LUTON BOROUGH COUNCIL

SCRUTINY: HEALTH AND SOCIAL CARE REVIEW GROUP	AGENDA ITEM 8

DATE OF MEETING: NOVEMBER 18th 2014

REPORT OF: LUTON CLINICAL COMMISSIONING GROUP

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SUBJECT: LCCG Financial Recovery Plan Summary

PURPOSE
To enable the Health and Social Care Review Group to review the CCG's plans to achieve financial recovery

RECOMMENDATION
The Health and Social Care Review Group is requested to note this summary

REPORT

1. The Financial Problem Facing Luton CCG

Luton CCG finished 2013/14 with a deficit of £5.3m. In the new NHS environment, this deficit cannot be paid off with funds from elsewhere and must be carried forward. The CCG originally anticipated a further deficit of £6.9m at the end of 2014/15 and this was approved by NHS England with a view to the CCG moving back to a small surplus by 2016/17.

However during 14/15 our financial situation has become significantly worse as demand and costs have continued to spiral out of control and if we do not take urgent action the deficit could be well in excess of £20m and potentially more than 10% of the total CCG budget of £237m.

The immediate challenge is to demonstrate rapid progress against deficit by the delivery of in year savings of £10.6m through the implementation of four key programmes articulated in section 4 of this paper.

2. Consequences of Financial Deficit

The CCG's deficit position is a failure to deliver a key statutory duty and represents a very serious situation for the organisation and the system as a whole. In this situation NHS England have the statutory power to place the CCG under "legal direction" which means that the CCG will lose the autonomy to control its own destiny and we will be instructed how to proceed. As part of this it is possible that managers will be brought in from outside of Luton to run the organisation.

NHS England has not yet exercised this power, but the CCG is exposed to intense scrutiny as NHS England needs to be assured that the organisation has the capability and capacity to deliver financial recovery. The CCG's focus for the next 18 months to 2 years is therefore on delivering a financially sustainable system, which requires the co-operation and collaboration of all key partners.

3. Reasons for the Financial Problem

It is recognised at a national level that Luton and a number of CCGs are underfunded and explains, at least to an extent, why the CCG has developed a problem. The formula used to calculate CCG funding was however amended from 2014/15, though it will be a number of years before the CCG reaches an equitable position. Nationally published figures show that Luton CCG should receive over £14m more funding per year than is currently allocated.

There are a number of reasons why the situation has got worse during the current financial year:

- A higher than expected cost of outpatient referrals. The majority but not all referrals are GP generated, but some are "internally generated" by the hospital ("Consultant to Consultant" referrals). There is also evidence that "counting and coding" changes made by acute trusts during 2014/15 has led to an increase in costs.
- A 22% increase in A&E attendances in February to June compared to the same period in 2013. Whilst increasing demand on A&E is seen nationally as an issue, this represents a scale of increase that is highly unusual. As part of this increase we can see that many people have been going to A&E that who do not require urgent treatment. Certain GP practices are massively over represented in this increase. The Urgent GP Clinic has not seen an increase in activity which strongly suggests that streaming by the A&E department is not working as it should.
- An increase in expensive "Out of Area" mental health placements due to a multiplicity of factors including the need for earlier intervention, increased complexity of patients and also the mental health provider adopting a policy of 85% maximum bed occupancy.

4. Key Elements of the Financial Recovery Plan

The CCG has put in place a financial turnaround plan to bring the system back into financial balance. Within this there are four key programmes of work.

A summary of the four key programmes is shown in the diagram below.

	Programme			
	Better Care Fund / Whole System Transformation	**Proactive Primary Care**	**Elective Care and GP Referrals**	**Robust Contractual Processes**
Objective	Integrated working delivering out of hospital care – reduced emergency admissions and length of stay	Reduce A&E attendance, direct emergency referrals and related short stay admissions	Ensure standardisation of practice to reduce avoidable referrals	Develop processes and infrastructure to ensure that contracts
2014/15 Plan	Strengthen capability and drive delivery of current initiatives	Eradicate the abnormal increase in activity through cluster initiatives and contractual challenges	Develop cluster led initiatives to enable people to be managed in primary care rather to reduce inappropriate referrals. Prioritise the roll out of activity reporting and budgetary controls to clusters	Address over performance and risks through process improvement and challenge.
2015/16 Plan	Drive through full year effect of 2014/15 initiatives	Review opportunities to streamline the pathways and incentivise changes in system behaviours. Use procurement as a lever for change	Ensure rapid transition to a mature cluster accountability framework supported by strengthened referral protocols which aim to formalise 14/15 initiatives	Develop further challenges for 2015/16 and explore opportunities for procurement
	Longer Term		**Shorter Term**	

4.1 Managing the Contracts Better.

This is a relatively short term programme designed to establish a stronger business relationship with providers through stronger contracts and ongoing management. This will ensure that the CCG receives value for money from major provider contracts.

