

## TRUST BOARD

<b>Date of Meeting:</b> 10/05/2011	<b>Enclosure:</b> 8
	<b>Agenda Item No:</b> 8.4
<b>Title of Report:</b> Economy Wide Turnaround Update	
<b>Aims:</b> To update the Trust Board on progress being made through the economy wide turnaround work programme.	
<p><b>Summary:</b></p> <p>The Trust and PCT jointly appointed Deloitte/Finnamore to support the health economy in:</p> <ol style="list-style-type: none"> <li>1. Agreeing historic baselines and identifying key financial movements and their impacts over the previous three financial periods.</li> <li>2. Reaching a shared understanding and agreement on the costs of providing the current volumes of care in the current service distribution.</li> <li>3. Further developing and costing the future clinical strategy.</li> </ol> <p>An economy wide turnaround board has been meeting since 30 March 2011 and continues to meet on a weekly basis; this group oversee the progress being made by Deloitte/Finnamore. To date good progress has been made in:</p> <ol style="list-style-type: none"> <li>1. Gathering and consolidating financial and activity information to highlight the historic baseline positions and impacts. It is anticipated that this work will be concluded in the next week.</li> <li>2. Costing of the current service provision has begun and is anticipated to be concluded in the next 3 weeks.</li> <li>3. Detailed development and discussions on operationalising the clinical strategy and associated costs have begun and it is anticipated that significant progress will be made in the coming 6 weeks.</li> </ol> <p>Specifically to support the key deliverables of points 2 and 3 four turnaround workstreams underpinned by seven clinical pathway groups six of which have been established and are at the early stages of development and are being supported by Deloitte and Finnamore.</p>	
<b>Specific implications for consideration (Financial/Workforce/Risk/Legal/Race Equality etc):</b>	
<b>Financial</b>	Costs being shared on an equal basis between Trust and PCT
<b>Workforce</b>	Significant input is required from both Trust and PCT staff at all levels.
<b>KLOE</b>	N/A

<b>Other</b>	N/A
<b>Recommendations:</b> For the Trust Board to note the progress being made by the economy wide turnaround programme	
<b>Document previously approved by:</b> Not applicable.	
<b>Prepared by:</b>  Alistair Mulvey Director of Finance	<b>Presented by:</b>  Alistair Mulvey Director of Finance

**TRUST BOARD  
ECONOMY WIDE TURNAROUND  
UPDATE  
MAY 2011**

**1. BACKGROUND**

The Cumbrian health economy is facing significant financial and clinical sustainability challenges as it continues to strive to provide the highest quality of patient care, ensuring the right level of access to services within an increasingly pressurised financial envelope.

In recognising these challenges the Trust and PCT jointly appointed Deloitte/Finnamore to support the turnaround process and future development and costing of the clinical strategy. The detail of the specification against which Deloitte and Finnamore are working is provided at Appendix A. In summary the deliverables may be considered within three packages of activity;

- Review of key historic activity and financial movements over the previous three to five financial periods
- Costing of the current clinical provision based upon the existing volumes of care and distribution of services
- Further development and detailed costing of the clinical strategy to achieve a clinically sustainable and financially affordable provision across north Cumbria into the future

**2. OVERSEEING THE PROCESS**

To ensure that the overall process is closely managed an Economy Wide Turnaround Board has been established. This group first met on 30<sup>th</sup> March and will continue to meet on a weekly basis until the conclusion of the process. The membership of the group is as follows:

1. Turnaround Director – Chair
2. Chief Executive Officers from both Trust and PCT
3. Medical Directors from both Trust and PCT
4. Finance Directors from both the PCT and Trust
5. Deloitte and Finnamore representation

The group is tasked with overseeing the process and ensuring that all aspects of turnaround and clinical strategy are supported at the most senior levels and driven to a successful conclusion. In supporting the work of the Board a series

of turnaround workstreams have been identified as have clinical pathway groups. The four turnaround workstreams are:

- Planned care
- Unplanned Care
- Diagnostics and
- Repatriation

The clinical pathway groups are:

- Women and children's
- Anaesthetics
- Planned care
- Emergency Care
- Long term conditions
- Pathology and Imaging
- Mental Health – approach to be determined

The matrix below identifies how the workstream and pathway groups dovetail to support the activities of both turnaround and clinical development.

