Delivery of the Savings Plan 2006/07

1. Introduction

At its May meeting, the Board approved the Savings Plan for 2006/07(BtPCT 06/044). This paper updates the Board on progress towards that Plan and asks the Board to approve further schemes (section 8) to manage the risks to the Savings Plan.

2. Summary

The PCT at month 2 is reporting a cumulative £1.5m overspend against its financial projection. The projection assumes that the savings plan is achieved equally across the year (see below). Staff pay including agency expenditure is running cumulatively at £0.8m above the projection. Commissioning performance is not yet up to date, and there may be further risks associated with this.

The Savings Plan increases during the year, especially at October 2006 as the bulk of provider savings should come to fruition and the effect of the Ward in the Community and POPP case management start to affect the use of hospitals.

The main milestones in pursuit of the savings plan are being met, especially the changes requiring staff consultation.

From project and performance reviews risks totalling £1.6m have been identified. Further potential risks take this up to £6m.

The Board is, therefore, asked to approve further proposals to meet these risks.

The Board should note that there is a major gap in communicating and engaging people in the savings plan, especially GPs and staff. Directors visits to staff groups have been timetabled in and a lead Director is being nominated for each practice based commissioning cluster board to ensure two way communication. A common briefing is being put in place to foster consistency of message.

Patient consultation on the financial savings plan has also been put in place and timetabled in where relevant.

3. Financial Performance 2006/07

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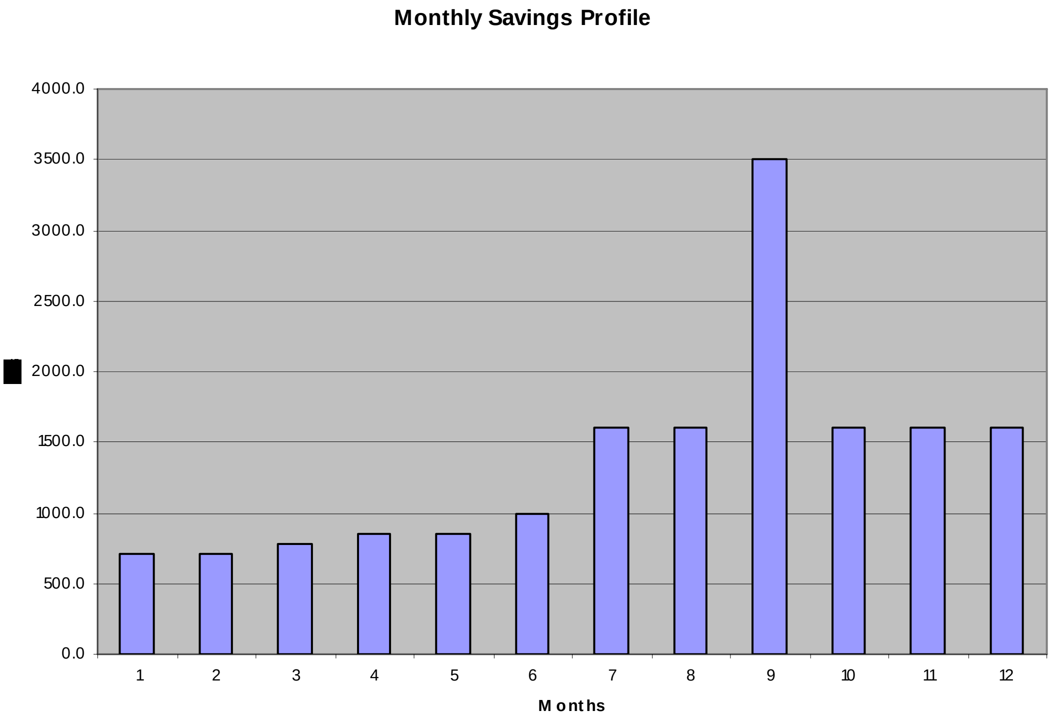
4. **Savings Projection for 2006/07**

The planned savings deliver increasingly through the year.



