AGENDA ITEM 6

HOSC/45/10

Committee Health Overview and Scrutiny

Date 3 December 2010

NHS South West Essex: Turnaround plan

Report by: Graham Redgwell, Secretary

To consider the contents of a report submitted to the Trust's Board meeting on 29 September 2010, and an accompanying oral presentation by Andrew Pike, Interim Chief Executive, NHS South West Essex .

NHS
South West Essex

PUBLIC BOARD MEETING
29th SEPTEMBER 2010

Report:	**Turnaround Report**
Approved by:	**Dawn Scrafield**
Related Documents:	**SW Essex Turnaround Plan**
Recommendation:	**It is recommended that the Board:** **1. Agree the proposed new saving schemes (slides 28-38)** **2. Agree the proposed other non recurrent items (slide 40)** **3. Note the risks in achieving a balanced financial position (in summary on slide 15)** **4. Note the critical success factors (slide 48)** **5. Note the new requirements of the contingency.** **6. Note the National Comparators and relative direction of travel of South West Essex following the implantation of turnaround schemes (slide 45)**
Strategy:	**The recommendation supports the delivery of a financially balanced position which is a statutory duty of a PCT.**
Standards for Better Health:	**The recommendation aligns with Standards for Better Health on - governance (including impact on equality & diversity)**
Risks:	**Each scheme has been rated for the risk associated with delivery of in respect of the difficulty level in implementation.** **Overall the achievement of the turnaround programme is a high risk because:** **• the size of the programme is 8% of the PCT resource limit, amongst the largest in scale in England** **• the timescale is such that only 6 months remain available to deliver cost reductions.**
NHS Constitution:	**The recommendation aligns with the NHS Constitution on being** **- committed to providing best value for taxpayers' money and the most effective, fair and sustainable use of finite resources** **- accountable to the public, communities and patients that it serves**
Equalities:	**No decision or practice flows from this report and an equality impact assessment is not necessary under the Single Equality Scheme**
Author:	**For further information about this report, contact Dawn Scrafield on 01268 705000**

South West Essex Primary Care Trust – Turnaround Programme

Summary

This paper is bought to the board to understand the size, scale and risks associated with the turnaround programme in 2010/11. The board is also asked to approve the recommendations for implementing additional schemes to achieve financial balance by the 31st March 2011.

In 2010/11 the PCT resource limit is £665m. Based on information for the period ending 31st August 2010, the current forecast is £21.1m overspend above this resource limit. Based on previous savings assumptions the PCT has already factored in the delivery of existing schemes totalling £21.7m to reach this forecast position.

The size of the turnaround programme can therefore be summarised:

	£m
Existing Detailed Schemes identified	21.7
Forecast Overspend as at Month 5	21.1
Sub-total	*42.8*
20% reserve to cover the risk of non yield in schemes (overshoot)	8.6
Turnaround Savings Plan Target	**51.4**

Within the detailed report slide 15 explains the turnaround approach being taken to deliver a balanced position in 2010/11. This can be summarised as follows:

	Slides	**£m**
Existing Detailed Schemes identified	19-24	21.7
Proposed new savings	28-38	6.7
Other Non recurrent items	40	14.5
Turnaround Savings Plan Target		**42.8**

This approach assumes that 100% of all schemes deliver the planned level of saving, which is an extremely high risk strategy. Most commonly turnaround programmes have schemes valuing 20% more than the amount to be saved, on the basis that not all schemes will yield100% of the planned saving.

What this paper proposes in slide 40, and is further illustrated in slide 12 is that the £9.5m of contingency should now be used as a 20% non yield reserve. The impact of this approach will mean the following:

- No further schemes beyond the value of £42.8m need to be identified and current capacity for the delivery of the programme can be consolidated into achieving the schemes identified.
- However the PCT is highly exposed to managing any further in year financial risks that may come to fruition, leaving no contingency cover and no capacity to absorb further in year variation.

Risks in the Schemes

In order to understand the relative risks associated with the schemes presented to the board the schemes have been "RAG" rated to illustrate the high, medium and low risks associated with the schemes. The criteria to assess these risks is as follows:

Red: an initiative which is dependent on an external organisation which is out of the direct control of the PCT and/or where the savings calculations are not yet fully worked up.
Amber: an initiative where delivery is within the PCT's direct control, however external influences could change the benefits
Green: actions which are within the PCT's control with a fixed agreement in place or which are delivering on target

In considering the Turnaround Plan the Board will want to pay specific attention to the following schemes, due to the high level of assessed risk or the impact on patient care and experience:

1. High risk schemes

    - Unplanned Care. The detail behind these schemes is still being developed. A further update on progress in defining the detail actions to deliver these schemes and the management resource required to deliver them will be provided ahead of the board meeting

    - Mental Health. Discussions with the South Essex Partnership Trust have commenced in respect of this in year saving requirement.

2. Decommissioning services/ service reductions to return services to levels achieved in other PCTs:

    - Reducing activity at Basildon Hospital. Delivery of the Turnaround Plan requires significant reductions in activity at Basildon Hospital and will require close working with the Trust

    - Decommissioning Community Services. The Turnaround plan includes proposals to review significant elements of the existing service Community Services provision with the aim of securing savings in 2011/12.

    - Extension and better enforcement of the PCT's service restriction policy. This will reduce access to procedures of limited clinical effectiveness, clear GP support will be needed to ensure acceptance of this approach

3. Temporary restrictions on services which are required this year to secure financial balance

    - Referral management controls. The plan includes proposals to extend waiting times for inpatients and outpatients by 4 and 5 weeks in 2010/11. This proposal will require the support of both GPs and providers. Debate at GP engagement events and at the GP federation indicates support for a

referral gateway and demonstrated an understanding of the need to extend waits in the current year.

- IVF restrictions. The turnaround plan proposes restrictions to access to IVF services for the remainder of this financial year. A review of our IVF service policy will be undertaken and proposals for 2011/12 will be presented to the Board.

Stakeholder, Public and Patient Involvement

We have worked with key stakeholders in the development of the turnaround plan to ensure they are aware of the challenge we face and the proposals we need to bring forward. We have:

- Held meetings open to all GP's to brief them on the turnaround plan, and we are writing to all GPs
- Briefed the GP federation on key elements including the clinical gateway
- Established a clinical engagement group to discuss the developing proposals.
- Development of our proposals has been discussed with BTUH and SEPT. Significant further engagement is now needed on the basis of the attached turnaround plan
- We are writing to all MPs, HOSC and Council Leaders and providing opportunities for them to comment.
- A Communications plan is in place to cover communication with the public

Some of the proposals in the Turnaround Plan will require more formal public engagement, and discussion with the HOSC. To meet these requirements we will:

- Write formally to the HOSC now to notify them of the overall plan and the specific restrictions proposed for this year, in relation to:
    - The temporary restriction on access to IVF
    - Extending the range of low priority procedures covered by our restriction policy
    - The Proposed changes to Community Dentistry
    - The proposal to extend waits temporarily
- We may need to write again to the HOSC in October following the further Board discussion of decommissioning proposals for Community Services.
- Full public consultation and HOSC approval will be required on any significant changes that may arise from the proposed Community Hospital Review.

Dawn Scrafield
24 September 2010

NHS
South West Essex

PCT Board meeting 29 Sep

SW Essex Turnaround Report

DRAFT – Subject to PCT Board review

Glossary

NHS South West Essex

ALOS	Average length of stay
APMS	Alternative provider of medical services
BCH	Brentwood Community Hospital
BHRT	Barking Havering and Redbridge NHS Trust
BTUH	Basildon and Thurrock University Hospital NHS Foundation Trust
C2C	Consultant to Consultant
CAGR	Compound annual growth rate
CFS	Chronic Fatigue Syndrome
CHD	Coronary heart disease
CIP	Cost Improvement Program
CMT	Corporate management team
Commissioner	South West Essex PCT
COPD	Chronic Obstructive Pulmonary Disease
CQUIN	Commissioning for Quality and Innovation
D&C	Dilatation and Curettage
DES	Directed Enhanced Service
DH	Department of Health
DoF	Director of Finance
EoE	East of England
FM	Facilities Management
FYE	Full year effect
GDS	General Dental Services
GMS	General Medical Services
Hq	Headquarters
HRG	Healthcare resource groupings
IAPT	Improving Access to Psychological Therapies
IM&T	Information Management & Technologies
LD	Learning difficulties
LES	Local Enhanced Services
LGB	Lesbian, Gay and Bisexual
LOS	Length of stay
M4	Month 4 of the financial year
M5	Month 5 of the financial year
ME	Myalgic Encephalomyelitis
MFF	Market forces factor
MH	Mental Health
MSK	Musculoskeletal
NELFT	North East London NHS Foundation Trust
NES	National Enhances Services
NHS PCC	NHS Primary Care Commissioning
NICE	National Institute for Clinical Excellence
NSR	Non stock requisition
ONS	Office of National Statistics
OOH	Out of hospital
OPCS	Office of Population Censuses and Survey
pa	per annum
PA	Programmed activity
PACTWIN	Parent and Children Together, Win
PBC	Practice Based Commissioning
PbR	Payment by results
PCT	Primary Care Trust
PCTMS	Primary Care Trust Medical Services
PDS	Personal Dental Services
PFI	Private Finance Initiative
PMO	Project management office
PMS	Personal Medical Services
Q1	Quarter 1 of the financial year
Q4	Quarter 4 of the financial year
QOF	Quality and Outcomes Framework
RAG	Red Amber Green status
SCG	Specialist Commissioning Group
Scriptswitch	Prescribing decision support sofware
SE Essex	South East Essex
SEPT	South Essex Partnership NHS Foundation Trust
SHA	Strategic Health Authority
SHT	Southend Hospital NHS Foundation Trust
SWE	South West Essex
SWECS	South West Essex Community Services
T+O	Trauma and Orthopaedic
WTE	Whole Time Equivalent

Contents

NHS South West Essex

- Executive Summary
- Background
- Cost base analysis
- 2010/11 Financial Baseline
- Turnaround Plan
  - Detailed schemes
  - New ideas
  - Other non recurrent items
- 2010/11 Forecast outturn

Executive Summary

NHS South West Essex

- Financial position of SW Essex PCT was substantially worse than anticipated in August 2010:
  - c£3.7m per month recurrent monthly deficit position
  - £47m turnaround plan was not backed up by detailed initiatives
- As at September '10 turnaround plan comprises:
  - £21.7m of detailed, worked up initiatives
  - £6.7m of new savings ideas which are in the process of being worked up (£26.8m of new savings ideas are being worked up for 11/12)
  - £14.5m other non recurrent savings which could be put into the position
- Year end outturn is in the range £21.1m deficit to a break even position:
  - £21.1m deficit assuming only the detailed initiatives are delivered
  - £14.5m deficit assuming the new savings ideas are delivered in total
  - £0m assuming a combination of the other non recurrent actions are delivered
- Assuming delivery of all of the detailed initiatives (£21.7m) and the new savings (£6.7m), the recurrent run rate becomes positive in May 2011.

Contents

NHS South West Essex

- Executive Summary
- **Background**
- Cost base analysis
- 2010/11 Financial Baseline
- Turnaround Plan
  - Detailed schemes
  - New ideas
  - Other non recurrent items
- 2010/11 Forecast outturn

Background

NHS South West Essex

- SW Essex PCT is in extreme financial difficulty. Financial performance has declined over the past two years as the surplus achieved in 2008/09 deteriorated to a breakeven position which relied on a £47m cost reduction programme (an increase from the £35m included in the budget approved by the Board in March '10). This position was the result of an uncontrolled increase in the cost base.
- Spending increases have been seen across all areas of the budget. The biggest increases have been in Acute Commissioning (as a result of contracting weaknesses), SWECS and Primary Care.
- As part of the 2010/11 budget process an internal turnaround team was created to develop a turnaround plan. In Q1 10/11 an interim external turnaround director was appointed to supplement internal resources. This external turnaround team put in place a high level plan comprising £47m of savings ideas to address the deficit to enable the PCT to show financial balance in its 2010/11 budget.
- Following the appointment of Andrew Pike as Chief Executive in July the Turnaround resource was further supplemented in August with Terry Watson, an experienced Turnaround Director appointed on a part time basis to oversee the turnaround process.
- At this point Dawn Scrafield, the Director of Strategy, Productivity and Performance from SE Essex joined the team.
- On arrival in the organisation, the turnaround team reviewed the £47m savings in order to develop a coherent turnaround plan. A number of issues were identified:
    - The £47m of ideas were not supported by detailed, bottom up savings calculations or metrics and there were no implementation plans in place;
    - There were 134 ideas, and the programme was not structured in a way to ensure delivery;
    - The 10/11 forecast out-turn was understated and did not reflect cost run rate;
    - The ideas comprised multiple small initiatives which were largely tactical in nature and did not systematically address the areas of cost base growth.

