Public Document Pack

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OVERVIEW AND SCRUTINY MANAGEMENT BOARD

'SUPPLEMENT PACK'

Wednesday 9 January, Monday 14 January and Wednesday 16 January 2013
9.30 am
Warspite Room, Council House

Please find attached a further report for consideration under item 4.13.

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OVERVIEW AND SCRUTINY MANAGEMENT BOARD

4.13. Partner Responses **(Pages 1 - 6)**

- Plymouth Hospitals NHS Trust

Plymouth Hospitals NHS

NHS Trust

Budget Scrutiny 2013
Briefing Note
January 2013

1. Context Setting

1.1 On the 18th December, the NHS Commissioning Board published the document "Everyone counts: Planning for Patients 2013/14". This document sets out the planning framework for the NHS for 2013/14 and beyond.

1.2 The approach set out in the document is aimed at securing three important objectives: -

- **Balancing change and continuity –** 2013/14 sees major organisational change at a time of increasing financial pressures and local health services must drive change not react to it.

- Making **assumed liberty** a reality – clinical commissioning groups must drive local health priorities within a framework set by Health and Wellbeing Boards.

- **Balancing annual requirements with the longer term –** ensuring the health service is sufficiently robust to deal with increasing demand within limited resource growth.

1.3 There are four key themes in this document:

Listening to patients - Rights of patients set out in the NHS Constitution must be delivered, customer convenience with 7 days a week access to routine healthcare services, real time experience feedback from patients by 2015, a 'family & friends' test to identify whether patients would recommend their hospital to those with whom they are closest.

Focusing on outcomes - publication of consultant level outcome data for 10 specialties, commissioners will be expected to prioritise and make improvements against the NHS Outcomes Framework.

Rewarding excellence - financial & other levers for better patient outcomes.

Improving knowledge and data - contracts will require all providers to submit data sets that comply with standards and 'care.data' requirements, which will provide commissioners with timely and accurate information.

1.4 Importantly the document also refers to the Winterbourne View Hospital and the forthcoming report by Robert Francis QC into the Mid Staffordshire NHS foundation trust and commits the NHS to ensure that all providers and commissioners work together to ensure all the recommendations in these reports are addressed.

2. Our Approach

2.1 During 2012 the Trust has been working on a revised clinical strategy and it is our intention to spend the early part of 2013 discussing our long term strategy and plans with our key stakeholders including Plymouth City Council.

2.2 Our approach to the challenges ahead is very much enshrined in the foreword to our recently finalised Integrated Business Plan which we submitted in support of our application for foundation trust status in 2013. Some extracts of this are set out below: -

2.3 Historically, health and social care services across Devon, Cornwall and Plymouth have appeared more governed by single agency concerns than the interests of those that they collectively serve. Too often people have felt left to navigate themselves between services, in the absence of a built-in 'join-up'. Services have also tended to

be reactive, responding to problems once they are acute, rather than seeking to engage and respond earlier, promoting self-care and re-ablement. None of these are the right conditions for a good experience for people, at their time of need, and nor is such a system sustainable. Our shared vision sees an end to this and a clear commitment to working across agency boundaries, in new ways and settings, to be genuine partners for the health and wellbeing of all of our citizens.

2.4 Our renewed strategy, due for completion in March 2013, sets out the beginning of a journey that will see the Trust transformed from "Derriford" to a provider of **first class healthcare** that is not defined or constrained by its walls and campus location but, rather, delivering flexible, responsive services where they are most needed, across all of its communities.

2.5 This transformation will enable better access to the range of specialist services provided at the Derriford Campus by expanding what is available locally and also because it will free up capacity by providing more community-based services and working alongside providers of community services across the Peninsula. As such, the Trust will be highly visible, working alongside its partners across communities, and making the best use of new technologies to enhance access for patients and professionals and support effective communication with partners across the whole health and social care system. In summary, it sees the approach to health and social care transformed from one where services are provided for 'the few', to health and wellbeing for 'the many'. People will increasingly be enabled to be 'safe, well and at home', reserving hospital-based services for those who are in greatest need.