The key assumptions behind this are:

- Savings related to provider changes that require staff consultation e.g. review of skill mix in district nursing and health visiting, begin in October
- Proceeds from the sale of buildings, some of which are related to the clinic closures, are received in December.
- Half of the urgent care and outpatient savings relating to BECAD pathways and Emergency Care Practitioners are delivered throughout the year. The ward in the community and POPP savings begin in October.
- Outpatient referrals and follow ups are delivered throughout the year.
- Voluntary sector and learning disability savings are delivered from September onwards. ,
- The remainder of joint commissioning savings are planned throughout the year

- Management costs begin in July with those subject to consultation beginning in October.

A projection of how this will affect the overall PCT position by month will be presented at the Board.

5. Project Plan and Performance Against it

All projects that deliver significant savings (over £50k or have major stakeholder implications) have identified key milestones, risks and stakeholder involvement issues. Following performance reviews at this stage all projects remain green for delivery of milestones. Many of the savings have already been achieved. For example, the management restructure savings in the provider have been achieved as have the Drug Action and Substance Misuse savings. All projects affecting staff have been taken to JNCC (see below on progress against consultation). The next key milestones for July and August are:

- Completing the staff consultation and moving to selection and redeployment
- Delivering the podiatry changes including discharge.
- Establishing the dermatology service to significantly reduce outpatient demand.
- Beginning the patient consultation on the clinic changes.

6. Key measurements and first indications.

In addition to the milestones, we are developing a set of key indicators to predict whether we are delivering the desired effect. The proposed indicators are attached at annex A.

For the acute commissioning savings indicators from North West London Hospitals Trust have been collected. The good news is that Brent PCT first outpatient referrals at North West London Hospitals Trust have fallen by 10% in April and May 2006 compared to the same period in the previous year. In particular, there has been a 25% decrease in endocrinology, which would be affected by our Diabetes Care Pathway. Although, some of the reduction is due to Easter in 2006, there is still a downward trend in May and the Dermatology care pathway should have a further significant effect once it is introduced.

However, there is not yet firm evidence that emergency admissions overall at the Trust are falling. The care pathways and Emergency Care Practitioners should have had an effect by now on emergency admissions.

7. Risks and quantification

The following risks are known:

Risk	Amount
Emergency admissions reduction will come out at 50% of the tariff	£1.2m
Half of mental health savings will come from reduction in NHS activity, which will begin in September so only a half year effect.	£0.4m
Total	**1.6m**

There are further unquantified risks in delays to the benefits from demand management as it is not clear that the current initiatives are making the expected inroads. If we only achieved half the savings, which is a low risk this would put a further £3m at risk.

We are also working through the effect of latest NICE guidance on our prescribing budget, especially the effect of the guidance on beta blockers.

Furthermore, the vast majority of our reserves will be consumed by overperformance against acute commissioning in 2005/06. Hence, these risks cannot be managed by the use of reserves.

The plan assumes that the property sales yield £1.9m, but this relies on achieving the anticipated values within the year.   The plan aims to deliver this in December, so there is a 3 month period of

Hence, the PCT has a potential risk of £2m to £6m against the savings plan.

8. Managing the Risks - Further specific proposals

in order to reduce the potential risk to the Savings Plan, the Board is asked to approve the following further proposals.

Proposal	Savings	
Further management costs savings	£0.5m	
Freeze all non pay for non clinical areas	£0.25m	
Reduce further recruitment advertising	£0.12m	
Examine clinical and other network costs	£0.17m	
Further reduce high cost/spot placements	£0.5m	
Examine all out of hours services	£0.2m	
Reduce Homeopathic Hospital costs	£0.1m	
Examine all enhanced services/payments and discuss with independent contractors	£0.5m	
Examine clinical procedures to ensure that they are all evidenced based	£0.5m	
Examine all staff benefits	TBA	
Green and corporate social responsibility – tackling waste	£0.05	
Total	£2.89m	

In order to reduce the risk on acute commissioning overperformance, further effort is being targeted at measuring and managing the acute commissioning SLA. This will involve significant work with GPs to review their patient level data as a basis for challenging invoiced SLA activity.