Background

NHS South West Essex

- The Provider arm (SWECS) was in the process of separating and transitioning to NELFT and has been run on a predominantly arms length basis. SWECS had been the beneficiary of significant growth in services commissioned by the PCT, however, due to the arms length nature of the management arrangements, it could have made a larger contribution to the turnaround plan.
- Further, there were resource gaps within the management team and a number of key individuals were new in role.
- Finally, the financial position was not clearly understood. No structured financial forecast process was in place and the 2010/11 budget had been aggressively phased which pushed financial risk to the end of the year.
- Given the situation, the turnaround team's priorities were as follows:
    1. Analyse the cost base growth to identify areas of spending growth which could be addressed through turnaround initiatives;
    2. Prepare a 2010/11 full year forecast to use as a baseline financial position;
    3. Convert the £47m of turnaround ideas into a coherent, robust turnaround plan;
    4. Identify new schemes where the PCT fell short;
- Whilst this work was ongoing, the Turnaround Director and Senior executives from the PCT have engaged BTUH as the key provider to start to address the increasing costs of acute commissioning

Contents

NHS South West Essex

- Executive Summary
- Background
- **Cost base analysis**
- 2010/11 Financial Baseline
- Turnaround Plan
  - Detailed schemes
  - New ideas
  - Other non recurrent items
- 2010/11 Forecast outturn

Cost base analysis

NHS South West Essex

	07/08 Final Spend	CAGR 07/08 to 09/10	CAGR 09/10 to 10/11	10/11 gross budget and cost pressures in turnaround plan	Variance	MFF, inflation and other non-avoidable cost pressures	SWECS adjustment to Primary Care spend	Remaining variance	Initiatives and Budget Adjustments	Difference between remaining variance and initiatives	Initiatives and Budget Adjustments as % of 10/11 cost
	£m	%	%	£m	£m	£m	£m	£m	£m	£m	%
Total Acute Commissioning	195.9	17%	3%	277.0	81.1	38.0	-	43.1	11.2	31.8	4%
Total Mental Health & Learning Disabilities	73.2	-1%	10%	78.0	4.9	(1.3)	-	6.2	4.7	1.5	6%
Total Other Commissioning	46.7	14%	0%	68.6	21.9	(0.6)	-	22.5	1.3	21.3	2%
Total Commissioning	**315.8**	**13%**	**0%**	**423.6**	**107.9**	**36.0**	**-**	**71.8**	**17.3**	**54.6**	**4%**
Total Primary Care Commissioned Svcs	0.0	1539%	175%	2.8	2.8	(0.4)	-	3.3	1.5	1.8	52%
Total Primary and Community Care	103.2	24%	6%	168.5	65.2	19.3	24.1	21.9	4.6	17.3	3%
Total Prescribing & Medicines Mgmnt	59.4	1%	9%	66.5	7.1	7.6	-	(0.5)	1.8	(2.3)	3%
Total PCT Management & Hq Costs	17.5	16%	3%	24.2	6.7	(2.2)	-	9.0	6.5	2.5	27%
Total Estates	3.1	69%	8%	9.6	6.5	0.2	-	6.4	0.3	6.0	4%
Total Public Health	4.5	-3%	84%	7.7	3.3	0.1	-	3.1	4.0	(0.9)	51%
Total Central Reserves	5.0	2%	242%	17.9	12.8	3.9	-	8.9	-	8.9	0%
Total PCT Commissioning Expenditure	**508.5**	**14%**	**9%**	**720.9**	**212.4**	**64.4**	**24.1**	**123.9**	**36.0**	**87.9**	**5%**
SWECS services - Cost	34.7	32%	0%	65.9	31.2	-	-	31.2	2.3	28.9	3%
SWECS services - Income	(39.5)	30%	-5%	(63.6)	(24.1)	-	(24.1)	-	-	-	0%
Total SWECS Net Expenditure	**(4.8)**	**13%**	**-137%**	**2.3**	**7.1**	**-**	**(24.1)**	**31.2**	**-**	**31.2**	**0%**
Total PCT Net Expenditure	**503.7**	**14%**	**10%**	**723.2**	**219.5**	**64.4**	**-**	**155.1**	**38.2**	**116.8**	**5%**

- Total PCT costs have increased from £504m in 2007/08 to £723m in 2010/11 pre turnaround plan. Of this, £64.4m is 'unavoidable cost' eg £23.6m MFF leaving £155m of addressable spend growth.
  - £43.1m acute activity growth;
  - £6.2m increase in mental health and learning disabilities;
  - £21.9m growth in primary and community care, of which £11.5m relates to transfer of pharmacy and optician costs into the PCT budget;
  - £6.4m increase in estates costs, of which £4.6m relates to the BCH PFI;
  - £31.2m increase in SWECS costs of which £12.4m relate to newly commissioned services;
- The focus of the turnaround planning activity has been to develop initiatives which address these large spending increases and where funding has stepped up.

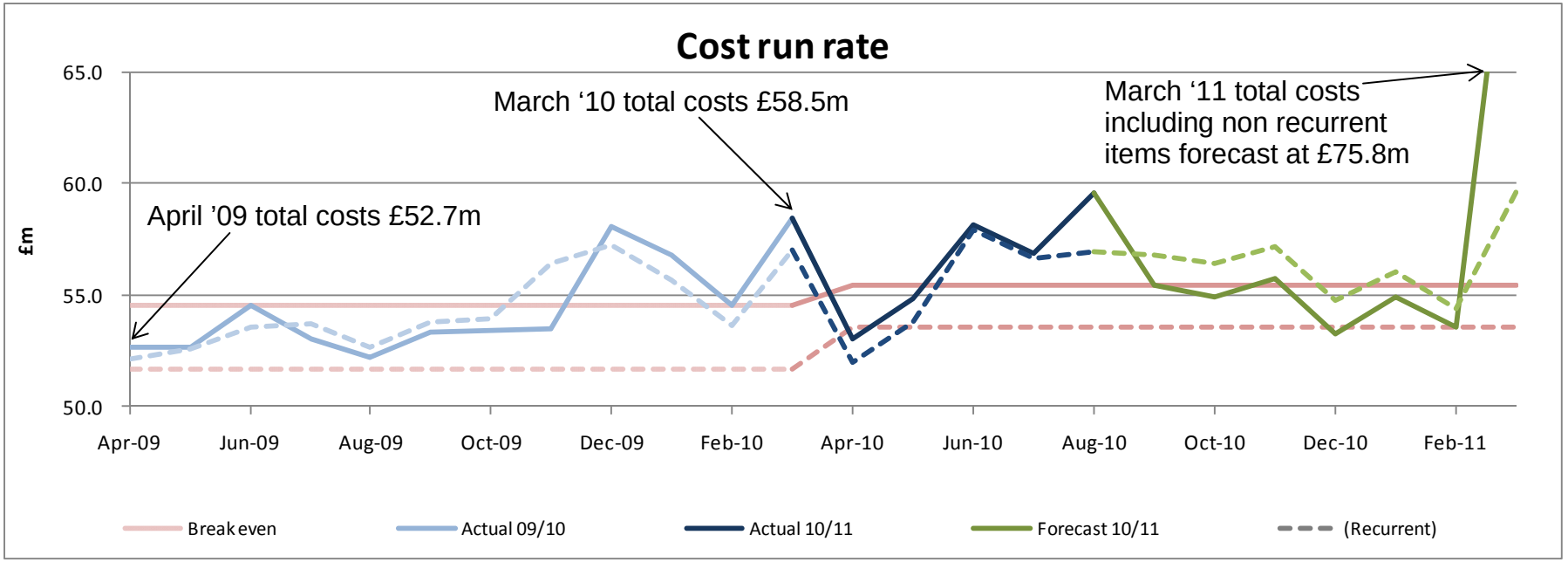
Contents

NHS South West Essex

- Executive Summary
- Background
- Cost base analysis
- **2010/11 Financial Baseline**
- Turnaround Plan
  - Detailed schemes
  - New ideas
  - Other non recurrent items
- 2010/11 Forecast outturn

Cost base analysis – Cost run rate

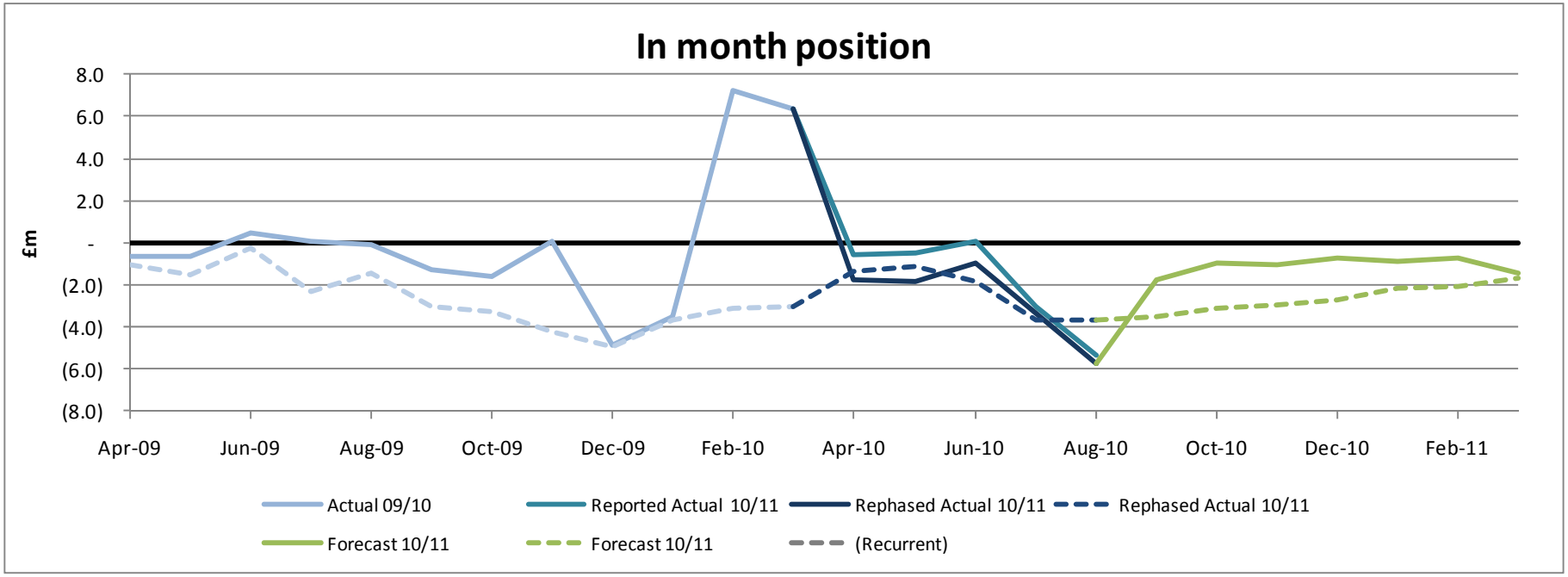
NHS South West Essex



- Over the last two years the cost run rate of the PCT has increased, from a reported spend of £52.7m per month in April 09 to 59.6m per month in August 10. As the chart above shows, this increase in spending has caused the PCT to move from a monthly surplus from Apr 09 – Nov 09 into a deficit from Dec 09 to Jul 10 on both a recurrent and reported basis.
- The 2010/11 budget process was aimed at taking measures to control spending and included £16.5m costs removed from budgets as well as £26m savings initiatives. Hence the 2010/11 budget shows costs reducing from August 10 onwards.
- The 2010/11 forecast run rate from August onwards shows the effect of these measures with the cost run rate decreasing from August onwards. The increase in costs in March 11 is the payment of QOF (recurrent) and the release of £9.45m reserve (non recurrent)