		TURNAROUND WORKSTREAM			
		Planned Care	Unplanned Care	Diagnostics	Repatriation
<b>C L I N I C A L  P A T H W A Y</b>	<b>Women and Childrens (O &amp; G and Paeds)</b>	✓	✓		
	<b>Planned Care</b>	✓			✓
	<b>Emergency Care</b>		✓		✓
	<b>Anaesthetics</b>	✓	✓		
	<b>Long Term Conditions</b>		✓		
	<b>Pathology and Imaging</b>			✓	
	<b>Mental Health</b>	<i>Approach to be determined</i>			

As the process develops it is likely that the pathway groups will be expanded to capture more activities however in the first instance these areas were identified as being critical. Each workstream has an identified lead that will also ensure that the pathway groups are coordinated into their workstream activities. The workstream leads are:

- Planned care – Ed Tallis (Trust)
- Unplanned Care – Ros Fallon (PCT)
- Diagnostics – Sandy Brown (Trust)

- Repatriation – Helen Ledger (PCT)

Each workstream has an identified team, clinical lead, financial lead and information lead. Appendix B identifies all individuals attached to each workstream.

### **3. PROGRESS TO DATE**

- I. *Agreeing the historic positions and movements* – Deloitte have prepared a first draft of the Trust and PCT historic positions, performance and key movements and shared this with the respective Directors of Finance. A further iteration is being prepared and it is anticipated that this activity will be concluded in the next week.
- II. *Current cost of service provision* – Upon conclusion of the historic positions the current cost of provision will be prepared, it is anticipated that this will be concluded in the next three weeks.
- III. *Developing and Costing the future strategy* – Activities, led by Finnermore, with regards to clinical pathways into the future have begun with positive clinical engagement across a broad spectrum and from both the PCT and Trust. These activities will continue in the coming weeks and be consolidated in terms of cost and turnaround within the context of the four turnaround workstreams. Each of the individual workstreams is also developing, with the support of Deloitte, in terms of preparing initial scoping documentation and more detailed plans. The high level scope for each of the workstreams is included at Appendix C. It is anticipated that firmer outputs from this section of work will be delivered in the next six weeks.

### **4. RECOMMENDATION**

The Trust Board are asked to note the progress made to date.

Alistair Mulvey  
**DIRECTOR OF FINANCE**

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**West Cumberland  
Hospital  
Hensingham  
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22 February 2011

**INVITATION TO QUOTE – BUYING SOLUTIONS FRAMEWORK AGREEMENT  
Multi Disciplinary Consultancy Framework  
ITQ 30708**

NHS Cumbria, North Cumbria University Hospitals NHS Trust and the Cumbria Partnership Foundation Trust are the main organisational constituents operating within the North Cumbria healthcare system.

A publically consulted strategy called “Closer to Home” has been pursued by NHS Cumbria over the past 2-3 years led by locality GPs who now are National Pathfinders.

The implementation of the strategy, combined with the organisational financial position of the acute secondary care provider, necessitates a system wide approach to the clinically led reconfiguration of patient services.

In order to expedite this process, the Health economy is seeking support outlined in the attached specification.

Due to the urgency with which this work is required, you are invited to express interest by submitting, **by the closing date of 12 Noon on 2nd March 2011**, an overview of how you would meet the requirements detailed in the Tender Specification. Your submission must be returned using the Buying Solutions Invitation to Quote System. Trusts are seeking a single price to cover all the work and your submission should include:-

- The price
- Details of similar work
- The experience and qualifications of your proposed team members
- Your understanding of the requirement
- Your proposed approach
- Evidence of your ability to complete the project in a short and appropriate timescale, with details of what that will be

Following receipt of your submission, an evaluation will consider your response to the above and those companies taken to the final stage of competition, will be asked to present to an evaluation board, with representation from each Trust. This will take place in Carlisle at the end of week commencing 7<sup>th</sup> March 2011 or the beginning of

week commencing 14<sup>th</sup> March 2011. It is accepted these timescales are tight but this is dictated by the urgency with which this consultancy is required and the importance of the project to the health economy of Cumbria.

Presentations will be evaluated on the key attributes described in the Specification and any other clarification required will be notified to all bidders with your invitation to present.