The CCG has been poorly served by Commissioning Support and has now built a strong internal contracting function to better manage the contracts to reduce expenditure through entirely appropriate and fully justified challenges around things like high cost procedures and internally generated referrals.

4.2 Managing Referrals Better

Most referrals are entirely justified and necessary, we are not asking for these to be reduced or stopped. However all clinicians accept that not all referrals are necessary or appropriate. The CCG has asked practices to self-review referrals from the practice through a formal weekly meeting or perhaps informal discussions between GPs. By getting GPs to review each other's referrals enables assumptions to be challenged and alternative more appropriate solutions identified and agreed. By referrals we mean not just outpatients referrals, but also direct access services, particularly high volume services such as certain diagnostic tests.

The CCG is asking practices to carry out clinical validation of discharge summaries and out-patient letters from the hospital to assess whether what the hospital has done was reasonable and requested in the first place. Our view is that CCG cannot afford to pay for additional work

that providers have unilaterally decided to carry out unless it is appropriate and agreed with the GP.

The CCG is introducing formal criteria for specific referrals. For example we are introducing an "enhanced recovery programme" which will ensure that smokers and people with obesity will be asked to undergo lifestyle changes before referral for certain procedures. There is considerable evidence that outcomes are significantly worse with certain procedures for patients who are obese and / or smoke. It is important to emphasise however that any appropriate referral for suspected cancer is not be delayed or stopped.

There are certain procedures classified as "Procedures of Limited Clinical Effectiveness" (PoLCE), for which there is limited evidence of effectiveness. The CCG has put in place a policy place to ensure that patients are only referred for certain procedures if there is good evidence that they will benefit as a result. We have asked that all referrals from the published list must be accompanied by an evidence based referral form. These procedures include cosmetic surgery and tonsillectomy.

4.3 More Proactive Primary Care

This is a short to medium term programme focused on reducing A&E attendances and short stay emergency admissions. When we look at the increase in A&E attendance, there is enormous variation between practices in relative contribution. Some practices have actually declined and some have shown increases of up to 80%. We are asking all practices to take active steps to make sure that unnecessary A&E attendances are avoided. This means that all patient facing staff need to do everything they can to make sure that patients are dealt with by the practice or by a local pharmacy. We are also asking practices to review people attending A&E regularly as some patients have a huge number of attendances over a short time period.

The CCG is also working with other services to make sure that patients are not seen in A&E unnecessarily. For example making sure that for patients arriving at A&E that they are streamed to the Urgent GP Clinic or back to the practice when that is appropriate. As part of this programme we will be reviewing the urgent care system and making sure that we have the right services in place to manage increasing demand.

4.4 Delivering Integration through the Better Together Programme

Better Together is a medium to long term programme aimed at reconfiguring the system so that services are joined up, there are IT systems that talk to each other, patients have agreed personal plans to manage their care and admissions to hospital are avoided for as long as possible. This work has already started with the establishment of the Better Care Team project working in the Larkside Cluster and this project will soon be rolled out to the other 3 Clusters.

5. Programme Management Approach

The CCG has now resourced and established a Programme Management Office (PMO) to address the immediate need to oversee delivery of the programme savings identified above and report progress to the Board through regular review by the CCGs Finance and Performance Committee. This approach will ensure that:

- The delivery of savings and investment schemes are undertaken in a timely and effective way
- All schemes are supported by a detailed, evidence-based Project Initiation Document (PID) and progress is monitored and any slippage addressed.
- All schemes are appropriately assessed for the potential impact on quality, safety, and public health.

- There is effective communication of the impact of schemes, including public consultation (where appropriate) and consultation with stakeholders.
- Any issues arising are included in the Board Assurance Framework as required.

The specific actions of the PMO are to:

- Agree new schemes or modifications of current schemes as identified, including schemes for investment, and sign off on the closure of schemes as appropriate
- Monitor and manage progress within schemes, ensuring leads are supported to deliver the savings/benefits identified.
- Identify slippage/bottlenecks in the progress of schemes and agree plans to bring back into line with projected timescales.
- Agree proposed mitigating schemes to address such slippage, and to provide leadership for contingency planning.
- Ensure accountability and responsibility for delivering savings and investment plans are clear within the organisation.
- Ensure that the actions and outputs from the Governing Body and its Committees are communicated and cascaded appropriately, both within the organisation and externally

6. Conclusion

Luton CCG is facing a very difficult financial issue which requires the organisation to prioritise its workload to deliver financial recovery in the medium term. The situation is a system problem which requires all partners to work together to deliver a financially sustainable health economy. Delivery of the Financial Recovery Plan will not compromise patient quality or safety outcomes and our five year ambitions for delivering a healthier Luton are unchanged.