Cost base analysis – Cost run rate

NHS South West Essex

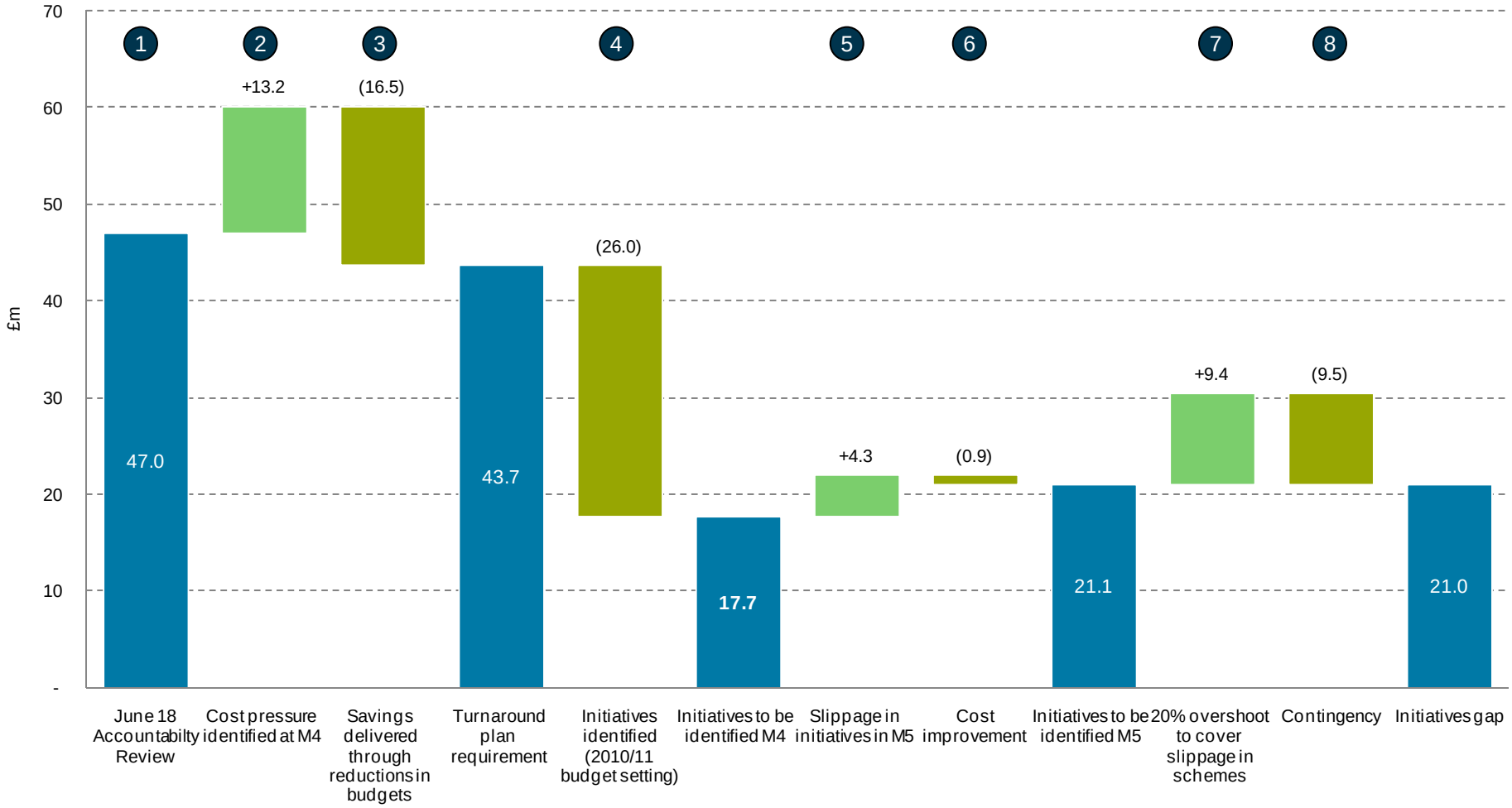


- The chart above shows both the reported monthly surplus/deficit, and the recurrent position which excludes one off costs and revenues.
- The period between Apr 09 and Dec 09 shows a steady deterioration in the recurrent in month position.
- The swing to in month reported surplus in Feb 10 and Mar 10 related to non recurrent monies. On a recurrent basis, the PCT continued to show a substantial deficit.
- In 2010/11 the position has continued to deteriorate. On a recurrent basis, the position has declined from £1.3m in Apr 10 to £3.7m in August10. This reflected the fact that the budget included £14.7m of savings initiatives, however these initiatives did not deliver, as a result of both insufficient implementation planning and over optimistic assumptions in terms of Q1 benefits.

2010/11 Financial Baseline

NHS South West Essex

- The chart below shows the movement in the financial position. Key items are described on the following page



2010/11 Financial Baseline

NHS South West Essex

- The financial position has evolved over M4 and M5 to the current position of £21.1m savings to be identified as follows:
- £43.7m turnaround savings plan target* reported at M4 comprising:
    1. £47m turnaround plan requirement identified as part of the 2010/11 budget process
    2. £13.2m of cost pressures identified as part of the M4 full year forecast relating to overspends primarily in acute commissioning, specialist commissioning and collaborative commissioning
    3. Partially offset by £16.5m investment removed from budgets as part of the 2010/11 budget process
    - £43.7m turnaround savings plan target reported at M4 comprising:
    4. Of this requirement, £26m of initiatives were identified at M4, leaving a requirement to find further of £17.7m (excluding overshoot to cover non delivery of initiatives) to meet the £43.7m target.
    - At M5 this requirement increased to £21.1m, as a result of:
    5. £4.3m slippage in the initiatives as part of working up the detailed project documents, reducing the original £26m initiatives to £21.7m
    6. Partially offset by £0.9m cost improvement
    - This leads to an initiatives gap of £21.0m, as a result of:
    7. £9.4m assumption that 20% overshoot (on £47.1m, comprised of £26m initiatives and £21.1m remaining target) to cover initiatives which did not deliver should be included within the turnaround requirement
    8. Reduction of requirement by £9.5m of contingency reserve

* Total target at M4 was £52.4m, comprising £43.7m as described above, along with an additional 20% of £8.7m in order to cover initiatives which did not deliver

Contents

NHS South West Essex

Turnaround Plan - Approach

NHS South West Essex

- The PCT approached delivering turnaround in three phases:

Phase / 10/11 savings	High	Medium	Low	TOTAL	
Detailed schemes	£5.8m	£6.0m	£9.9m	**£21.7m**	RAG status reflects risk in delivering forecast saving
New savings	£2.2m	£1.9m	£2.6m	**£6.7m**	RAG status reflects difficulty of implementation
Other non recurrent items	£8.7m	£5.8m	-	**£14.5m**	RAG status reflects difficulty of implementation
				£42.8m	

  - **Detailed Schemes (£21.7m 10/11, £31.3m 11/12)** - Undertaking a robust planning process to put plans in place to deliver the initiatives identified through the 2010/11 budget process. This work is now complete and these savings comprise £21.7m relating to 87 detailed, worked up initiatives within 31 schemes.
  - **New Savings (£6.7m 10/11, £26.8m 11/12)** - Identifying further initiatives which could be put in place to address the remaining £21.1m; ideas were identified through understanding the increase in the cost base over the past three years with a view to targeting areas where this cost could be removed. Initiatives to address this have been identified, leads nominated, and will be fully documented by the end of September.
  - **Other non recurrent items (£14.5m 10/11)** - Looking at other non recurrent savings which could address the remaining deficit. This could involve difficult to implement initiatives which could have a wider impact on the local health economy.
- This document, outlines each of the phases and the impact on the full year outturn position

Contents

NHS South West Essex

- Executive Summary
- Background
- Cost base analysis
- 2010/11 Financial Baseline
- **Turnaround Plan**
  - **Detailed schemes**
  - New ideas
  - Other non recurrent items
- 2010/11 Forecast outturn

Turnaround Plan – Detailed Schemes

NHS South West Essex

- The first critical step in the turnaround of the PCT has been to undertake a robust planning process in order to substantiate and support the existing turnaround plan initiatives.
- The £26m savings plan originally comprised 134 initiatives, grouped into 11 workstreams. As these initiatives were worked up the level of savings associated with them has reduced to £21.7m as described previously
- Working up the initiatives has been completed over the past 6 weeks and has involved:
  - Grouping the original 134 initiatives into a smaller number of schemes which can be managed
  - Building initiatives bottom up based on operational metrics, actions and understanding the financial consequence
  - Aligning executive and operational leads with each initiative to ensure 'ownership' of savings by the PCT
  - Independent review of benefits calculations by finance to ensure savings projections are robust
  - Preparing project documentation including robust phased financials, operational measurement metrics and milestone plans which will be used to measure delivery
  - Setting up a PMO function to monitor operational and financial delivery of benefits

Turnaround Plan – Detailed Scheme Summary

NHS South West Essex

SUMMARY OF INITIATIVES - BY SCHEME		Current position											Number of affected service users	Impact on Inequalities
Workstream / Scheme	Exec lead	Value (£'m) H	M	L	D	2010/11	2011/12	Number H	M	L	D	2010/11		
CSI Core	TA													
Coding		-	(2.3)	-	-	(2.3)	(2.3)	0	2	0	1	3	0	None
Core budget management		(0.2)	(0.3)	-	-	(0.4)	(0.5)	1	1	0	0	2	0	None
Parkinson's		-	-	-	(0.0)	(0.0)	-	0	0	0	1	1		
Heart Failure		-	(0.0)	-	-	(0.0)	(0.1)	0	1	0	0	1		
BTUH Actions		(0.3)	-	-	-	(0.3)	(0.5)	4	0	0	0	4		
Community Detox		-	-	(0.1)	-	(0.1)	(0.1)	0	0	1	0	1	Low	Med
Further MH schemes		(2.0)	-	-	-	(2.0)	(3.4)	1	0	0	0	1	Low	
Diagnostics		-	(0.4)	(1.3)	-	(1.7)	(2.2)	0	2	2	0	4	Med	Low
Diabetes		-	-	(0.0)	-	(0.0)	(0.5)	0	0	1	0	1		
Other		-	-	-	(1.3)	(1.3)	(1.3)	0	0	0	2	2		
		(2.5)	(3.0)	(1.4)	(1.3)	(8.1)	(10.9)	6	6	4	4	20		
Planned Care	TA													
Effective use of surgery		-	(0.4)	-	-	(0.4)	(0.5)	0	3	0	0	3	Med	None
GP referral management		-	(0.3)	-	-	(0.3)	(0.4)	0	6	0	0	6	Med	Low
Reducing Follow-up attendance		-	(0.8)	-	-	(0.8)	(2.3)	0	3	0	0	3	Med	None
		-	(1.6)	-	-	(1.6)	(3.2)	0	12	0	0	12		
Unplanned Care	MD													
Acute tariff unbundling		(0.5)	-	-	-	(0.5)	(1.1)	1	0	0	0	1	Low	None
Other		(2.0)	-	-	-	(2.0)	(2.4)	3	0	1	0	4	Med	Low
		(2.5)	-	-	-	(2.5)	(3.5)	4	0	1	0	5		
Primary Care	MD													
Community equipment		(0.5)	-	-	-	(0.5)	-	1	0	0	0	1	Med	None
GP Contracting		-	(0.2)	(0.2)	(0.1)	(0.5)	(1.1)	1	4	2	2	9	None	None
OOH Decommissioning and Service Reviews (non SWECS)		(0.1)	-	(0.1)	-	(0.3)	(0.3)	3	0	3	0	6	Low	Low
Other		-	-	-	(1.2)	(1.2)	(1.2)	0	0	0	4	4		
		(0.6)	(0.2)	(0.3)	(1.3)	(2.5)	(2.6)	5	4	5	6	20		
Community Hospitals	JM													
BCH Utilisation		-	-	-	-	-	-	1	0	0	0	1	Low	None
Community beds		-	-	(0.4)	-	(0.4)	(1.7)	0	0	1	0	1	Low	None
		-	-	(0.4)	-	(0.4)	(1.7)	1	0	1	0	2		
SWECS	MD													
SWECS efficiency savings		(0.2)	-	(2.1)	-	(2.3)	(0.4)	1	0	2	0	3	Low	Low
		(0.2)	-	(2.1)	-	(2.3)	(0.4)	1	0	2	0	3		
Medicines Management	MD													
Acute prescribing		-	(0.1)	(0.7)	-	(0.8)	(1.3)	0	1	1	0	2	Med	None
GP prescribing		-	(0.7)	(1.0)	-	(1.6)	(2.1)	0	6	3	0	9	Med	Low
Oxygen		-	(0.1)	-	-	(0.1)	(0.4)	0	1	0	0	1	Low	None
Other		-	-	-	(0.1)	(0.1)	(0.1)	0	0	0	1	1		
		-	(0.8)	(1.7)	(0.1)	(2.5)	(3.8)	0	8	4	1	13		
Public Health	AA													
Public Health		-	-	(0.5)	-	(0.5)	(0.5)	0	0	1	0	1	None	None
		-	-	(0.5)	-	(0.5)	(0.5)	0	0	1	0	1		
Workforce	BS													
Workforce		-	(0.4)	-	-	(0.4)	(3.6)	0	2	0	0	2	Low	Low
		-	(0.4)	-	-	(0.4)	(3.6)	0	2	0	0	2		
Corporate														
Corporate	BS	(0.1)	-	(0.1)	-	(0.1)	(0.2)	1	0	1	0	2	None	None
Estates	JM	-	-	(0.3)	(0.1)	(0.4)	(0.4)	0	0	4	2	6	None	None
		(0.1)	-	(0.4)	(0.1)	(0.6)	(0.6)	1	0	5	2	8		
Clinical Development, Quality and Innovation	BS													
Other		-	-	-	(0.5)	(0.5)	(0.5)	0	0	0	1	1		
		-	-	-	(0.5)	(0.5)	(0.5)	0	0	0	1	1		
		(5.8)	(6.0)	(6.7)	(3.2)	**(21.7)**	**(31.3)**	18	32	23	14	**87**		

- £21.7m of initiatives have been worked up into detailed schemes, of which:
  - £5.8m (27%) are high risk. This is defined as **an initiative which is dependent on an external organisation and is therefore not in the direct control of the PCT and/or where the savings calculations are not yet fully worked up.** Eg renegotiation of SEPT contract included within Other MH and Planned care initiative
  - £6.0m (28%) are medium risk. This is defined as **an initiative where delivery is within the PCT's direct control, however external influences could change the benefits.** Eg compulsory redundancies
  - £9.9m (46%) are either low risk or delivered. This is defined as **actions which are within the PCT's control with a fixed agreement in place or which are delivering on target.** Eg Private sector diagnostics where the contract with the private sector provider has now been terminated and these costs will no longer be incurred
- Large, or high risk schemes are discussed on the following pages