Should you require any further information, please contact :-

**John Critchley** - Director of Finance NHS Cumbria on **01768 245494**

**Alistair Mulvey** - Director of Finance North Cumbria University Hospitals NHS Trust on **01228 814003**

or the Cumbria Health economy Turnaround Director **Terry Watson** on **07798915975**

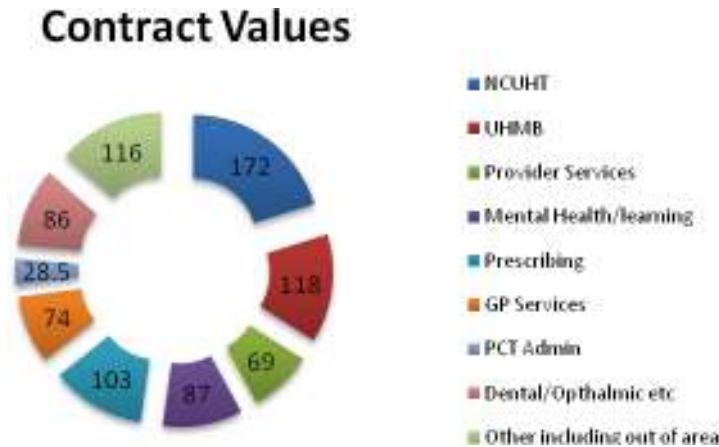
For any procurement clarification, please contact:-

Andrew Butcher – Acting Head of Procurement on 01228 814052 or email [andrew.butcher@ncuh.nhs.uk](mailto:andrew.butcher@ncuh.nhs.uk)

# Tender Specification – North Cumbria Health Economy Turnaround Planning and Implementation Support

## Introduction

The Cumbria Health Healthcare System consists of NHS Cumbria, the North Cumbria University Hospitals NHS Trust (NCUHT) and the Cumbrian Partnership Foundation Trust. The Morecombe Bay University Hospitals Foundation Trust (UHMB) is also a key secondary provider in the economy however they do retain independence as an FT under the Monitor regulatory system. The total economy budget is in the region of £850 million distributed as follows.



In 2010/11 the system will post an in year operating deficit of £10-£14 million split 70:30 between the trust and the PCT. During the 2010/11 contracting round the PCT and the trust failed to reach agreement on a final contract value, which led to an arbitration process. A sum of £172 million was decided by the SHA against the PCT's offer of £162million.

NHS Cumbria is proposing a contract value with NCUHT of £152 million in 2011/12. The basis for this year on year reductions is the closer to home programme, which the PCT has devised and which is aimed at moving patient treatment to the community, and away from secondary care providers. This programme was presented to and agreed by both the PCT and Trust boards in 2007. The trust is of the view that a contract value of circa £182 million is required in order to sustain the current service models as configured.

The PCT is at the forefront of GP commissioning having achieved pathfinder status from 1<sup>st</sup> April 2011. From that date the GP senate will manage budgets although the PCT chief executive will remain the accountable officer until April 2013.

In addition to the above factors the new operating framework for 2011/12 and beyond will place additional demands on the system in terms of further efficiency challenges, non recurrent funding for specific investments in social care and other challenges relating to tariff changes and restructuring costs. In total these changes are estimated to produce an overall reduction of 1.5% in 2011/12 with further reductions in subsequent years as the NHS generally addresses the challenges of the QIPP



programme over the next four years. The total funding gap in Cumbria as an economy is forecast to be circa £150 million over this period.

On the 1<sup>st</sup> April 2011 the PCT provider arm will have transferred to the Cumbria Partnership Trust under the TCS initiative. The transaction is currently in due diligence.

For a number of years the future of the West Cumbria Hospital site at Whitehaven has been the subject of discussion and debate. Public sensitivity relating to the provision of services at that location runs high and there is a strong sense of independence amongst the clinical staff who are seen as either Whitehaven based or Carlisle based individuals. The need for specific trusts to achieve trauma centre unit status in the new system may help to determine the relevant relationship between the Carlisle and Whitehaven sites.

Public funding of £90 million for a new hospital at Whitehaven has been secured. Whilst advanced works including the demolition of older aspects of the facilities has been undertaken there remains some scope and opportunity to modify the specification if relevant following the conclusion of the service requirement review which is currently underway involving the trust and the PCT.

In addition to the hospital based development there are also provisional plans for the redevelopment of primary care facilities at Whitehaven, Cleater Moor and Cockermouth.

A system wide economy executive group has been established which is now working effectively in order to set short-term priorities which are aligned to the formal turnaround process. This is serving to take the whole system forward in a constructive manner, which is critical to the success of the economy.

The clinical engagement in the economy is being developed in order to establish a first pass at defining the shape of future health care provision. Clinical Engagement between the senior medical directors is excellent and as good if not better than has been seen in other health economies.

The trust has a programme management office which is fit for purpose and which now has an established planning template which has been used successfully in other parts of the country. The work streams have been refined down to 17 key project groups again along the lines of nationally proven areas for opportunity. The trust had previously adopted a divisional management approach to turnaround however this has recently been changed and individual managers have now been assigned to specific work streams aimed at defining accountability and achieving management focus.

