2011-12 Commissioning Plan

This report provides an update on the work-in-progress by NHSW to establish a balanced budget for 2011-12 and an effective, high quality and comprehensive range of health services for the population of Warwickshire.

2011-12 Operating Framework

The Department of Health issued the national operating framework for 2011-12 on 15th December 2010.

As stated in the framework, '2011-12 will be a very demanding year for the NHS as we take on the challenge of continuing to deliver high quality care for our patients, while beginning in earnest the transition to the new system envisaged in *Equity and excellence: Liberating the NHS*. Our over-arching goal in this period is to build strong foundations for the new system by maintaining and improving quality, by keeping tight financial control and delivering on the quality and productivity challenge, and by creating energy and momentum for transition and reform.'

The NHS plans need to be viewed in the context of three inter-related themes:
• transition and reform – what will happen in 2011-12 to begin to realise the challenges set out in the White Paper and manage the transitional period;
• transparency and local accountability –to involve public and patients to give them a better understanding of how and where their money is being spent to improve services and strengthen local accountability;
• service quality – how we deliver on the quality and productivity challenge through securing improvement in services, making the wider productivity gains and quality improvement outlined in QIPP (Quality, Innovation, Productivity and Performance), securing re-investment to meet demand and improve quality and outcomes, and taking more responsibility for working together with the council.

The financial position for the NHS where we move away from a position of high growth in funding makes it all the more imperative that we get the finance and business rules right and that we maintain financial control. For 2011-12, the financial framework will require NHS organisations to ensure they gain the maximum benefit when making investment decisions and running costs will need to be reduced at every level.

Development of the Warwickshire and Coventry Cluster

Whilst NHSW will have a critical role up to April 2013, in order to secure the capacity and flexibility needed for the transition period and create capacity for the development of the new GP Consortia, NHSW will form a cluster with NHS Coventry and our staff will be increasingly assigned to emerging GP consortia to support their development.

The broad role of the cluster will be twofold. Firstly: to oversee delivery during the transition and the close down of the old system. In so doing, it will ensure PCT statutory functions are delivered up to April 2013. Secondly, the cluster will support emerging GP consortia, the development of commissioning support providers and the emergence of the new system.

The cluster will have a single Executive Team and will be in place by June 2011.

2011-12 Financial Framework

NHSW issued a financial framework to local providers in September, setting out the forecast resource and expenditure position for 2011-12, based on a series of assumptions around growth funds, activity growth, tariffs and cost pressures. The framework incorporated feedback from patient and public surveys about their views on priorities (which includes placing priority on emergency care and support local services) and took into account an assessment on comparative access to services across the county (which broadly demonstrated comparable access from all areas). The framework also identified the financial impact by contract for the major providers. Since then a second version has been issued, which has been updated for the changes to those assumptions detailed in the Government's Comprehensive Spending Review (CSR).

The second version of the NHSW framework identified a gap of £69m between the resources available for 2011-12 and the forecast expenditure – this is mapped out in more detail in the following table.

The CSR and subsequent papers issued have, however, left a number of resource questions unanswered, some of which were resolved when the NHS Operating Framework was issued on the 15th December. Unfortunately the release of the final piece of the picture, the new tariff prices, has been delayed and will not be issued until some time in January. A final version of the framework will be completed, therefore, after the tariff has been analysed.

Our initial assessment of the amendments required, arising from the Operating Framework, is that there is a small increase in the financial gap to £70.6m, though a number of commitments remain to be worked through in detail. Whilst there has been a small (0.2%) increase in the allocation growth for NHSW to 3% and CQUIN is lower than expected remaining at 1.5%, these gains are offset by higher than anticipated increase in the resource earmarked for Social Care (£6m) and the tariff decrease, which was announced as 1.5% and not the anticipated 2%. Some further analysis is required of the detail for confirmation of this position.

Within the NHSW financial framework detail, the gap has been analysed and assigned to each provider in order to bridge the shortfall. The impact of this is therefore hugely significant for the local providers and the following table summarises the financial impact by provider.

Since September NHSW has been heavily engaged with providers via the commissioning intentions process to craft a mechanism to bridge the gap. The culmination of stage 1 of this process was a recent summit where providers presented their proposals to NHSW. The result has been variable across providers, but what is clear is that those proposals will not bridge the £69m gap. Consequently, NHSW is currently engaged strategy development to complete the bridge. Progress on this work was presented at NHSW's Board Workshop on the 8th December and subsequently at a workshop with Warwickshire's Practice-based-Commissioning groups (PBC) on 16th December by the Director of Strategy.

This work is ongoing and NHSW is working with the four Warwickshire PPC groups to negotiate the financial and activity plans and the QIPP plans with providers to deliver the necessary improvements and efficiency gains. These negotiations will continue through January and February 2011.