Turnaround Plan – Detailed Schemes

NHS South West Essex

	Scheme	Risk Rating	Rationale	Detail	Annual Savings target 10/11	Annual Savings target 11/12
CSI Core	Mental Health	High	• Benchmarking analysis for the SHA shows that the PCT is an outlier for Mental health costs. Internal analysis also suggests that costs are higher than average. • Of the total £76m costs, £45m relates to SEPT, £13.3m LD, £11.2m SCG, £2.4m IAPT, £3.9m other providers	MH has three key initiatives: • Negotiate £2m non recurrent reduction from SEPT based on CQUIN, Agency costs, reducing surplus, return of transitional costs and stopping capital projects • 2011/12 contract negotiation to achieve a £3.4m saving on all mental health spend. • Change the alcohol detoxification pathway	£2.0m	£3.4m
CSI Core	Diagnostics	Med/ Low	• Private sector diagnostics has increased from £0.7m in 07/08 to £1.3m in 09/10. Additionally £150k per month is spent on direct access radiology and £180k per month on pathology at BTUH. • The growth has been driven by easy and prompt access to diagnostics coupled with patients being referred for multiple scans. Of the BTUH activity 25–30% is believed to be routine activity.	There are three core actions included within a single scheme: • Decommissioning the private sector direct access contract from August 2010 • Control routine BTUH Radiology and Pathology by serving notice to BTUH relating to routine diagnostics and identify and control GP spending through the clinical leads	£1.7m	£2.2m

Planned Care	GP referral management	High	• Outpatient referrals have grown by 21% at BTUH since 2007/08, with a headline cost of £4.8m. Combined with significant growth across other providers
			• 29.8% of first outpatient activity commissioned by the PCT is provided by hospitals outside the local health economy
			• At BTUH there is significant variation in first attendance rates across specialties and individual GP practices
				• Set-up of GP referral Gateway with the aim of clinically reviewing all referrals in South West Essex
				• Referral redirection:
				  • Increased utilisation of Tier 2 MSK triage and treatment
				  • Application of primary care dermatology treatment criteria
				  • Referral management of Ophthalmic referrals from primary care utilising the Local Ophthalmic Committee
					£0.3m	£0.4m

Turnaround Plan – Detailed Schemes

NHS South West Essex

	Scheme	Risk Rating	Rationale	Detail	Annual Savings target	
					10/11	11/12
Planned Care	Reducing Follow up attendance	High	• Between 2008/09 and 2009/10 NHS South West Essex experienced a real terms growth in spending on follow-up outpatients of £2.1m • Consultant to Consultant referrals growing from 18% of follow-up activity in 2004/05 to 25% in 2009/10	• BTUH tasked to reach national median level of Follow-ups within 2010/11 on certain specialties and Upper Quartile performance by 2011/12 (to be included in 11/12 contract) • Expectation that 10% of coding of C2C referrals will be incorrect	£0.8m	£2.3m
	Effective use of surgery	High	• Service Restriction Policy has not been included in the current acute contract and therefore BTUH have refused to adhere to these surgical restrictions • Caesarean Section rates for South West Essex have shown a rise from 24.9% to 26.3% over a three and a half year period • In cataracts there are opportunities to reduce plurality of provider and gain greater control over patient flow. NHS SWE currently funds patients' cataracts in both eyes.	• An action plan has been agreed and put into place for the reduction of c-sections at BTUH • PCT to withdraw funding for double eye cataract operations. The first eye will continue to be treated, with the second eye treated one year later.	£0.4m	£0.5m

Turnaround Plan – Detailed Schemes

NHS South West Essex

	Scheme	Risk Rating	Rationale	Detail	Annual Savings target 10/11	Annual Savings target 11/12
Primary Care	GP Contracting	Low/ Medium	• National benchmarking of Primary Care for NHS PCC and EoE SHA reveals that investment in primary care in SW Essex is lower than the SHA average. The NHS PCC Productivity Calculator based on 2008/09 data shows that PCT investment in primary medical services in 2008/09 was 14th lowest out of 152 PCTs and the ratio of primary to acute spend per head of population is 1:2.3. • However, overall spend on enhanced services shows that we were ranked 61/152 PCTs; although our spend on DES is relatively low, spend on LES is relatively high (121 highest out of 152 PCTs) spend.	The key workstream initiatives are: • PCTMS efficiencies - Reduction in spend on locums through recruitment of salaried GPs, centralising booking of locum cover within agreed criteria, reduction in overtime costs and study leave and centralised approval of all NSR requests • Accelerating tendering of the 10 remaining PCTMS contracts	£0.5m	£1.1m
Medicines Management	GP Prescribing	Medium	• The prescribing budget available for GP prescribing in SW Essex for 2010/2011 is £59.1m. GP prescribing costs increase on average by 5-8% pa driven primarily by drugs for respiratory disease, cardiovascular disease, drugs for diabetes and sip feeds. • New drugs and technologies, NICE and specialist recommendations all contribute to increasing prescribing costs, which in turn puts pressure on the GP prescribing budget.	Key initiatives are: •Scriptswitch, Generics and 'better care better values' - £0.6m •Reduction in waste (28 day prescribing) £0.3m •New woundcare formulary and central ordering (£0.3m)	£1.6m	£2.1m

Turnaround Plan – Detailed Schemes

NHS South West Essex

	Scheme	Risk Rating	Rationale	Detailed initiatives	Annual Savings target 10/11	Annual Savings target 11/12
Community Hospitals	Community Beds	Low	• The cost of the intermediate care beds within the SWECS contract is £8.84m in 2010/11 (excluding estates/hotel costs), being £240 per day, assuming 90% occupancy of the 112 beds. Average LOS ranges between 17 and 50 days, including stroke beds. • By improving LOS to the national average of 21 across the 3 hospitals, 34 beds could be removed and the same activity level supported.	• Phase 1 – 17 Beds at BCH which were closed in August 2010 and the contract variation agreed with SWECS. Improvements in LOS will ensure this does not impact on patient access. • Phase 2 – long term sustainable bed modelling across community hospitals will be undertaken as part of a review of community hospitals with the aim of ensuring efficient use of community services.	£0.4m	£1.7m
SWECS	SWECS efficiency savings	Low	• SWECS contact has increased by £24.3m (as detailed in appendix 1) in the period from 2007/08 to 2010/11 hence addressing this increase is a key aspect of the turnaround. • The contract signed with SWECS for 2010/11 required SWECS to deliver an £8m CIP programme. However, as part of the turnaround programme further savings are to be generated	SWECS initiatives are as follows: • Post delivery of the CIP, the monthly surplus generated by SWECS is c.£160 which is a £1.9m non recurrent 2010/11 benefit to the PCT • £0.2m saving relating to ensuring that therapies which are provided by SWECS to BTUH are fully paid for by BTUH • £0.2m other services (Mental Wellbeing nurses, Lesbian, Gay and Bisexual Health promotion, Older people's health improvement and PACTWIN) decommissioning has been agreed. • Additional opportunities are being worked up and are detailed later in this document covering workforce, and further decommissioning	£2.3m	£0.4m

Turnaround Plan – Detailed Schemes

NHS South West Essex

	Scheme	Risk Rating	Rationale	Detail	Annual Savings target 10/11	Annual Savings target 11/12
Workforce	Workforce	Med	• The commissioner WTE has increased from 235 in Sept 07 to 358 in Aug 2010. This increase was driven in part by the requirements of world class commissioning, with large increases seen in Corporate services, Primary care and Quality. • The pay costs of the PCT have become unsustainable and benchmarking shows SW Essex as being the second most expensive PCT per head of weighted population.	• Reduce headcount within the commissioner by 90+ heads through voluntary and compulsory redundancy programmes • An additional £0.4m benefit is anticipated from non replacement of leavers in 2010/11	£0.4m	£3.6m
Corporate	Estates	Low	• Estates costs (net of income) are £15.4m, of which £4.5m relates to the BCH PFI for which there are only very limited opportunities for savings and £0.7m relates to PCTMS practices • Of the remaining £4.4m, £2.4m relates to SWECS and has been subject to a review to identify opportunities for savings. The remaining £2m of SWECS estate will be addressed through further SWECS initiatives	Multiple initiatives are included within the Estates proposal. Total 2010/11 savings are £0.4m which equate to 17% of Commissioner estates costs • Rationalisation of estate – exiting expiring leases and tactically reducing footprint (£80k 2010/11 £410k FYE) • Review of hard and soft FM contracts (£0.2m 2011/12) • Capitalisation of all eligible expenditure (£0.2m)	£0.4m	£0.4m
				Total	£11.1m	£17.2m
				Other	£10.6m	£14.1m
				Total	**£21.7m**	**£31.3m**

Contents

NHS South West Essex

- Executive Summary
- Background
- Cost base analysis
- 2010/11 Financial Baseline
- **Turnaround Plan**
  - Detailed schemes
  - **New ideas**
  - Other non recurrent items
- 2010/11 Forecast outturn

Turnaround Plan – New Savings Summary

NHS South West Essex

- In order to address the deficit remaining post £21.7m detailed schemes, new saving areas have been identified. These have a target saving of £6.7m in 10/11 and £26.8m in 11/12

	Area of saving	Executive Lead	Manager Lead	10/11 Cost	Target		Difficulty	Health impact	CY Contract change?
					10/11	11/12			
Planned Care									
1	Referral Gateway - first outpatients reduction	Tom Abell	Janice Forbes-Burford	£-	£0.2m	£1.3m	High	Low	No
2	Reduction in first to follow up ratios	Tom Abell	Janice Forbes-Burford	£-	£0.3m	£1.4m	Medium	Low	No
3	Low priority procedures	Tom Abell	Janice Forbes-Burford	£-	£1.5m	£4.2m	Low	Low	No
4	Day case to outpatient tariff	Tom Abell	Janice Forbes-Burford	£-	£0.6m	£2.0m	Medium	None	No
5	Closure of outpatient capacity at BCH	Tom Abell	Janice Forbes-Burford	£-	£-	£0.5m	Medium	Low	Yes
6	Decommission services	Tom Abell	Janice Forbes-Burford	£-	£-	£1.5m	Medium	Medium	Yes
7	HIV/Aids drug costs	Tom Abell	Janice Forbes-Burford	£-	£0.2m	£1.0m	Low	None	No
8	IVF reduction	Tom Abell	Janice Forbes-Burford	£-	£0.4m	£0.8m	Low	Low	No
Unplanned Care									
9	Tariff unbundling	Tom Abell	Janette Joshi	£-	£0.5m	£2.2m	Medium	None	Yes
10	Other unplanned care	Marc Davis	Tonia Parsons	£-	£0.4m	£1.3m	High	Low	No
SCG									
11	Cardiology	Tom Abell	Olga Buck	£-	£-	£0.2m	Medium	Low	No
12	Data validation	Tom Abell	Olga Buck	£-	£0.5m	£0.5m	Low	None	No
Mental Health									
13	Specialist Mental Health	Tom Abell	Mark Tebbs	£-	£0.1m	£0.5m	Medium	Low	No
14	Renegotiate SEPT contract	Tom Abell	Mark Tebbs	£-	£1.5m	£1.7m	High	None	Yes
Community Care									
15	Coach House	Marc Davis	William Guy	£-	£-	£0.7m	Low	Low	Yes (Agreed)
16	Outlook Care	Marc Davis	William Guy	£-	£-	£0.4m	Low	Low	Yes
17	Collaborative commissioning/continuing care	Marc Davis	William Guy	£-	£-	£0.8m	High	Unknown	Yes
Primary Care									
18	Dental contracts	Marc Davis	Kimberley Hall	£-	£0.4m	£0.3m	Medium	Low	No
19	GP contracts	Marc Davis	Carolyn Larsen	£-	£0.1m	£1.0m	High	Low	Yes
20	List validation	Marc Davis	Nicola Faulkner	£-	£-	£0.2m	High	None	No

Turnaround Plan – New Savings Summary

NHS South West Essex

- In order to address the deficit remaining post £21.7m detailed schemes, new saving areas have been identified. These have a target saving of £6.7m in 10/11 and £26.8m in 11/12

	Area of saving	Executive Lead	Manager Lead	11/12 Cost	Target		Difficulty	Health impact	Contract change?
					10/11	11/12			
SWECS									
21	SWECS contract variation	Attila Vegh	Yvonne Hood	£-	£-	£2.5m	High	Unknown	Yes
	SWECS decommissioning:								
22	Paediatrics	Barbara Stuttle	Stewart McArthur	£-	£-	£0.6m	Medium	Medium	Yes
23	Review Community Hospitals	Jonathan Marron	Lynn McCullagh	£(0.9)m	£-	£0.8m	High	Medium	Yes
24	Adult Obesity	Marc Davis	Ian Wake	£(0.1)m	£-	£0.4m	High	Medium	Yes
25	Wellbeing outreach workers	Marc Davis	Ian Wake	£(0.01)m	£-	£0.3m	High	High	Yes
26	Healthy Schools	Marc Davis	Ian Wake	£(0.1)m	£-	£0.2m	High	High	Yes
27	Dietetics & SALT	Marc Davis	Phillip Clark	£-	£-	£0.2m	Low	Low	Yes
28	Community Dental Service	Marc Davis	Kimberley Hall	£(0.05)m	£-	£0.2m	Medium	Medium	Yes
29	Admission avoidance*	Marc Davis	Emma Whiteford	£(0.1)m	£-	£0.1m	Low	Low	Yes
30	Primary Care Assessment and Treatment Centre / Day Hospital review*	Marc Davis	Georgina Mvere	£-	£-	£0.1m	Low	Low	Yes
31	Risky Behaviour	Marc Davis	Ian Wake	£(0.02)m	£-	£0.1m	High	High	Yes
32	Alcohol Harm Reduction	Marc Davis	Ian Wake	£-	£-	£0.05m	High	Medium	Yes
33	Safeguarding Adults & continuing healthcare	Marc Davis	Emily Hughes	£(0.1)m	£-	£0.04m	High	Low	Yes
34	Progressive Children	Marc Davis	Helen Forster	£(0.05)m	£-	£0.02m	High	Low	Yes
35	MSK Physio	Marc Davis	Philip Clark	£-	£-	£0.07m	Low	Medium	Yes
36	Falls*	Marc Davis	Ian Wake	£(0.02)m	£-	£0.02m	High	Medium	Yes
37	Immunisation and screening	Marc Davis	Ian Wake	£(0.01)m	£-	£0.02m	Medium	High	Yes
38	Community Mums & Dads	Marc Davis	Ian Wake	£(0.03)m	£-	£0.02m	Medium	Medium	Yes
	Total SWECS decommissioning			£(1.4)m	£-	£3.1m			
	Delivery assumed at 75% for savings 23-38, 100% for saving 22			£(1.0)m	£-	£2.5m			
Total					**£6.7m**	**£26.8m**			