2.6 We are embarking on this journey mindful that such transformational, system-wide change requires the wholehearted engagement of professionals, clinicians, managers, service users and carers, if it is to succeed.

3. Headline Budget Measures 2013/14

3.1 The financial outlook for the acute sector in the NHS remains extremely challenging.

3.2 Our main commissioners are receiving growth of 2.3% (NEW Devon £24m; Kernow £15m).

3.3 Clinical Commissioning Groups (CCGs) are responsible for managing risk and must establish a risk pool between CCGs, set aside 2% of funding non-recurrently (NEW Devon £21m and Kernow £14m) and keep contingencies of at least 0.5%.

3.4 The Provider Efficiency target is once again set at 4% (around £16m). This is based on an estimate of provider inflation of 2.7% (around £11m). Therefore, the net tariff deflator adjustment will be -1.3% (around £5m). (Our income for the same level of work will reduce by 1.3%.

3.5 The 30% marginal tariff for emergency admissions will continue. This means that the Trust will only be paid at 30% of the agreed tariff for emergency admissions above the 2008-09 baseline levels (this is estimated to result in a reduced income of £3.6m in 2012-13 at month 8).

3.6 In the current year the Trust expects to realise savings of around £22m. This follows on from the achievement of a savings target in 2011-12 of £31m. Achieving savings in 2012-13 has been extremely challenging and of the savings achieved circa £10m are recurrent plans (ongoing) and £12m are non-recurrent (one off savings). The recurrent plans have a full year impact of £17m. The increase in the reliance on non-recurrent savings will have a detrimental impact on the savings requirement for 13 /14.

3.7 Because of this shortfall in recurrent savings achieved in 2012-13 together with tariff deflation and above inflation rising costs the Trust is likely to be facing a further savings programme in 2013-14 of up to £27m or 6%-7% of turnover.

3.8 To continue to deliver savings of this level it is clear that further transformational change programmes will be required. Continuing to ensure the most efficient use of Trust resources must continue but there also need to be a renewed focus on transformational reorganisation of activities.

3.9 The following principles to identify savings of this level are being applied:-

3.10 Safety and Quality – all plans will be signed off by the Medical Director and the Director of Nursing prior to approval by the Board to ensure safety and quality standards are maintained throughout. Clinical Commissioning Groups will also be invited to comment on the Trust's plans.

3.11 The work completed on developing service line clinical strategies will inform the Trust's plans for 2013-14 i.e. the clinical strategy process will be linked to the 2013-14 planning process to ensure that plans are clinically led.

3.12 All service lines within the Trust are producing business plans that aim to demonstrate clinical and financial viability.

3.13 Our plans in 2013-14 will have a strong focus on improving productivity.

3.14 We will work with our commissioners to deliver their QIPP aspirations (Quality Innovation, Productivity and Prevention).

3.15 The themes of our savings programmes in 2013-14 will focus on improving quality and reducing cost and will include: -

- Improving Length of Stay – reducing the time people spend unnecessarily in hospital beds where alternative settings are more appropriate – reduced admissions, reduced length of stay, improving discharge

- Improving theatre productivity – reducing cancellations, improving throughput

- Improving clinic productivity – reducing cancellations, improving attendance, improving clinic utilisation

- Improving our support functions – ensuring that our non-clinical and clinical support functions are the best in class, validated through external benchmarking and sharing services where appropriate to improve value for money (Pathology partnership).

- Improving our income generation where we can such as maximising our private patient income and continuing to increase our research activity thereby generating more commercial research income to the city and offering a wide range of clinical trials.

- Workforce – reducing the need for expensive temporary staffing by ensuring that we have the permanent capacity we need to deliver the work that we are commissioned to provide - reducing agency costs, overtime costs and improving sickness rates and our staff health and wellbeing.

- Non-pay costs – working hard to secure the best possible prices for all of our non-pay related spending by implementing our procurement strategy.

4. Risks and Issues to delivering the City priorities

4.1 We anticipate no major risks or issues in respect of delivering the City priorities.

4.2 We will continue to work in an inclusive and open way with all of our health and social care partners through the established community transformation partnership of which the City Council is a key member and through our contribution to the newly evolving Health and Wellbeing Board

5. Planned changes to service delivery

5.1 In 2013 we expect to conclude the relocation of the Royal Eye Infirmary to a purpose built eye unit within Derriford Hospital.