NHS WARWICKSHIRE
2011/12 Expenditure Bridge

	Total	Acute Services					Mental Health & LD			Contin.	Community		Palliative	WCH	
		GEH	UHCW	SWFT	Spec. S.	All Other	CWPT	Other	LD	Care	WCH	Other	& Other	I&E	GP
	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
2010/11 Recurrent expenditure	829,641	73,286	96,614	114,567	57,608	70,600	66,567	10,046	16,260	46,280	55,067	2,727	2,477	0	71,795
LD Transfer to WCC	(11,421)						(845)		(10,576)						
Growth Pressures	34,477	4,764	6,280	7,447	1,613	4,589	0	0	455	3,702	1,652	0	0	0	0
High cost drugs	2,500	0	0	0	0	2,500	0	0	0	0	0	0	0	0	0
Tariff / Price Changes	(10,669)	(1,466)	(1,932)	(2,291)	(1,152)	(1,412)	(1,314)	0	0	0	(1,101)	0	0	0	0
System change investments	6,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0
General Cost Pressures	6,012	734	967	1,147	577	707	658	101	57	463	551	27	25	0	0
Create Contingency	8,195	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Before CQUIN	864,735	77,317	101,929	120,869	58,645	76,984	65,065	10,147	6,196	50,446	56,169	2,754	2,502	0	71,795
CQUIN	9,398	1,160	1,529	1,813	880	1,155	976	152	93	757	843	41	0	0	0
2011/12 Expenditure Projection	874,132	78,477	103,458	122,682	59,525	78,138	66,041	10,299	6,289	51,202	57,011	2,796	2,502	0	71,795
	%	%	%	%	%	%	%	%	%	%	%	%	%	%	%
Growth	4.2%	6.5%	6.5%	6.5%	2.8%	6.5%	0.0%	0.0%	2.8%	8.0%	3.0%	0.0%	0.0%	0.0%	0.0%
Tariff / Price Change	-1.3%	-2.0%	-2.0%	-2.0%	-2.0%	-2.0%	-2.0%	0.0%	0.0%	0.0%	-2.0%	0.0%	0.0%	0.0%	0.0%
General Cost Pressures	0.7%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	0.3%	1.0%	1.0%	1.0%	1.0%	0.0%	0.0%
CQUIN	1.1%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	0.0%	0.0%	0.0%

2011/12 Resource Bridge

	£000's
2011/12 Recurrent Resource	819,736
Growth @ 2.84%	23,281
Top slice @ -2%	(16,395)
LD Transfer	(11,421)
Non recurrent allocation deductions	(10,500)
2012/13 Resource Projections	804,701
Projected Financial Gap	69,431

Options for Closing the Gap

£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Continuing Care - price / process	(4,011)									(4,011)					
Commissioning management cost savings	(2,276)														
Prescribing - price / process	(2,000)														
Secondary Care - Throughput reduction**	(41,037)	(9,487)	(12,507)	(14,832)		(4,211)									
CQUIN - develop zero cost initiatives	(7,077)	(1,160)	(1,529)	(1,813)			(976)			(757)	(843)				
Mental Health & Community service redesign	(7,032)						(3,766)				(3,266)				
Drawdown from top slice re system changes	(6,000)														
Totals	(69,432)	(10,647)	(14,036)	(16,645)	0	(4,211)	(4,742)	0	0	(4,768)	(4,108)	0	0	0	0

2011-12 QIPP plans

The financial gap of £69m between projected demand and available resources will only be resolved with the implementation of an effective set of QIPP plans that are supported by all relevant parties to the Warwickshire health and social care system. The key parties involved with the most significant contributions to make are: GPs, Community services, Acute & Mental Health providers, and Social Care. Four of the main QIPP programmes currently in development are summarised below and illustrated in the following diagram. An inevitable consequence of these plans will be a resultant reduction in the need for current levels of capacity, especially hospital in-patient beds. But at this stage, until the negotiations have been completed with providers, it is not possible to quantify the extent of these reductions.

QIPP 1 - elective referral management. Ensuring effective and appropriate referrals for treatment will be the responsibility of the newly emerging GP consortia. Active performance and audit will enable the GP consortia to evaluate and review variations in referral practice and support improvement in accordance with best practice.

QIPP 2 - reducing demand for emergency hospital services with the premise that there should be a decision-to-admit rather than a default-to-admit. Predominantly the responsibility of out-of-hours services, ambulance and particularly community services – the main objective will be to support patients managing long-term conditions to reduce their need for emergency care. This includes continued development of the Warwickshire Healthline, more emergency community response and expansion of the virtual ward services. If emergency access rises then these providers are held to account for taking proactive action to actively reduce demand.

QIPP 3 - hospital provider (both acute and mental health) process efficiency. This is the responsibility of the acute providers and CWPT to deliver. More than just a CIP programme to achieve tariff reductions this will include reducing the number of steps in the care pathway to both improve the efficiency of the service as well as the patient experience (eg: reducing avoidable OP appointments, reducing length of stay). Ie: providers will be charged with taking responsibility for delivering on improvements for all steps in the process occurring after they have received a referral from the GP.

QIPP 4 – achieving effective discharges and re-ablement with the premise that patients are discharged to subsequently assess their needs rather than that assessment being undertaken in the dependency inducing environment of the hospital. This is a shared responsibility between community health and social care services. With objectives to both reduce unnecessary delays in hospital but also reducing the need for admitting patients to long-term care (both health and social care funded services) by delivering responsive and effective re-ablement services. NHSW will be working partnership with the council to secure a clear agreement on how to achieve this, including the use of the 1% funds transfer from NHSW to the council.

In addition NHSW continues to work with the providers to improve the integration of services across the local health system where this is appropriate and necessary to improve the quality and safety of services. The most significant development in this area will be the integration of the management of paediatric services across GEH and UHCW.

System Flows needed to support 2011-12 delivery