to prioritise service changes/developments and resource implications for 2006/07 onwards, in the context of the risk of not achieving national targets and/or “invest to save” initiatives which will aid financial recovery. This information, where West Gloucestershire PCT is the county service lead, and cost pressures in PCT provider services plus previous LDP commitments has been collected across the PCT. Similar processes are underway in the other two PCTs.
- 1.2 The Strategic Commissioning Group is due to meet with in-county provider representatives on the evening of 8th November to assess the common targets at risk across across the community, the starting position in terms of financial baselines for each organisation (PCTs and Providers) and to agree a co-ordinated LDP process.
- 1.3 In each year since the formation of PCTs there has been an attempt across the health and social care community to streamline and co-ordinate the LDP process, to ensure expenditure is minimised, e.g. to the achievement of national targets, and to feed into the provider Service Level Agreement (SLA) process. Each year has had its own set of organisational dynamics, for example the move to Payment by Results for the Foundation Trust and the subsequent refining of the contract. This year is no exception given the current level of financial deficit in the Gloucestershire healthcare. In addition, the Gloucestershire Partnership NHS Trust is applying for Foundation Trust status from 1st April 2006.

2.0 PCT CONTEXT FOR THE LDP

- 2.1 The PCT started 2005/06 with a recurrent deficit of £3.1M and a Financial Recovery Plan of £13.7M (£8.1M recurring and £5.6M non-recurring). At month 6 the PCT has a current deficit of £961K.
- 2.2 The two most significant financial pressures for the PCT at month 6 are the continuing growth above plan in emergency activity with the Foundation Trust and the pressure on the private placements budget.
- 2.3 Traditionally the PCT has responded to existing financial constraints by planning to make savings and underfunding the impact of in year pressures in the subsequent year. As a result expenditure on key areas such as the Foundation Trust and private placements has continued to outstrip the resources invested in them.

- 2.4 The anticipated Cash Releasing Efficiency Savings (CRES) across all commissioned, directly provided and independent contractor services will be 1.7% in 2006/07 and the PCT is likely to have a further Financial Recovery Plan (FRP) following on from the FRP in 2005/06. At the time of agreeing the LDP and the (FRP) for 2005/06, a target was set for achieving non recurring balance by the end of 2005/06 and recurrent balance in 2007/08 (when the PCT is due to receive 9.9% growth).

3.0 KEY DRIVERS FOR THE 2006/07 TO 2008/09 LDP

- 3.1 The following are the key drivers for at least 2006/07:

- 3.1.1 The PCT Strategic Service Direction 2005 to 2008 *Meeting the Challenges Ahead*. As well as achieving national targets, the strategy document prioritises service development for primary and community care services, unplanned or emergency care, hospital care when only hospital based services are appropriate and mental health services.
- 3.1.2 The PEC Clinical Strategy. This sets out the key objectives for the PCT in unscheduled care, outpatients/diagnostics and chronic disease management.
- 3.1.3 The 7 key targets for the NHS in 2005/06 as identified by Nigel Crisp, Chief Executive of the NHS. They are also referred to by the Strategic Health Authority in forming the action plan for the PCT in 2005/06 following the Annual Review meeting for 2004/05.
- 3.1.4 Choosing Health. There is an expectation that provision is made through the PCT allocation to invest in the areas of health improvement outlined in Choosing Health.
- 3.1.5 The Workforce Development Strategy. Ensuring workforce planning takes account of policy changes in the NHS which will effect capacity and skills, for example Practice based Commissioning, Choice and the impending PCT reconfiguration.
- 3.1.6 PCT reconfiguration and the requirement for county working and consistency in LDP formats and assumptions.
- 3.1.7 Taking account of policy changes such as Choice, the move towards Practice based Commissioning and Independent Sector procurement. Some of this is reflected in the Gloucestershire health community Integrated Service Improvement Plan (ISIP) which brings together the workstreams of service modernisation, Connecting for Health and workforce modernisation. A final community ISIP is required by the Department of Health by March 2006.
- 3.1.8 The requirement to achieve Foundation Trust contract and provider Trust SLA conclusion within the Strategic Health Authority timescales.

4.0 LDP PROCESS

- 4.1 Internal preparation – following the invitation from the SCG to all Service Planning Leads and in-county provider organisations, risk assessment templates have been completed by way of submissions for prioritisation of resources in the next LDP. These are an amalgam of service planning pressures and priorities and some provider cost pressures. They are in various formats with varying degrees of clarity about the rationale for the submission and whether they are “invest to save” which will aid financial recovery or identification of risks of missing national targets.

