

REACH

HIGHER

**NHS Brent  
Medium Term Financial Strategy**

**29<sup>th</sup> July 2010  
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adding life to years and years to life

**NHS**  
**Brent**

# CONTEXT



In December 2009 the PCT Board approved the Medium Term Financial Strategy 2009-14 (MTFS) which set out the detailed financial modelling which had been undertaken to support the CSP.

A final version of the MTFS accompanied the final CSP, submitted in January 2010.

The assumptions and forecasts within the MTFS are due to be reviewed quarterly and updated in the light of any changes - this update is the first quarterly review of 2010/11.

The CSP/MTFS included a 15 point action plan to ensure delivery and an update is set out on slide 2.

The PCT commissioned an external review of its CSP/MTFS in February 2010 which concluded:

*“Relative to its peer group, the quality and coverage is of a high standard with strengths demonstrated in numerous areas such as comprehensive market analysis, depth of priority actions, alignment of CSP with financial strategy, management capability, exhaustive list of efficiency schemes and comprehensiveness of risk assessment framework.”*

The review made suggestions for strengthening further our plans and an action plan to address these points has been developed.

15 POINT ACTION PLAN – UPDATE JULY 2010

		ACTION	DATE	COMMENTS
INITIATIVES	1	Develop detailed project plans and Business Cases for all initiatives, prioritising those due to deliver in 10/11 – 11/12	31/3/10	Strategy EMT is providing Project Board leadership to ensure detailed project plans and Business cases are developed - <u>ongoing</u>
	2	Ensure alignment with 10/11 budget – setting and Operating Plan timetable processes	31/3/10	Investment/disinvestment programmes reflected in 2010/11 Operating Plan and Initial Budgets. - <u>completed</u>
	3	Ensure that detailed plans for years 2-4 are in place	30/6/10	To be achieved via process of Business Case development overseen by Project Board - <u>outstanding</u>
	4	Ensure ‘best practice’ programme and project management arrangements are in place	31/3/10	Deputy Director – Strategy leading a review - <u>ongoing</u>
	5	Ensure that all investments/disinvestments are subject to robust Business Cases that meet WCC competency 11 levels	Ongoing	Development of existing Business Case development processes - <u>ongoing</u>
	6	Ensure that robust mitigation plans in place to address the 12 cross-cutting risks identified (section 5.2 of CSP)	Monthly	Board Assurance Framework reviewed by EMT, Audit Committee and Board - <u>ongoing</u>
	7	Develop lead financial and activity indicators to monitor impact of initiatives	31/3/10, then monthly	<u>Ongoing</u>
	8	Ensure that our plans are implemented through clinical commissioning and procurement arrangements that underpin and incentivise delivery	Ongoing	PBC Executive confirmed strategy - <u>ongoing</u>
	9	Pursue all other additional opportunities	Ongoing	Additional initiatives to be developed by Strategy EMT incorporating further opportunities - <u>ongoing</u>
OVERALL FINANCIAL PLAN	10	Target our non-recurrent investment plans to support key enabling and transition measures, including those set out in the OD plan	Ongoing	Non-recurrent plans incorporated in 2010/11 initial budgets - <u>ongoing</u>
	11	Ensure level of contingency is set at a level that recognises risks to delivery and reviewed regularly	Quarterly	Contingency incorporated in 2010/11 Initial Budget - <u>completed</u>
	12	Ensure rigorous and continuous and review testing of risks/opportunities, scenario plans and adapt overall plans accordingly	Quarterly	<u>Ongoing</u> quarterly reviews
	13	Continue to strengthen our financial monitoring, forecasting and predictive modelling processes	Quarterly	<u>Ongoing</u>
	14	Continue to strengthen our ongoing financial management and governance arrangements	31/3/10	<u>Ongoing</u>
	15	Subject our plans to an external review and strengthen our plans accordingly	28/2/10	Deloitte review <u>completed</u> and report produced. Action Plan to address recommendations - <u>ongoing</u>