New work streams such as non-elective care, which have proved highly successful in other trusts, have also been introduced. Some progress has also been made in establishing turnaround activity in some areas such as theatres and estates, nursing establishment, estates and recruitment. Managers have now been assigned to the key work streams at the trust and they will be briefed on what is expected of them both in terms of planning and delivery. Performance will be closely measured on an ongoing basis in order to ensure delivery is achieved against set milestones.

The PCT also has a turnaround programme in process based on the closer to home strategy.

There can be no doubt that the only feasible solution to solving the Cumbria economy financial problem is to implement a system wide plan which effectively commits to jointly agreed clinical pathways with clear buy in from all parties. Work that is currently going out of Cumbria will need to be repatriated however this will necessitate a change in clinical work patterns and behaviour which will rely on significant changes in culture.

The trust has no issue with right sizing its operations in an appropriate manner however unless the economy adopts a holistic approach to the financial problem it will not move from its current untenable and unaffordable financial position.

The plan needs to be drawn up as soon as possible which takes as its starting point the revised clinical pathways as defined by the PCT senate and the senior clinical leaders of the trust.

### **Services Required**

The health economy is seeking help and assistance in pulling together a plan that collectively builds on the closer to home strategy and delivers a financial and service model to allow the trust to achieve foundation trust status. The implementation of which will place the Cumbrian Health Economy in a sustainable balanced position. This help and assistance will be required from 1<sup>st</sup> February and will culminate in the production of a plan both in hard copy and electronic format, that will be used as a working document for implementation of an affordable solution to the North Cumbrian purposes. Coverage of the plan will include but not be limited to the following components:

1. Confirmation of the current financial base line on the economy including a breakdown of the key movements over the past 5 years. (the PCT has been in its current form since 2007)
2. A 3-year forecast that incorporates known Operating Framework adjustments and strategic shifts as published by the Department of Health.
3. A financial analysis and description of the clinical strategy as defined by the Senior Leaders forum including an outline of the steps required for implementation.
4. In conjunction with the Executive and the Clinical Leaders provide an analysis of the feasibility of the clinical strategy within the financial envelope determined as a result of the assumptions outlined in point 2.
5. Provide critical input to the planning process based on access to good practice benchmarking where appropriate.
6. Provide modelling resources for specific clinical pathways where required including costing of different scenarios and options.
7. Review financial baseline of core strategy (closer to home) in relation to future clinical options.

8. In conjunction with key management assist in the production of action orientated work stream plans that included detailed timelines for change and associated financials. These plans must be realistic in terms of deliverability.
9. Evaluate and quantify the impact of repatriating services that are currently “leaking” from the health economy.

It should be pointed out that a large component of the data requirement is already available and backs clinically led commissioning requirements.

### **Key Requirements**

The successful tenderer must possess the following key attributes:

- A good working knowledge of UK Healthcare Systems and processes combined with an understanding of current government thinking at a strategic level.
- The ability to work in an independent manner that constructively challenges established thinking.
- Experience of working within an NHS turnaround environment and/or a service redesign situation.
- An understanding of the needs of the NHS as a specific government body in relation to consultation requirements etc.
- The ability to relate to and communicate with senior clinical and non-clinical staff at all levels.
- Access to relevant benchmarking data.
- Have an understanding of and be capable of working within the sensitivities of the purchaser/provider system.

T Watson

Appendix B – Workstream Leads and Teams

#	Workstream	Lead Organisation	Workstream Lead	Team Members	Executive Sponsor	Clinical Lead	Finance Support	Information Support	Savings
1	Unplanned Care	PCT	Ros Fallon/ (Liz Dover supporting)	Charles Brett Paul Hill Graham MacKenzie Barbara Monk Eleanor Hodgson Gail Ferrier Mary Hewson John Howarth (CPFT) Nigel Maguire (CPFT) Craig Melrose (CHOC) Deb Lee/Paul Gibson Niall McGreavy Nick Russell	Mike Bewick	Peter Weaving Olu Orugun	Ray Beale-Pratt	Linda Aspinall	[Ex]
2	Planned Care	NCUH	Ed Tallis (supported by Sue Bannister)	Chris Stokes Cameron Munro Rachel Chapman Chris Corrigan Louise Corlett Patrick Armstrong Frank Hinson Fiona Graham	Alistair Mulvey	Anne Linsley Simon Desert	Divisional Accountant (name TBC)	Martin Ewin (PCT) Farouq Din (NCUH)	[Ex]
3	Diagnostics	NCUH	Sandy Brown	Alan Davidson Helen Ledger Francine Duncan Ros Berry Dave Rogers Colin Patterson Stephanie Preston Ed Hutton Fergus Young John Berry Jean Grubb	Alistair Mulvey	Dr Clive Graham	Sue Halsall	Emma Finlinson (PCT) Simon Pritchard (NCUH)	[Ex]
4	Repatriation	PCT	Helen Ledger	Holly Marshall Caroline Griffiths Ros Berry Gordon Hendley Andrew Robson Nick Murrant	Irving Cobden	Irving Cobden/ Nick Murrant	Andrea Davis	Holly Marshall	[Ex]