* To be incorporated and reviewed as part of the unplanned care workstream

Turnaround Plan – New Savings

NHS South West Essex

	Scheme	Difficulty Level	Rationale	Detail	Annual target 10/11	Annual target 11/12	Board Action
Planned Care	Referral Gateway - first outpatients reduction	HIGH	• Implement a GP referral gateway for all referrals	• Expansion of the existing scheme to set up a full referral gateway to cover all GP practices and all specialties. • The Referral gateway aims to reduce referrals to the East of England benchmark giving a c5% reduction in first referrals. • Assumes GPs provide adequate medical interventions in Primary Care and reduction reduced only to levels benchmarked with ONS cluster PCTs	£0.2m	£1.3m	Agree
	Reduction in first to follow up ratios	MEDIUM	• Expansion of existing initiative from five specialties to ten specialities	• Expansion of the existing scheme where BTUH has been tasked to reach national median level of Follow-ups within 2010/11 on certain specialties and Upper Quartile performance by 2011/12 (to be included in 11/12 contract) • Expectation that 10% of coding of C2C referrals will be incorrect • In addition reductions in follow up appointments will accrue as a result of the reduction in first appointments from the referral gateway. • Assumes GPs provide adequate medical interventions in Primary Care and reduction reduced only to levels benchmarked with ONS cluster PCTs	£0.3m	£1.4m	Agree
	Low priority procedures	LOW	• Non-compliance with existing restricted procedures policy and scope for extending list	• Benchmarking OPCS codes identified from a sample of other PCTs has identified 113 procedure codes classified as low priority at other PCTs that aren't currently included in the PCTs policy. Total PCT spend on these procedures in 09/10 was £4.3m • In addition, spend on all codes included in the PCTs current policy (94 codes in total) was £4.9m in 09/10 which suggests the current policy is not fully enforced. An example of new restrictions is shown in an Appendix to this document • The PCT could therefore make savings by fully enforcing its existing policy and by including the additional 113 identified codes within the policy • The savings target assumes the PCT is able to save c.60% of spend on codes within the existing policy and c.30% of spend on the additional identified codes	£1.5m	£4.2m	Agree

Turnaround Plan – New Savings

NHS South West Essex

	Scheme	Difficulty Level	Rationale	Detail	Annual target 10/11	Annual target 11/12	Board Action
Planned Care	Day case to outpatient tariff	MEDIUM	• Nine day case procedures have been identified which are commonly commissioned as outpatients	• The PCT currently spends c.£7.5m p.a. on a day case tariff for nine identified procedures, this compares to an outpatient tariff equivalent of £2.4m • 40% of the difference has been targeted on the basis that a significant component can be converted to outpatient activity (allowing for capacity constraints and clinical appropriateness) • Further input is required from key stakeholders to confirm the appropriateness of moving to an outpatient setting and identify capacity	£0.6m	£2.0m	Agree
	Closure of outpatient capacity at BCH	MEDIUM	• Removing capacity from the community would reduce demand for outpatient services	• The PCT currently spends c.£2m on outpatient activity at BCH for various providers including BHRT. It is believed that the additional capacity created by opening BCH has increased total demand for outpatient services and that decommissioning of this service would result in only a portion of the activity transferring to an alternative provider. Decommissioning requires 6 months notice, therefore no saving in 10/11 is forecast • We have assumed that 25% of the demand would not migrate to an alternative provider if capacity is taken out making a saving of c. £0.5m • *NB: This scheme is being considered along with a number of other options for BCH including a review of community hospitals across SW Essex.*	£-	£0.5m	Note proposal and notice to be served
	Decommis-sion services	MEDIUM	• There are a number of services, particularly non-PbR which are non-essential	• Analysis indicates up to £2.1m of non PbR services at BHRT (primarily direct access services (e.g. Pathology), drugs and rehabilitation services) and £5.4m at SHT (primarily drugs excluding HIV – see below) could be reviewed. For further detail see appendix 2 • Assume 50% of the potential decommissioning at BHR, and 10% of drug costs at SHT could be achieved, however the PCT would need to give 6 months notice for service decommissioning, therefore no saving in 10/11	£-	£1.5m	Agree
	HIV/Aids drug costs	LOW	• PCT spend on HIV services is high relative to prevalence in the area	• The PCT currently spends c.£6.7m on HIV/Aids drugs via London commissioning (£4.7m), SHT block contract (£1.4m) and SWECS (£0.5m) • Prevalence in the population suggests a spend of c.£5.7m, therefore the PCT will look to reduce contracts accordingly to realise a saving of c.£1m. It is assumed this initiative could be implemented from Jan 2011 • Renegotiate block contract with South East Essex	£0.2m	£1.0m	Agree

Turnaround Plan – New Savings

NHS South West Essex

	Scheme	Difficulty Level	Rationale	Detail	Annual target 10/11	Annual target 11/12	Board Action
Planned Care	IVF and Bariatrics reduction	LOW	• Restrict funding policy for non-essential service	• The PCT spent c.£0.5m on IVF treatment in 09/10 and forecasts £0.8m for 10/11, based on the East of England policy for provision of IVF • The PCT would temporarily restrict funding for IVF to only those who receive treatment following cancer treatments until the end of 10/11 • This policy will be reviewed and the Board will be asked to determine the policy for 11/12 ahead of the new financial year • Review and tighten criteria to access bariatric surgery	£0.4m	£0.8m	Agree
Unplanned care	Tariff unbundling	MEDIUM	• Unbundling a number of HRGs will essentially prevent the rehabilitation component being paid twice	• A number of HRGs can be split between the acute spell and the rehabilitation element, provided by SWECS. SWECS provides rehabilitation within the existing block contract and the rehabilitation element is in effect paid for twice. • There are 12 HRG codes identified where rehabilitation is provided by SWECS and the ALOS in the acute trust is significantly below the trim point • National guidance for unbundling the tariff sets out the proportion that relates to acute treatment and rehabilitation, respectively • The PCT proposes to unbundle the tariff, paying the acute trust for the acute portion only with the rehabilitation portion being already included within the SWECs contract • The estimated saving using DH guidance has been calculated at £2.7m, of which £2.2m relates to BTUH	£0.5m	£2.2m	Agree
	Other unplanned	HIGH	• SW Essex has a high and growing number of emergency admissions	• Existing schemes primarily focus on admission avoidance via the admission avoidance team • There are a number of additional schemes to be implemented to further reduce emergency admissions including case management of 'frequent attendees', virtual ward and agreeing palliative care pathways. This should prevent patients from requiring emergency admission so should have positive health impact.	£0.4m	£1.3m	Agree

Turnaround Plan – New Savings

NHS South West Essex

	Scheme	Difficulty Level	Rationale	Detail	Annual target 10/11	Annual target 11/12	Board Action
SCG	Cardiology	MEDIUM	• Essex based activity attracts a lower MFF	• Savings in specialist commissioning cardiology can be made by reducing the number of points in the cardiac pathway and repatriating patients from London to BTUH. Due to time required for repatriation, no saving has been assumed for 10/11	£-	£0.2m	Agree
SCG	Data validation	LOW	• Expansion of existing initiative to cover validation of specialist activity	• There is currently limited validation of specialist commissioning data and evidence suggests the PCT has been overcharged in the past, for example, c.£1m for mental health services in 09/10 which is being reclaimed in 2010/11 and is reflected in the 2010/11 numbers • There is scope for savings through validation of acute and mental health specialist commissioning data	£0.5m	£0.5m	Agree
Mental Health	Specialist Mental Health	MEDIUM	• It may be clinically viable to step down some high cost forensic users	• The trust currently spends c.£10m on specialist mental health commissioning of which £4.8m is spent on medium secure and £4.9m is spent on low secure services • Savings could be made by moving patients to most appropriate setting	£0.1m	£0.5m	Agree
Mental Health	Renegotiate SEPT contract	HIGH	• SEPT contribution to existing initiatives is minimal	• Renegotiate contract with SEPT on the basis that the current contract is unaffordable given the PCTs financial position, reductions need to be applied on a proportionate basis across all providers and there is a high spend per capita on mental health as evidenced by independent analysis. • There may also be scope for reviewing how effectively the eligibility health criteria is applied to continuing care beds currently commissioned through the main SEPT contract • It is proposed that some savings will be negotiated within the 'detailed schemes' (£2m 10/11, £1.8m 11/12) however there is scope for further savings and a total saving of £3.5m should be targeted from the SEPT contract.	£1.5m	£1.7m	Agree

Turnaround Plan – New Savings

NHS South West Essex

	Scheme	Difficulty Level	Rationale	Detail	Annual target 10/11	Annual target 11/12	Board Action
Community Care	Coach House	LOW	• Non-essential service which has been terminated	• The Coach House receives an annual grant which subsidises beds for social services. Notice has been served to the provider that the grant will not be paid next year • Assumes social care provides adequate provision	£-	£0.7m	Agree
	Outlook Care	MEDIUM	• High ratio of nursing staff/residents	• The PCT has a commitment to provide a home for life to a small number of patients on the site where they currently receive nursing care at a cost of £1.2m. The nursing costs appear high and there may be scope for realising savings through retendering the contract. A medical assessment would be required to enable the retendering, and time required for retendering process results in no savings targeted in 10/11 • Assumes social care provides adequate provision	£-	£0.4m	Agree
	Collaborative commissioning/ continuing care	HIGH	• Greater value for money through competitive exercise	• Savings in continuing care have been identified in other PCTs by holding an 'auction for provision of the beds • Current spend by the PCT on continuing care is c£8m. Full review of collaborative commissioning arrangements. No savings have been forecast at this stage however the opportunity will be worked up by the initiative lead	£-	£-	Agree
Primary Care	Dental contracts	MEDIUM	• GDS contracts have a lower contract value	• Convert all dental contracts from PDS to GDS. The conversion of the contracts could be completed by June 2011 • Do not spend £350k recovered for dental investment in 10/11 • Otherwise dependent on contract underperforming as unable to give notice on existing contracts	£0.4m	£0.3m	Agree
	GP contracts	HIGH	• Existing initiatives have limited impact on GP contracts	• The PCT has budgeted for £8m on QOF payments to GPs in 10/11. The PCT could make savings by challenging the QOF claims on the basis of non delivery of service or under performance • There are plans to decommission enhanced services for choose and book and enhanced access in 11/12	£0.1m	£1.0m	Agree

Turnaround Plan – New Savings

NHS South West Essex

	Scheme	Difficulty Level	Rationale	Detail	Annual target 10/11	Annual target 11/12	Board Action
Primary Care	List validation	HIGH	• Current target is low relative to other PCTs	• The current scheme for list validation assumes a reduction in list size of 0.3%. Experience at other PCTs indicates this as a conservative target. A 5% target could realise additional savings of c.£1.8m • The PCT believes the level of 'ghost patients' may be low and therefore the target for this scheme included within the detailed schemes should still be conservative, we have therefore assumed a total of 2.5% could be targeted generating an incremental benefit	£-	£0.2m	Agree
SWECS	SWECS contract variation	HIGH	• Significant investment in SWECS over recent years	• This reduction in the contract value will be subject to negotiation between SWECS and the Commissioner, and the current proposed reduction is shown here. As this is still subject to review any proposals for further reduction will be brought to the Board for approval • This will required SWECS to make cost reductions. Plans are being worked up and will include an assessment of business and clinical risks, and the necessary mitigating actions	£-	£2.5m	Agree
	SWECS decommissioning:						
	Paediatrics	MEDIUM	• Large number of consultant paediatricians relative to other PCTs	• SWECS has c.14 paediatricians which is significantly higher than other local PCTs. In addition, across Essex there is a need for additional consultant paediatric PA sessions to fulfil safeguarding children requirements • We will review the SW Essex Paediatric service and the scope for joint working across Essex to secure greater efficiencies and reduce costs for SW Essex	£-	£0.6m	Agree