# PLANNING FOR 11/12

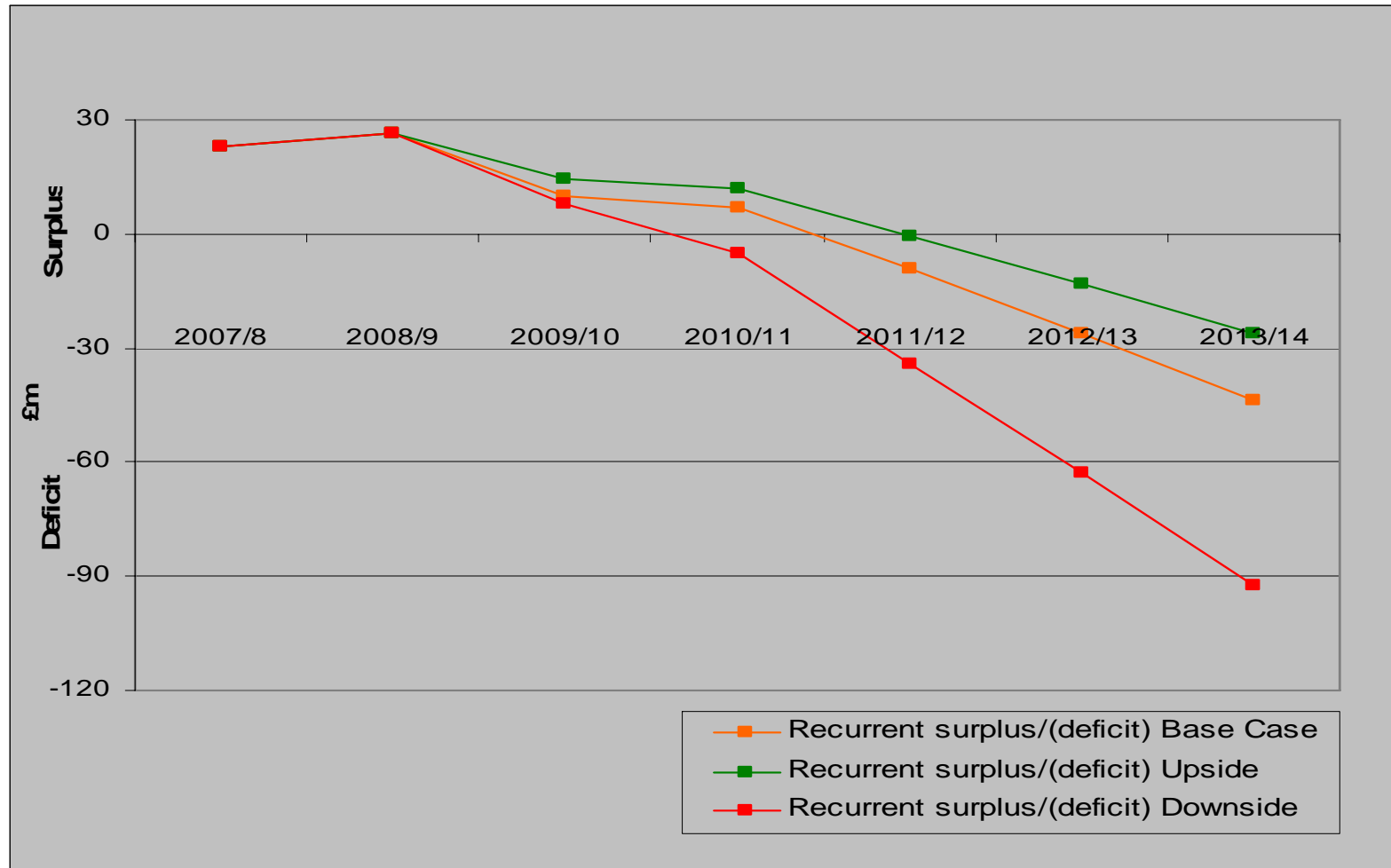


The financial outlook for the PCT for 2011/12 onwards will be significantly tighter due to a combination of:

- Wider economic climate and impact on NHS
- Potential changes in resource allocation - NHS Brent is currently spending £37m above its weighted capitation target
- Impact of demographic change and underlying cost pressures

Assuming that we deliver the forecast outturn for 2010/11 the CSP/MTFS target savings plan for 2011/12 onwards remains valid since all key assumptions set out in CSP and MTFS remain broadly unchanged

# Financial Scenarios – Recurrent Surplus / (Deficit) (Do Nothing)



In order to achieve base case projections in CSP, £60m efficiency and disinvestment savings required 2010/11-2013/14 4

# ACHIEVING EFFICIENCY SAVINGS £18m (3.5%) per annum 11/12-13/14



From 2011/12 onwards net savings of approx £18m per annum are required

Our Strategic Plan and Medium Term financial strategy set out plans to deliver the above through:

- changes to the location and model of care, in particular a significant shift of activity to lower cost settings with reduced unit costs
- productivity improvements leading to reduced unit costs
- decommissioning and disinvestment in low value added interventions
- providing more care for people outside of hospital to prevent use of hospital services
- efficiency improvements across the whole of the PCT's cost base, including all commissioned services (acute, primary care, community, mental health), together with management costs and estates utilisation
- reduced variation and more standardisation of pathways

The challenge now is to speed up delivery and, where gaps in initial plans emerge, find alternative measures

# PLANNING FOR 11/12 CURRENT POSITION



Efficiency/Disinvestment programme 2011/12

Scheme/Initiative	CSP Forecast Savings	Current Assessed Likely savings	Comments
	£000	£000	
<b>ACUTE</b>			
Intermediate care	(1,521)	(1,521)	Full year effect of STARRS service
Community midwifery/ante natal payments	(437)	0	no further savings likely
Acute Commissioning Vehicle:	(2,300)	(1,150)	ACV forecast savings reduced
Specialist commissioning	(692)	(496)	Reduction to CSP forecast
LAS Savings	(225)	0	no savings released in 10/11 so unlikely in 11/12
Urgent Care Centre	(381)	(496)	Full year effect of UCC
Out of Hours Service (GP Payments)	(230)	0	Dependent on GPs opting to change to new out of hours provider
Enhanced reablement	(898)	(449)	no plans yet in place - unlikely to achieve full year's savings
<b>PLANNED</b>			
Pathway redesign	(1,401)	(267)	only some specialties currently being redesigned
Long Term Conditions	(304)	(70)	only some specialties currently being redesigned
Sexual Health	(500)	0	project has been deferred
<b>MENTAL HEALTH</b>			
Continuing Care	(500)	(500)	Still forecast but details to be worked up
Other commissioned services	(125)	(125)	Still forecast but details to be worked up
CNWL - reduced inpatient costs	(300)	(300)	Provisionally agreed for 11/12
CNWL - 2% efficiency	(700)	(245)	Provisionally agreed for 11/12
CNWL - balance/rebasing	(1,383)	(450)	Agreement to rebase has not been reached
<b>END OF LIFE</b>			
End of Life	(173)	(173)	Project in progress to produce Business Case
<b>PRIMARY CARE</b>			
Decommissioning PMS Practices	(182)		Process started but unclear outcome
List validation savings	(606)	(622)	Contract agreed
Prescribing	(1,996)	(998)	Target based on assumption of national changes
Primary Care Contract Management	(1,045)		unclear in context of national changes
Primary Care Access		(350)	slippage from 10/11 savings programme
Dental Contracts/Dental Access	(200)		No change in contracts planned
<b>COMMUNITY CARE</b>			
Barnet Community Trust	(100)	(51)	Revised forecast
BCS - efficiency	(400)	(200)	Formation of ICO likely to reduce possible savings
<b>CHILDREN YOUNG PERSONS</b>			
BCS - Community Paediatrics	(372)		Revised forecast following further review
<b>STAYING HEALTHY</b>			
PBC Shift to non-recurrent	(250)		TBC - in light of GP Commissioning Business Case
- Vascular health	(232)		no evidence yet that savings are achievable
- Smoking Cessation	(125)	(125)	Better VFM
<b>OTHER</b>			
Management cost efficiencies	(525)	(525)	Assumes any excess savings will not be a benefit to the PCT
Estates Efficiency	(520)		Estates rationalisation is not happening
<b>Grand Total</b>	<b>(18,623)</b>	<b>(9,113)</b>	

Of the £18m targeted in the CSP, projects equating to approx £9m net savings are in varying stages of development (but with some very high risks to delivery)

# IMPACT OF WHITE PAPER



- Confirms broad planning assumptions unchanged in respect of productivity and efficiency challenge
- Efficiency plans need to continue “with even greater urgency, but with a stronger focus on general practice leadership”
- PCTs “ should seek to devolve leadership ..... to emerging GP consortia and local authorities as rapidly as possible, wherever they are willing and able to take this on”
- “The Department will require SHAs and PCTs to have an increased focus on maintaining financial control arrangements during the transition”

## CONCLUSION / NEXT STEPS



- The PCT should continue to plan on delivering a £18m pa savings programme in 2011/12 – 2013/14
- For 2011/12, current estimates suggest delivery of £9m
- Programme management arrangements are being reviewed by SEMT to refocus on delivery of key CSP priorities
- As part of above readiness/willingness of GP consortia to lead some or all of programme to be assessed in accordance with White Paper