## **Unplanned Care**

### **Purpose**

To produce plans which, when implemented deliver high quality unplanned care services at lowest total cost across the whole health economy. These plans would be written in line with the agreed clinical strategy for unplanned care.

### **Activities:**

- Cost current clinical strategy (including commissioning plans)
- Understand progress of work to date in community & acute settings although this should be completed by now.
- Outline in detail the turnaround initiatives & approach to deliver these initiatives
- Liaise with management and the system turnaround director to ensure appropriate clinical & managerial resources are deployed to lead initiatives & ensure ownership for planning and delivery

### **Outcomes:**

Work Stream Plans that

- are produced in line with the agreed template
- these plans must outline timelines, responsibilities and financial benefits

## **Planned Care**

### **Purpose**

To produce plans which, when implemented deliver high quality planned care services at lowest total cost across the whole health economy. These plans would be written in line with the agreed clinical strategy for planned care.

### **Activities:**

- Understand and cost commissioning plans
- Define an appropriate clinical strategy in line with these plans
- Understand progress of work to date in community & acute settings
- Define turnaround initiatives & approach to deliver these initiatives
- Liaise with management and the system turnaround director to ensure appropriate clinical & managerial resources are deployed to lead initiatives & ensure ownership for planning and delivery
- Engage staff to develop plans including phased financials of benefits
- Ensure alignment of scale & timing of benefits to meet objectives of the overall Turnaround Plan

### **Outcomes:**

Work Stream Plans that

- Align acute capacity to match net effect of reduced planned activity in secondary care & repatriation of out of County work
- Optimise the efficiency of how care is delivered – in all care settings
- outline and deliver appropriate primary & social care services to support delivery of planned care in non acute settings.

## Repatriation

### Purpose

To develop plans to repatriate activity into the North Cumbria Health Economy to minimise out of county costs where the activity can be delivered with high quality patient outcomes

### Activities:

- Understand the current levels of activity going out of county as a baseline
- Identify the volume of total activity that can not be repatriated and gain cross organisational clinical agreement that this is the case
- Identify the volume of activity that can be repatriated immediately and align the acute capacity to deliver this activity
- Identify the volume of activity that could be repatriated in the future and align the acute to develop the capability and timescales so that this can be delivered
- Review/analyse the reasons for activity moving out of county and define the actions for resolving these issues e.g. Slot availability on Choose & Book, quality indicators etc
- Link in with Trust workstreams on Consultant job planning, Theatre capacity etc.

### Outcomes:

Work Stream Plans that

- Outline the timescales and delivery of the repatriated activity based on an alignment of the acute capacity to deliver this activity in NCUH
- Outline the timescales and delivery of future activity that could be delivered in county but requires service redesign for this activity to be delivered at NCUH
- Strengthen the referral pathways for activity into NCUH

## Diagnostics

### Purpose

To develop plans to effectively support planned and unplanned care at lowest total cost whilst maintaining quality patient outcomes

### Activities:

- Understand the baseline of existing specialist skills and equipment in the community and outline the best use of this diagnostic capability going forwards e.g. sweat assets, decommission equipment that is near end of life
- Review current levels of direct access by GPs to diagnostics and refine appropriately to support unplanned care admissions as well as lowest cost options
- Understand the base diagnostic activity/demand at WCH and CIC and review and define the future diagnostic service configuration of this across the two sites including alternative providers e.g. private sector solutions
- Link in with Trust workstream on diagnostics to ensure this dovetails into the HE workstream
- Understand level of 3rd party spend associated with this workstream and identify savings related to potential procurement leverage through cross-economy buying e.g. mobile units

### Outcomes:

Work Stream Plans that

- Outline the solution and activities to deliver the lowest cost model of diagnostics across the healthcare community two sites and plan to align capability drawn on synergies where appropriate i.e. imaging in community and secondary care
- Outline the activity that can be delivered at a lower cost in Primary versus Secondary care and plan to align appropriate capacity accordingly

- Definition and plan for the delivery of procurement/3rd party spend associated with the delivery of diagnostics