Turnaround Plan – New Savings

NHS South West Essex

	Scheme	Difficulty Level	Rationale	Detail	Annual target 10/11	Annual target 11/12	Board Action
SWECS	Review Community Hospital Provision	HIGH	• SW Essex has a large number of intermediate care beds across its footprint	• The board have requested that a review of all intermediate care beds be undertaken. This will involve reviewing length of stay across all community hospitals and the appropriateness of the total bed base given improvements in length of stay. It will also look at distribution of community resources • The output of this review will be for discussion with GPs and the Acute providers	£-	£0.8m	Note and further review at December board
	Adult Obesity	MEDIUM	• Other PCTs including SE Essex do not have a similar level of service provision. However, now that there is no other weight loss commissioning programme commissioned by the PCT, this is the only adult obesity service in place	• This scheme is to decommission adult obesity programmes, which are aimed at improving health outcomes for obese adults - walking programme, cooking programme and weight loss programme. • There is significant clinical evidence to suggest that reducing the level of obesity will significantly reduce the level of other health complications e.g. CHD, Diabetes that have a high associated cost. This is not a discrete service but part of the Vitality holistic lifestyle modification programme. A review will be undertaken to identify options to restructure Vitality to make it more efficient	£-	£0.4m	Note and further review in October Board

Turnaround Plan – New Savings

NHS South West Essex

	Scheme	Difficulty Level	Rationale	Detail	Annual target 10/11	Annual target 11/12	Board Action
SWECS	Wellbeing outreach workers	HIGH	• This is a DH driven initiative, which all PCTs are expected to participate in, that uses members of local health communities to act as health advocates engaging with the general public to improve health outcomes	• Health trainers are recognised by the DH as a key element of their approach to tackling health inequalities and there is a nationally agreed training programme for health trainers. The service delivers referrals into health improvement services from our most deprived communities and works with members of deprived communities to support them to make lifestyle changes. As such, decommissioning will have a major impact on health inequalities, and will also impact on the PCT's ability to hit Vital Signs targets. However, a review will be undertaken to identify options to improve efficiency in this service.	£-	£0.3m	Note and further review in October Board
	Healthy Schools	HIGH	• This is a DH initiative that aims to ensure wellbeing services are in place in schools across South West Essex. National accreditation process and requirements in place	• The 'capacity building' nature of the programme – i.e. assisting schools to deliver public health programmes themselves and create a healthier environment, means that the programme indirectly supports the delivery of all public health targets that impact on children and young people. • A review will be undertaken of this service to identify opportunities for efficiency improvement and cost reduction.	£-	£0.2m	Note and further review in October Board
	Dietetics & SALT	LOW	• Reduce subsidy of therapies to BTUH	• NHS SWE are currently 'subsidising' therapy input by SWECS into BTUH. Initial work with BTUH has identified that BTUH need to increase the value of their agreement with SWECS. Once agreed, the subsidy currently in place with SWECS would be removed. There would be no reduction in service provision- just changes in funding streams.	£-	£0.2m	Agree

Turnaround Plan – New Savings

NHS South West Essex

	Scheme	Difficulty Level	Rationale	Detail	Annual target 10/11	Annual target 11/12	Board Action
SWECS	Community Dental Service	MEDIUM	• Partial decommissioning of specialist dental service that delivers provision to patients that fall outside General Dental Services	• From the limited comparative data available, SWE spend on Community Dental appears to be significantly higher than other PCTs. Restriction criteria could be implemented to ensure that cases that could be managed by General Dental Services are seen within GDS contracts. This would result in a decreased capacity requirement • Potential risk that if partial decommissioning implemented some groups will have to access mainstream dentistry and could experience access problems. Managing this risk will be part of the project implementation plan	£-	£0.2m	Agree
	Admission avoidance	LOW	• Integration into day hospital of primarily acute based admission avoidance team who redirect patients to community based services	• The development of Virtual Wards/Integrated Community Teams should allow us to remodel the Admission Avoidance Team	£-	£0.1m	Agree
	Primary Care Assessment and Treatment Centre / Day Hospital review	LOW	• Integration into Day Hospital Service of community based lower acuity Medical Assessment Unit type service (based at Brentwood Community Hospital)	• Function could be integrated into Day Hospital Services as part of wider review. Additional resources may be required - this would be self funded through shifts in care from acute	£-	£0.1m	Agree
	Risky Behaviour	HIGH	• This service is primarily aimed at Young People includes, sexual health, drug and alcohol, free condoms etc.	• There are significant health and health inequality issues if this service was decommissioned. No sexual health improvement work aimed at young people would take place and we would be commissioning no programme of work to prevent teenage pregnancies. This service also delivers several key vital signs targets • A review will be undertaken of this service to identify opportunities for efficiency improvement and cost reduction	£-	£0.1m	Note and further review in October Board

Turnaround Plan – New Savings

NHS South West Essex

	Scheme	Difficulty Level	Rationale	Detail	Annual target 10/11	Annual target 11/12	Board Action
SWECS	Alcohol Harm Reduction	HIGH	• Brief interventions service with Vitality that aims to support the reduction in alcohol abuse in a community setting	• Brief interventions for hazardous drinking are known to be an effective intervention with a return on investment of £ - and should be considered part of the QIPP programme). This intervention is concerned with up skilling the workforce to provide brief interventions. Decommissioning of this service will greater health care costs elsewhere in the system in terms of increased usage of alcohol tier III and IV services, and increased elective and non-elective secondary care costs for alcohol related disease. However, a review will be undertaken to identify opportunities for efficiency improvement and cost reduction	£-	£0.05m	Note and further review in October Board
	Safeguarding Adults & continuing healthcare	HIGH	• Partial decommissioning of clinical services supporting economy wide approach to safeguarding and continuing care	• Detailed proposals including assessment of risk and mitigation being developed	£-	£0.04m	Note and further review in October Board
	Progressive Children	HIGH	• Partial decommissioning of Progressive Children (e.g. playgroups etc.)	• Detailed proposals including assessment of risk and mitigation being developed	£-	£0.02m	Note and further review in October Board
	MSK Physio	LOW	• The MSK service has not operated to strict eligibility criteria.	• There has been significant growth in the provision of MSK services over the past 2 years. Other PCTs operate on a stricter eligibility criteria. A similar approach could be taken forward in SWE resulting in a decreased capacity requirement. • Current work being undertaken to ascertain whether access to MSK service reduces the need for T+O and Rheumatology secondary care services, initial review shows no correlation. Impact – introducing eligibility criteria will help to ensure that those patients with greatest need and more likely to benefit will still be able to access the service.	£-	£0.07m	Agree

Turnaround Plan – New Savings

NHS South West Essex

	Scheme	Difficulty Level	Rationale	Detail	Annual target 10/11	Annual target 11/12	Board Action
SWECS	Falls	HIGH	• This is a Basildon based service that delivers a similar Falls function to that offered within Day Hospitals. Multi disciplinary team that works in conjunction with medical input from Basildon Hospital	• Service can be integrated into Day Hospital function - this would standardise the offer across South West Essex • Local health needs assessment identified a clear need for this service in Basildon, where the majority of service users do not have access to cars and are frail. There may be opportunities for service reconfiguration to reduce costs.	£-	£0.02m	Note and further review in October Board
	Immunisation and screening	MEDIUM	• Currently one nurse in post who supports General Practice undertake immunisation and screening activities.	• One nurse primarily works within general practice to support and undertake screening and immunisation services across primary care. • The PCT is in effect subsidising some general practices fulfil their targets. The practices that use this service could be recharged for this element	£-	£0.02m	Note and further review in October Board
	Community Mums & Dads	MEDIUM	• Significant resource have been invested in a number of community based parenting/new born services e.g. Parents 1st, Little Angels, Community Mums and Dads. The activities being undertaken need to be reviewed and consolidated and savings found.	• Partial decommissioning of a lay people delivered service that supports the initiation of breast feeding, parent skills, sign posts to other services, encourages immunisation and screening. Only available in Tilbury, Chafford Hundred, South Ockendon and Grays. • Breast feeding is a key SHA target and we are below target for initiation and 6-8 week prevalence - so decommissioning of this service could lead to further reduction in uptake. If savings cannot be released through the decommissioning of this scheme, further consideration should be given to removing costs from other areas of provision	£-	£0.02m	Agree
	Total SWECS Decommissioning				**£-**	**£3.1m**	
	The health impact of these has been assessed and could result in some initiatives being removed, and therefore it is assumed 75% of the savings are achieved (with the exception of paediatrics which is assumed at 100%)				£-	£2.5m	

Contents

NHS South West Essex

- Executive Summary
- Background
- Cost base analysis
- 2010/11 Financial Baseline
- **Turnaround Plan**
  - Detailed schemes
  - New ideas
  - **Other non recurrent items**
- 2010/11 Forecast outturn

Turnaround Plan – Other non recurrent items

NHS South West Essex

	Scheme	Risk Rating	Rationale	10/11 Savings	Board Action
Acute Commission-ing	Extend waits phase 1	Medium	• To offset the time delay for savings from a number of the new schemes the PCT could extend waits across providers to beyond 18 weeks to make a non recurrent saving • If the PCT was to cease elective inpatient and daycase activity across all providers for two weeks and hold back outpatient activity for 4 weeks (leaving 20% emergency activity) the PCT could save c. £5.8m on a non recurrent basis. This activity would then need to be performed in 11/12 but by this point the full impact of the above schemes would be realised however catchup of waiting lists is not assumed • Further detailed modelling of the impact on 18 weeks is underway	£5.8m	Agree
	Extend waits phase 2	High	• The PCT could stretch the extended waits scheme further by ceasing all elective and daycase activity for an additional 2 weeks and holding outpatients by 1 additional week across all providers. • This would be in addition to the above extension and would result in a total extension of waits on 4 weeks in elective and daycase and 5 weeks in outpatients • Urgent referrals will not be delayed	£2.6m	Agree
Primary Care	PBC Costs	High	• £0.5m of PBC costs are included within the budget. This cost has not yet been allocated and could be held back to enable a non recurrent saving to be made • However, there would be implications in terms of GP's willingness to deliver referral reductions • An approach could be linking payment of PBC monies to successful delivery of referral reductions so that the incentive scheme is funded through the reduced costs of hospital care	£0.5m	Agree
	Primary care reserves	High	• £0.5m of reserves relating to Primary Care will be released. These reserves are to cover unforeseen cost pressures. Releasing these reserves leaves the PCT at risk in terms of covering unanticipated one off items	£0.5m	Agree
	Suspend LES	High	• Stop all remaining LES and NES spend	£0.1m	Agree
Specialist Commission-ing	Mental Health claim	High	• A claim relating to mental health costs in 09/10 is outstanding with SCG. This is being pursued and to the extent that it is received would support the full year position	£0.5m	Agree
Estates	Maintenance Backlog	Low	• Limiting maintenance costs to only safety critical spend would enable the reserve relating to maintenance backlog to be released	£0.4m	Agree
Public Health	Chlamydia screening programme	High	• The PCT has budgeted £0.4m funding for the GP LES in relation to Chlamydia to meet a national target. This target is unlikely to be met and it is proposed that the monies in respect of this LES are not released to GPs	£0.4m	Agree
Reserve	Contingency	High	• A £9.45m contingency to cover underperformance of initiatives is being held. Releasing £1.5m of this contingency would leave contingency to cover a 20% slippage in deliver of the turnaround savings	£1.5m	Agree
Gap	New initiatives to find	High	• There remains £2.2m of initiatives to find in order to break even. The contingency could be used to cover an element of this, however, by releasing the contingency there is an implicit requirement that all initiatives identified deliver at 100%.	£2.2m	Note and further review in October Board
	Total			£14.5m	

Contents

NHS South West Essex

- Executive Summary
- Background
- Cost base analysis
- 2010/11 Financial Baseline
- Turnaround Plan
  - Detailed schemes
  - New ideas
  - Other non recurrent items
- **2010/11 Forecast outturn**