5.2 We will complete the refurbishment of our ward for patients with cancer providing a new specialist high dependency unit compromising 10 single rooms with en suite facilities, with two of the room suitable as isolation facilities by patients with infection and two of the rooms designed for Teenagers and Young Adult patients.

5.3 We will commence the construction of the multi-storey car park on the Derriford site and continue to work with representative groups to improve car parking access for those needing to use our facilities who have a disability .

5.4 We will support our Commissioners to improve clinical and cost effectiveness within Planned Care. The Commissioner's evidence shows that there are a number of areas where the health community is spending a lot more than comparable cities, despite similar levels of need. We will work with the Commissioners in clinically led Clinical Pathway Groups to redesign services to improve access and often by shifting care into the community, improving the effectiveness and efficiency of provision.

5.5 There is sound clinical evidence that harm reduces and outcomes improve with lower lengths of stay in an acute setting supported by treatment within the most appropriate setting of care for the patients' needs. We will work with partners across urgent care pathways to identify and implement more appropriate settings of care for our patients.

5.6 We will continue to implement improvements to how we treat emergency patients through our managing access programme ensuring emergency admission to hospital only occurs when commensurate with patient need. This programme includes redesign of our Emergency Department, rapid assessment, CT in ED, ambulatory care and a frailty model for complex frail elderly patients.

5.7 We will continue to consolidate our position as the Major Trauma Centre (MTC) or specialist hub for the Peninsula Trauma Network, to lead in the delivery of high quality Peninsula-wide trauma care and improve clinical outcomes for trauma patients in the South West.

5.8 We will continue to develop our position as the principal provider of specialist services for the population of the South West Peninsula. We anticipate these services will continue to grow. The additional benefit of research and education income in these areas makes the delivery of specialist services a key business element of our strategy as well as an important element of our clinical service for patients. For commissioners, by providing services as a specialist services hub, we will deliver better value for money, improve the patient/carer experience and help streamline pathways in and out of specialist care. Currently Peninsula Commissioners send approximately £45m of acute care to providers outside the Peninsula. In many cases, these could be provided by the Trust and an active repatriation programme is underway, initially focused on cardiac services (of which much of it is provided by

London Trusts therefore achieving significant savings for commissioners as a higher tariff is paid).

6. Critical Risks

6.1 The Critical risks to delivering services provided in partnership are set out below together with our mitigating actions.

Risk description	Mitigating actions
Changing settings of care Reduction in income (as patients are treated in alternative settings) through delivery of transformational change & is likely to create an additional pressure to reduce fixed costs	■ Clarification & agreement of assumptions & detailed delivery plans with commissioners ■ Ensure governance arrangements for cross-community programmes are integrated to ensure timely action to reduce costs is taken in line with activity reductions ■ Development of cross-community financial risk sharing mechanisms
Contract Penalties Service performance failings leading to the imposition of contract penalties	■ Monthly review and oversight of contract penalties by the Finance Committee. ■ Annual Infection Prevention & Control Plan reviewed by the Board ■ Monthly monitoring of MRSA and *C-Diff* infections by the Board
Non-elective growth The growth in non-elective activity could exceed planned levels & result in costs exceeding funding	■ Implementation of Emergency Department reconfiguration project ■ Partnership working with commissioners through the Urgent Care Programme to ensure appropriate plans are in place to contain growth in non-elective activity &/or offer alternative settings of care
Competition Potential loss of work to private sector competitors. This is an emerging risk as clinical commissioners surrounding us develop their approach to 'Any Qualified Provider'	■ Ongoing liaison with commissioners to clarify intentions ■ Monitoring of developments in the external market to ensure that we remain competitive in terms of both quality & price ■ Ensure services are delivering high quality care with appropriate access & ensure public & health professional awareness of those high standards ■ Increased focus (including capital investment & service re-design) on improving the patient experience to maximise confidence of the local population in our services ■ Developing a marketing strategy to promote the Trust as the provider of choice to key influencers of patient choice