- 4.2 Directors of Finance have been asked to produce an underlying financial position for each organisation, including the incountry provider Trusts, and this is currently being developed. In addition the PCT finance team is already collecting identified cost pressures, for example anticipated growth in private placement expenditure, PbR tariff changes and pre-commitments or commitments carried forward to 2006/07. Key to this will be the likely financial opening position for 2006/07, once the new allocation is announced. 9.1% growth is anticipated for 2006/07 as part of the PCT moving closer to its target allocation.
- 4.3 An internal exercise is due to take place on 11th November to assess the submissions from Service Planning Leads and provider staff against the current PCT financial position and likely opening position for 2006/07. An assessment/prioritisation process has been developed for the 'submissions' and in order to reduce expectations. Two overriding criteria are submissions which contribute to the FRP i.e. invest to save, and investment which is required to secure national standards.

5.0 LDP SUBMISSIONS PRIORITISATION PROCESS

- 5.1 The LDP submissions will be reviewed with an approach which combines two factors:-

i) Context:-

- County-wide PCT consistency of LDP process and monitoring in the run up to a new PCT – a single PCT lead may be required in due course.
- The changed policy context since the 2005/06 LDP process, i.e. Practice based Commissioning, Independent Sector procurement, Choice and Choosing Health.
- The over-riding requirement to achieve financial recovery for the healthcare community. The PCT will need to establish an FRP early on in the LPD process.
- The requirement to achieve NHS targets which is in three parts:
 - Public Service Agreement (PSA) targets for the NHS and Social Services.
 - PCT 21 existing targets.
 - PCT existing commitments - 28 national indicators for PCTs with a mix of current and future achievement dates and constituting part of the Healthcare Commission Annual Health Check.

ii) Prioritisation based on:-

- Invest to save initiatives where there are clearly definite financial benefits for the FRP. This could be assessed as either a good use of pump priming funds or just net impact benefits.
- Investment which is critical to the achievement of PSA or national targets as set out above – evidence must be provided that targets cannot be achieved through other changes to existing service delivery arrangements which do not have adverse cost consequences.
- Investment which is required to offset a stated risk to patient safety or continuing service delivery. Such risk must already have been

identified to the organisation through incident reporting or risk identification mechanisms and be recorded on the PCT risk register.

5.2 Added to this needs to be an assessment of pre-commitments and in year pressures against the resources available. This would include known NICE cost pressures.

5.3 Now that a target has been set nationally to move all GP practices to Practice Based Commissioning by December 2006, it is valid to consider involving general medical practice representatives in the LDP discussions. Associated issues such as budget setting (moving from historical to fair shares), contingency funds and risk sharing need consideration as part of the LDP 2006/07 preparation.

5.4 PROPOSED LDP TIMETABLE

| TASK | Date | Responsibility |
|---|---|--|
| Service leads, PCT providers and hosted services review of priorities/national targets/risks | Underway | Service leads/PCT provider leads |
| Collation of county financial positions (PCTs and providers) | Underway – to be completed for 8 th November Strategic Commissioning Group | Directors of Finance |
| Strategic Commissioning Group special meeting with incounty providers to assess implications of baselines and agree process for LDPs and SLAs | 8 th November | PCT attenders – John Ford, Amanda Fisk, Jackie Dodds |
| Internal LDP meeting of Directors or representatives plus J Dodds, Ann J-Wanklin, Nicki Millin and Duncan Thomas | 11 th November | Internal Group |
| Update Board on proposed process | 17 th November | Amanda Fisk |
| Strategic Commissioning Group | 17 th November | John Ford, Amanda Fisk, Mike Theelke/ Jackie Dodds |
| Prepare LDP priorities process and recommendations to discuss at PEC and Board Joint Development Session | 24 th November | PEC/Board |
| Confirmation of PCT allocation for 2006/07 | Early December | Mike Theelke |
| Strategic Commissioning Group | 18 th December | John Ford, Amanda Fisk, Mike Theelke/ Jackie Dodds |

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| Further meeting of PCT internal group to review first cut LDP and progress on prioritisation/ implications for capacity/ activity e.g 18 week waits | Late December/early January | Internal Group |
| Revise LDP priorities following PEC and present to PEC and Board for decisions | January PEC and Board | Amanda Fisk |

6.0 RECOMMENDATIONS

- 6.1 Members are asked to consider the contents of the report and endorse the process underway to secure a balanced LDP for the PCT, and its successor PCT, covering the period 2006/07 to 2008/09.
- 6.2 Members are also asked to consider the level of engagement required by the Board, PEC and GPs (in the context of Practice based Commissioning) during the production of the LDP, for example using the PEC/Board Development Session on 24th November for this purpose.