Turnaround Plan – Impact on cost base

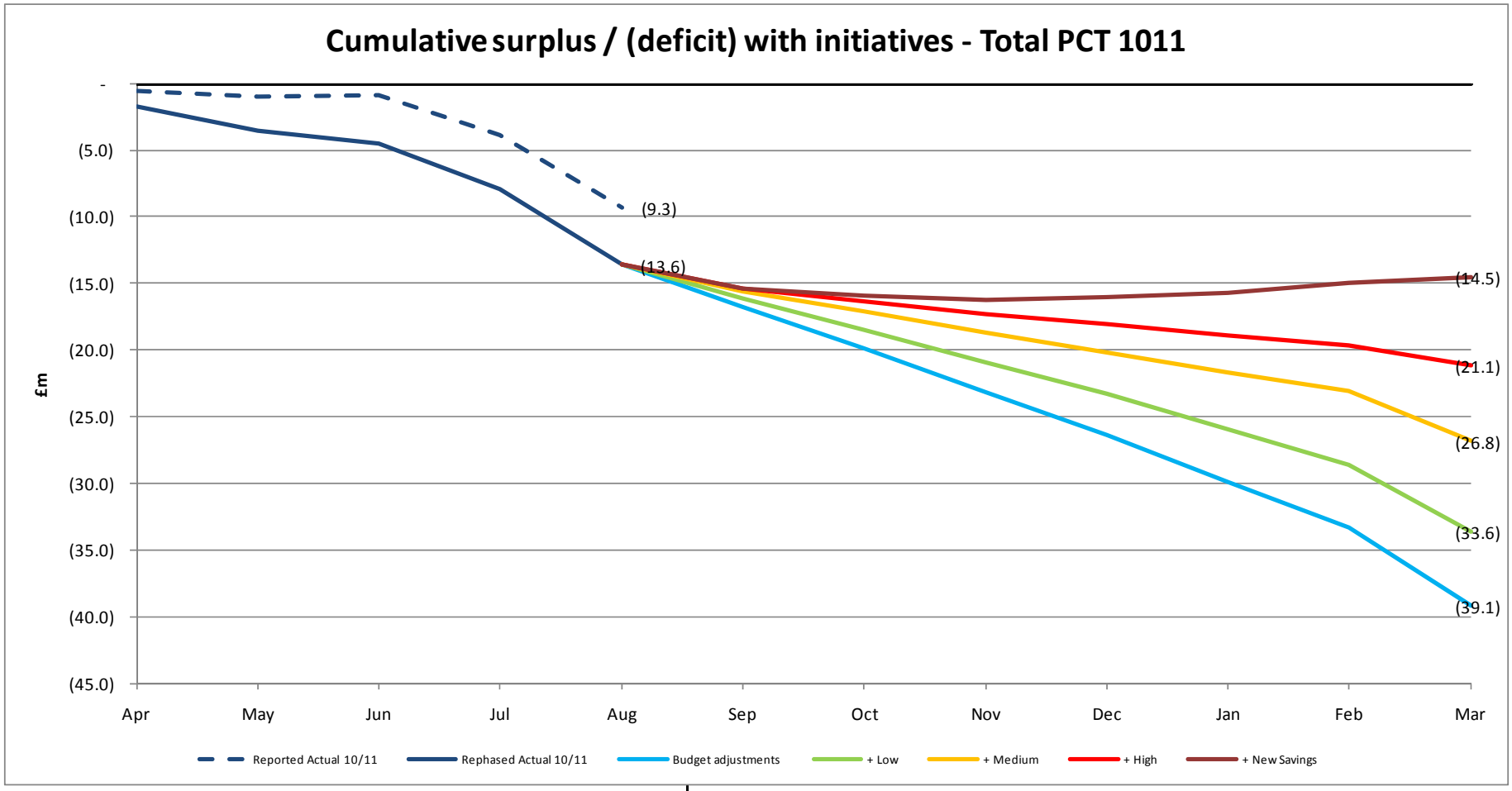
NHS South West Essex

	07/08 Final Spend	CAGR 07/08 to 09/10	CAGR 09/10 to 10/11	10/11 gross budget and cost pressures in turnaround plan	Variance	MFF, inflation and other non-avoidable cost pressures	SWECS adjustment to Primary Care spend	Remaining variance	Initiatives and Budget Adjustments	New Savings	10/11 Forecast, including New Savings	Initiatives and Budget Adjustments as % of 10/11 cost
	£m	%	%	£m	£m	£m	£m	£m	£m	£m	£m	%
Total Acute Commissioning	195.9	17%	3%	277.0	81.1	38.0	-	43.1	11.2	3.5	262.3	5%
Total Mental Health & Learning Disabilities	73.2	-1%	10%	78.0	4.9	(1.3)	-	6.2	4.7	1.6	71.7	8%
Total Other Commissioning	46.7	14%	0%	68.6	21.9	(0.6)	-	22.5	1.3	1.1	66.2	3%
Total Commissioning	**315.8**	**13%**	**0%**	**423.6**	**107.9**	**36.0**	**-**	**71.8**	**17.3**	**6.2**	**400.2**	**6%**
Total Primary Care Commissioned Svcs	0.0	1539%	175%	2.8	2.8	(0.4)	-	3.3	1.5	-	1.4	52%
Total Primary and Community Care	103.2	24%	6%	168.5	65.2	19.3	24.1	21.9	4.6	0.5	163.4	3%
Total Prescribing & Medicines Mgmnt	59.4	1%	9%	66.5	7.1	7.6	-	(0.5)	1.8	-	64.7	3%
Total PCT Management & Hq Costs	17.5	16%	3%	24.2	6.7	(2.2)	-	9.0	6.5	-	17.7	27%
Total Estates	3.1	69%	8%	9.6	6.5	0.2	-	6.4	0.3	-	9.3	4%
Total Public Health	4.5	-3%	84%	7.7	3.3	0.1	-	3.1	4.0	-	3.8	51%
Total Central Reserves	5.0	2%	242%	17.9	12.8	3.9	-	8.9	-	-	17.9	0%
Total PCT Commissioning Expenditure	**508.5**	**14%**	**9%**	**720.9**	**212.4**	**64.4**	**24.1**	**123.9**	**36.0**	**6.7**	**678.3**	**6%**
SWECS services - Cost	34.7	32%	0%	65.9	31.2	-	-	31.2	2.3	-	63.6	3%
SWECS services - Income	(39.5)	30%	-5%	(63.6)	(24.1)	-	(24.1)	-	-	-	(63.6)	0%
Total SWECS Net Expenditure	**(4.8)**	**13%**	**-137%**	**2.3**	**7.1**	**-**	**(24.1)**	**31.2**	**-**	**-**	**2.3**	**0%**
Total PCT Net Expenditure	**503.7**	**14%**	**10%**	**723.2**	**219.5**	**64.4**	**-**	**155.1**	**38.2**	**6.7**	**678.3**	**6%**

- Of the £155m growth in costs over three years, the turnaround plan shows £49.8m being addressed in 2010/11, which is 6% of the 2010/11 gross budget
- The turnaround initiatives of £49.8m (excluding other non recurrent items of £14.5m) are split as follows:
  - £16.5m budget adjustments;
  - £21.7m detailed schemes; and
  - £6.7m of new savings

2010/11 Forecast outturn

NHS South West Essex

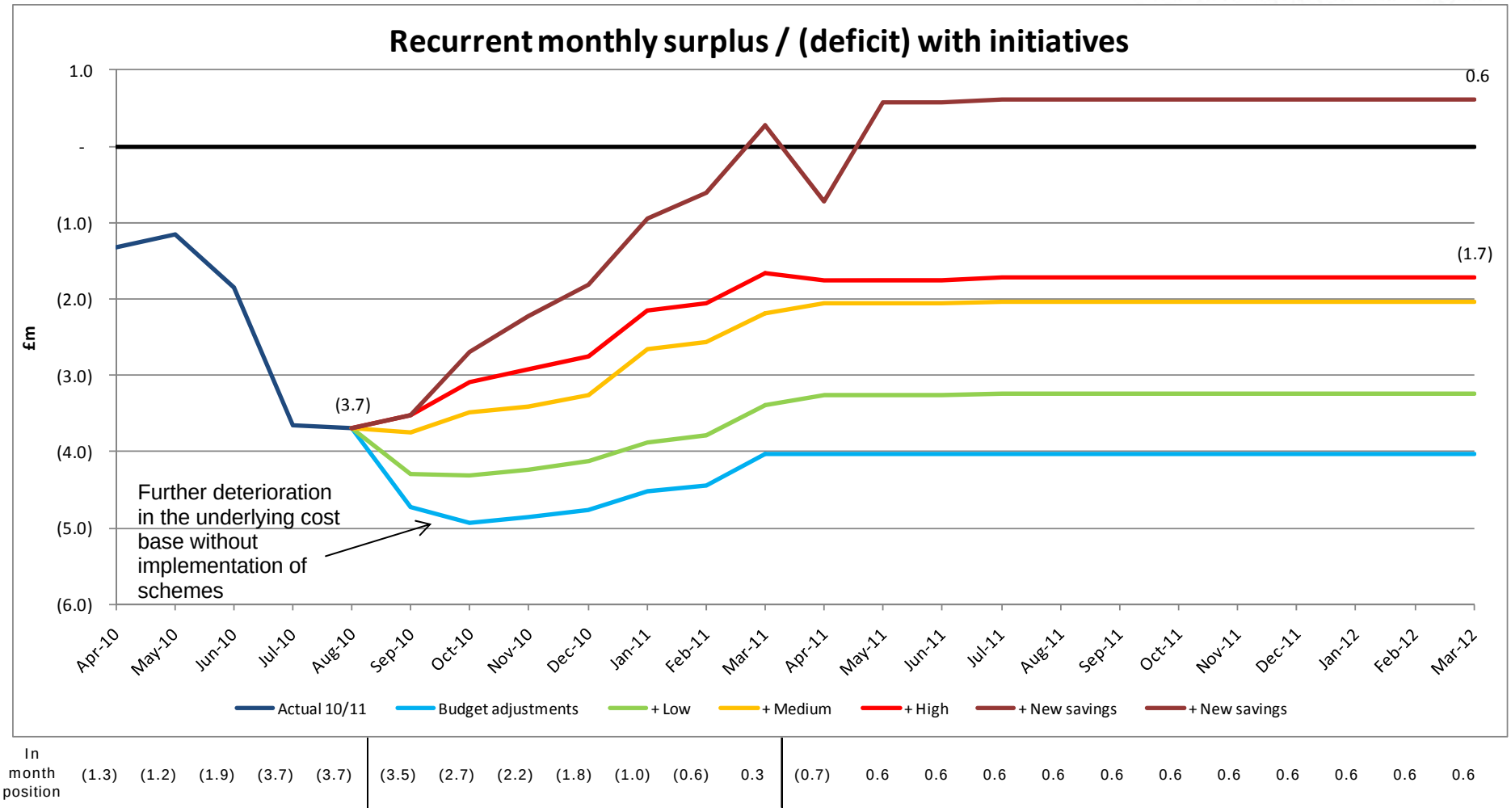


Full year 10/11	(1.8)	(3.6)	(4.6)	(7.9)	(13.6)	(15.3)	(15.9)	(16.2)	(16.0)	(15.7)	(15.0)	(14.5)

- Full year deficit of £21.1m assuming all detailed initiatives deliver
- Full year deficit of £14.5m assuming all detailed initiatives deliver, along with new savings

2010/11 Forecast outturn– Recurrent position

NHS South West Essex



	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12
In month position	(1.3)	(1.2)	(1.9)	(3.7)	(3.7)	(3.5)	(2.7)	(2.2)	(1.8)	(1.0)	(0.6)	0.3	(0.7)	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6

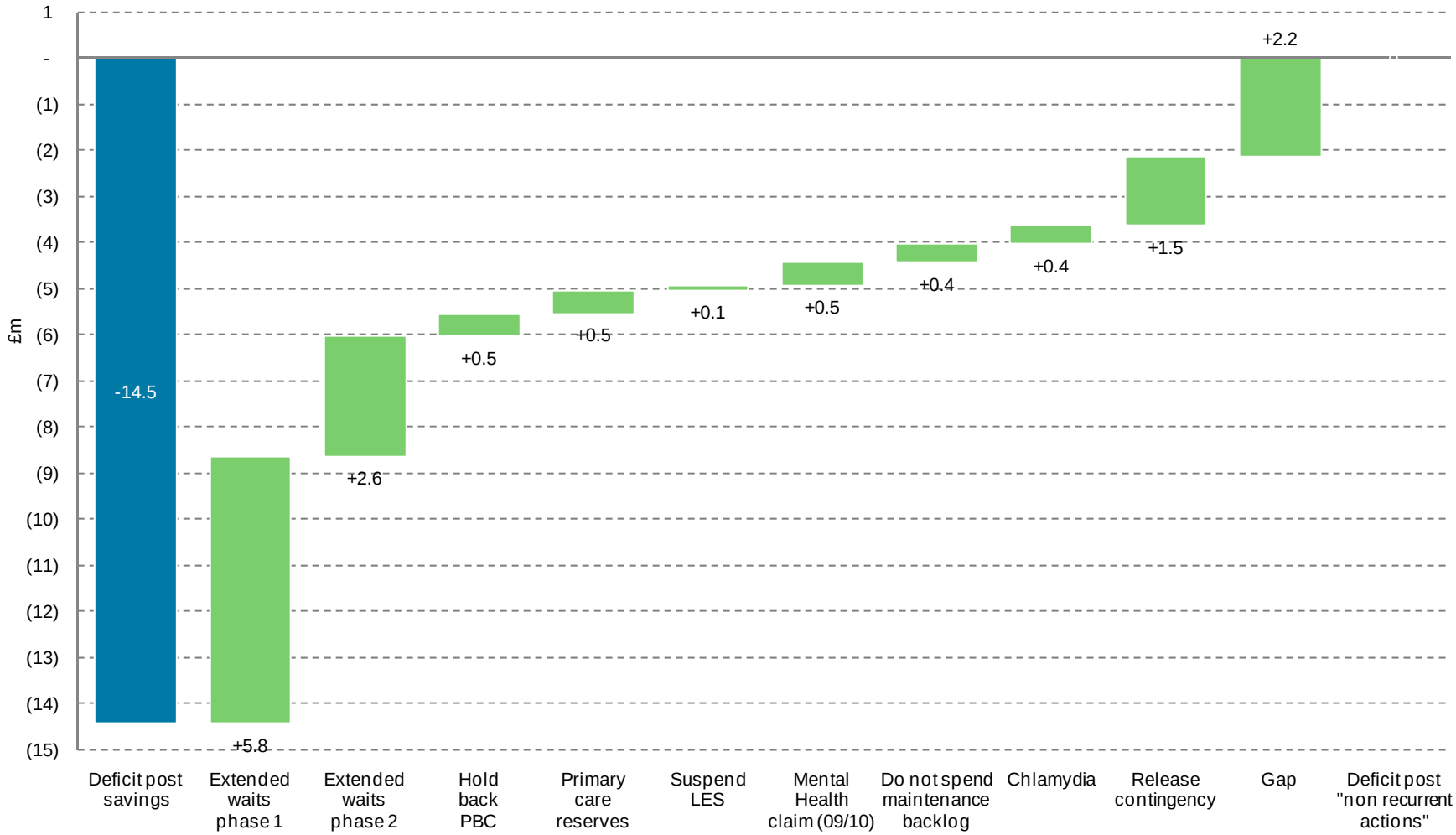
- In month surplus of £0.6m is forecast to be achieved in May 2011 assuming delivery of all of the £21.1m detailed schemes and £6.7m of new savings. This partially addresses SHA requirement for all PCTs to deliver a 2% surplus in 2011/12, further work will be required to deliver this benefit