9. Consultation Progress

All changes that require staff consultation have now gone to JNCC and they are all underway. They operate to slightly different timescales, but the broad timeframe is:

- Staff responses and reflection and decision completes in August.
- Selection begins in late August and September
- Redeployment discussions also begin in September.

The savings plan has been shared with the Brent Overview and Scrutiny panel and the Patients Forum. There has been useful feedback in terms of supporting patients to stay out of hospital and the patient view of the degree of waste in prescribing. They have suggested that the PCT allows a longer time for consultation on the clinics to be closed, as this was planned to begin in the main holiday period.

The clinic closures will be consulted on with the relevant Area Consultative Committee for each proposal about where services will be relocated to. The consultation will be about how we make the change not whether we close the clinics. For example, a particular baby clinic would be proposed to move to one of our main centres, since it would provide all services in one stop, but patients may prefer to receive the specific service in a local setting e.g. GP surgery.

10. Health Impact Assessment

To conduct a health impact assessment of the savings plan and identify action to address the health impacts, an event involving various stakeholders including patient representatives and GPs took place on 12th July 2006. The criteria to conduct the assessment were:

- Scale of the planned change – How much of the population is affected.
- The Health Impact
- Does the change affect particular vulnerable groups disproportionately?
- Effect on health inequalities
- Will there be a significant effect on partners

The outcome of this meeting is being written up and the key conclusions will be communicated to the Board at the meeting.

11. Communication Plan and Progress

The Board Seminar in June identified the need for a communication plan. The plan is attached at Annex B. In terms of delivery of the savings plan, there are two key groups who need to be engaged:

- GPs, because of their pivotal role in demand management and prescribing savings (over half of the savings plan
- Staff, because of the provider and management savings.

Executive Directors are being nominated to attend each practice based commissioning cluster meeting to ensure effective two way communication. Director visits to staff groups are also being put in place.

Communication has already begun with the Patient Forum, the Overview and Scrutiny panel along with local MPs.

Mike Hellier
Project Director Business Improvement.

Annex A

Savings Plan Indicators

Savings area	Proposed metric	Timing & Source
Acute commissioning	Emergency admissions Emergency attendances Outpatients new/follow ups LAS pack Out of Hours	Weekly – NWLHT Weekly – NWLHT Monthly – Acute hospitals Monthly – LAS Monthly -
Pay	Agency bookings Leavers / joiners For joiners – gone to advert, interviewed, appointed, started	HR
Joint commissioning	Continuing care panel outcomes No. of people leaving continuing care. No. of spot purchases	Joint commissioning
Prescribing	TBA	
Staff/GP issues	Issues identified	Monthly director visits Weekly cluster reps meetings

Communciation Plan Annex B

- GPs
  - Cluster board reps fortnightly to consider the demand management plans, review data and identify key things to communicate and issues for the projects.
  - Executive and Non executive director involvement in cluster boards briefed on the savings plan and progress and to pick up issues.
  - Cluster boards to consider prescribing expenditure with prescribing advisers.

- Staff
  - Director visits monthly to discuss savings plan and gain feedback on concerns and further ideas for savings
  - Line management team briefing
  - Line management to directly communicate with affected staff.
  - Develop a staff briefing for all staff, so that those who are unaffected now know.

- Patients
  - Use existing forums to communicate on the savings plan (patient forum, overview and scrutiny committee)
  - Consult with local patient forums on clinic closures (begin August end mid September).
  - Inform affected patients on discharge and options available to them for specialist services.
  - Find appropriate method for patient communication re demand management. Target patient groups? Need GPs first.

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- Local authority/MPs
  - Overview and scrutiny committee – regular update
  - MPs – 2 monthly update with Jean/Andrew.
  - Social services officer discussion – Samih/Andrew