National Comparators

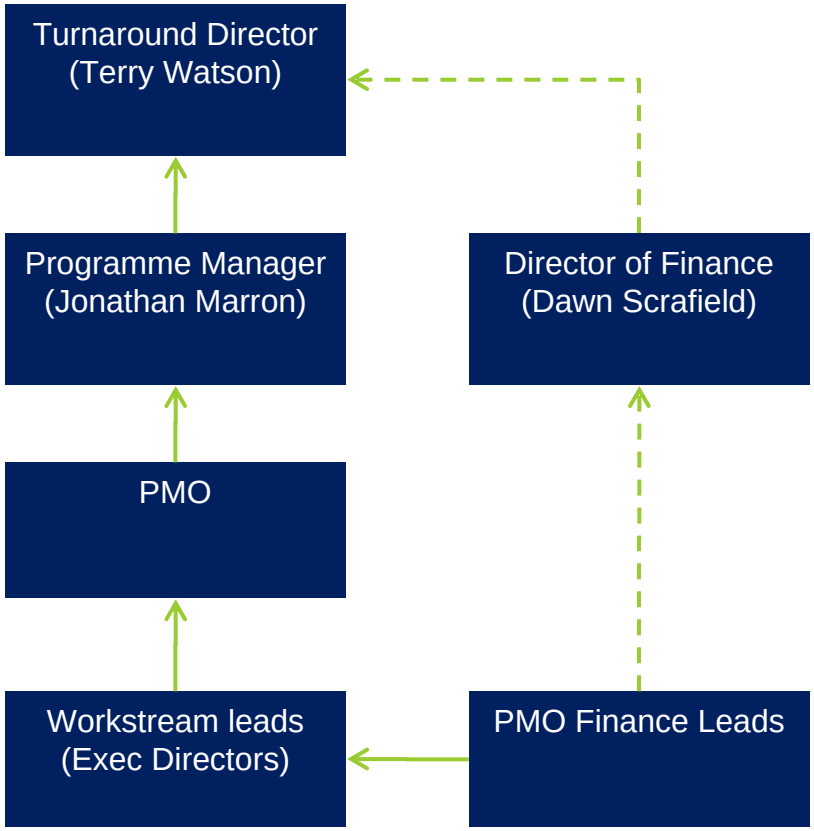
NHS South West Essex

Indicator	Indicator Detail	Current Position	Likely impact from turnaround schemes	Direction of travel in line with national guidance
Outpatient Referrals	• This indicator measures the rates of outpatient appointments within a PCT relative to the expected rates.	Q4 09/10 below average (70th of 152 PCTs)	• Referral management schemes including referral gateway will reduce inappropriate first outpatient referrals with patients then being managed more appropriately in primary care.	Yes
First to Follow Up referrals	• Note this is a productivity indicator for the Acute Trust, data for BTUH has been considered. • The indicator measures the number of outpatient follow up attendances against the number of outpatient first attendances.	Q4 BTUH above average (below top quartile) Annual basis BTUH was below average	• Current schemes to reduce first to follow up ratios include implementing a cap in the 11/12 contract	Yes
Emergency Admissions	• A standardised ratio of actual emergency admissions to the expected level for 19 conditions. • Ratio is based on19 'Ambulatory Care Sensitive' conditions including COPD, asthma, diabetes with complications and hypertension.	Q4 09/10: Better than average (32nd of 152 PCTs)	• Unplanned care schemes will help to reduce all emergency admissions and includes a scheme to reduce 'frequent attenders' to A&E through better case management.	Yes
Managing variation in surgical thresholds	• An expected rate of 5 operations is calculated for the PCT base on procedures where there is evidence of overuse and being carried out on patients who derive little or no benefit as a result. • 5 procedures included are tonsillectomy, dilatation and curettage, hysterectomy, lower back surgery and myringotomy (grommets)	Q4 09/10: Below Average (118th of 12 PCTs)	• The Low Priority Procedures Scheme will address the enforcement of the existing scheme and should therefore help to improve the PCTs performance on this indicator.	Yes
Exclusion Criteria	• Low priority procedures scheme identifies a number of procedure codes classified as low priority at other PCTs that aren't currently included in the PCTs policy. Implementing this scheme will bring the PCT inline with these PCTs. • IVF scheme will temporarily restrict funding to IVF treatment, however this is in line with the recent approach taken by a number of other PCTs.			Yes, with the exception of IVF

Turnaround Plan – Other non recurrent items



Turnaround Plan – Programme Management



- Programme management will be crucial to ensuring delivery of benefits. The PMO has been set up using a model which has worked successfully in SE Essex PCT
- The key aspects of programme management are as follows:
  - Weekly meetings between the workstream leads and the PMO, led by the programme manager. These meetings will be to monitor initiative delivery against metrics and milestones and unblock issues/develop mitigations where initiatives are falling behind
  - Weekly report on Turnaround progress by the Turnaround Director to the Corporate Management Team (CMT) meeting based on the outputs from weekly workstream meetings
  - Financial performance will be updated monthly by the PMO finance leads who will calculate the benefits accruing from the initiatives based on progress against metrics. This monthly performance will be reported to the PCT board

Critical Success Factors

NHS South West Essex

Critical Success Factor	Actions to date	Risk
Capable resource to drive actions to deliver the turnaround plan savings	• Existing executive team are identified as leads against each workstream • Associate Director leads are identified as leads against each of the key schemes to ensure operational ownership • Skills gaps were identified in Planned care, and Steven Walsh has been hired on an interim basis to support this workstream. Directors have been challenged to rapidly identify and address further skills • Appropriate resource to support Specialist commissioning and driving the GP engagement to deliver the turnaround plan is being investigated	Medium - Low
Single minded focus to prioritise turnaround as the key objective of the organisation	• Other organisational priorities may have to be adjusted to reflect the focus on turnaround - it is possible that turnaround activities could have an impact on key targets such as 18 weeks • Key Director and Associate Director leads roles will be rebalanced to ensure that their day to day objectives are to focus predominantly on delivery of turnaround benefits	Medium
Achieving control over acute commissioning spend	• Turnaround will have an impact on the wider health economy, particularly on BTUH where a significant amount of activity will have to be removed. • This can only be achieved through a combination of negotiation with BTUH and other adjacent providers around the future contractual position to facilitate decommissioning, enforcement of the existing contract by the PCT and BTUH removing capacity accordingly • Conversations with BTUH have started around these issues. A summit meeting with all Acute providers is planned	High
GP Engagement	• GP meetings are being held in each of the localities to discuss the turnaround plan with GPs • Clinical Executive Committee formed to bring 9 GP leads into key decision making by PCT • A strategy is being developed to get the message to the critical mass of GPs, with a focus on engaging GP's who have not been significantly involved to date with directors assigned to individual PBC groups	High

NHS
South West Essex

Appendix 1

Cost base analysis

Detailed cost base analysis

NHS South West Essex

	07/08 Final Spend	CAGR 07/08 to 09/10	CAGR 09/10 to 10/11	10/11 gross budget and cost pressures in turnaround plan	Variance	MFF, inflation and other non-avoidable cost pressures	SWECS adjustment to Primary Care spend	Remaining variance	Initiatives and Budget Adjustments	Difference between remaining variance and initiatives	Initiatives and Budget Adjustments as % of 10/11 cost
	£m	%	%	£m	£m	£m	£m	£m	£m	£m	%
BTUH	134.0	15%	0%	176.8	42.8	26.7	-	16.1	9.2	6.9	5%
Southend Hospital	14.1	14%	16%	21.2	7.1	1.6	-	5.5	-	5.5	0%
Other Foundation Trusts	1.0	53%	0%	2.4	1.4	0.3	-	1.1	-	1.1	0%
Mid Essex	5.3	58%	16%	15.3	10.0	6.0	-	4.0	-	4.0	0%
Barking Havering & Redbridge	19.9	6%	9%	24.3	4.4	3.5	-	0.9	-	0.9	0%
Dartford & Gravesham	0.6	66%	37%	2.2	1.6	0.1	-	1.5	-	1.5	0%
Barts	-	n/a	38%	7.0	7.0	1.1	-	6.0	-	6.0	0%
Other NHS Trusts	6.9	-6%	0%	5.9	(1.0)	(3.9)	-	2.9	-	2.9	0%
Sub-Total	**181.8**	**16%**	**0%**	**255.1**	**73.3**	**35.3**	**-**	**38.0**	**9.2**	**28.8**	**4%**
Sub-Total PCTs	2.5	-74%	-100%	-	(2.5)	(1.6)	-	(0.9)	-	(0.9)	0%
Sub-Total Ambulance Trusts	9.5	21%	-6%	13.1	3.5	0.9	-	2.6	-	2.6	0%
Sub-Total SHA/ Other Acute	-	n/a	6%	8.3	8.3	2.9	-	5.4	1.5	3.9	18%
Sub-Total Acute Commissioning Reserves	2.1	n/a	-3250%	0.5	(1.6)	0.4	-	(2.0)	0.5	(2.5)	99%
Total Acute Commissioning	**195.9**	**17%**	**3%**	**277.0**	**81.1**	**38.0**	**-**	**43.1**	**11.2**	**31.8**	**4%**
Total Non-Nhs SLAs	**4.8**	**-22%**	**45%**	**4.2**	**(0.6)**	**(5.6)**	**-**	**5.0**	**1.3**	**3.7**	**30%**
Total PBC Commissioned Services	**-**	**n/a**	**-78%**	**0.0**	**0.0**	**-**	**-**	**0.0**	**-**	**0.0**	**0%**
Total Specialist Commissioning	**36.6**	**14%**	**18%**	**56.2**	**19.5**	**2.2**	**-**	**17.3**	**-**	**17.3**	**0%**
Total Mental Health & Learning Disabilities	**73.2**	**-1%**	**10%**	**78.0**	**4.9**	**(1.3)**	**-**	**6.2**	**4.7**	**1.5**	**6%**
Total Other Commissioning	**5.2**	**38%**	**-17%**	**8.1**	**3.0**	**2.8**	**-**	**0.2**	**-**	**0.2**	**0%**
Total Commissioning	**315.8**	**13%**	**0%**	**423.6**	**107.9**	**36.0**	**-**	**71.8**	**17.3**	**54.6**	**4%**

Detailed cost base analysis

NHS South West Essex

	07/08 Final Spend	CAGR 07/08 to 09/10	CAGR 09/10 to 10/11	10/11 gross budget and cost pressures in turnaround plan	Variance	MFF, inflation and other non-avoidable cost pressures	SWECS adjustment to Primary Care spend	Remaining variance	Initiatives and Budget Adjustments	Difference between remaining variance and initiatives	Initiatives and Budget Adjustments as % of 10/11 cost
	£m	%	%	£m	£m	£m	£m	£m	£m	£m	%
Total Primary Care Commissioned Svcs	**0.0**	**1539%**	**175%**	**2.8**	**2.8**	**(0.4)**	**-**	**3.3**	**1.5**	**1.8**	**52%**
Sub-Total Gms Practices	33.0	0%	-3%	31.9	(1.0)	1.8	-	(2.8)	-	(2.8)	0%
Sub-Total Pms Practices	10.0	0%	-2%	9.7	(0.2)	0.5	-	(0.8)	-	(0.8)	0%
Sub-Total PCTMS Practices	4.0	8%	-4%	4.5	0.5	0.2	-	0.4	-	0.4	0%
Sub-Total APMS Practices	-	n/a	0%	1.5	1.5	-	-	1.5	-	1.5	0%
Sub-Total Primary Care Practices	46.9	1%	1%	47.7	0.8	2.5	-	(1.7)	-	(1.7)	0%
Sub-Total Dental Practices	13.9	8%	-3%	15.9	2.0	0.6	-	1.4	-	1.4	0%
Sub-Total Pharmacies	-	n/a	0%	7.2	7.2	-	-	7.2	-	7.2	0%
Sub-Total Opticians	-	n/a	0%	4.3	4.3	-	-	4.3	-	4.3	0%
Sub-Total Other Primary Care Costs	-	n/a	0%	-	-	-	-	-	-	-	0%
Sub-Total Out of Hospital	39.7	46%	-1%	84.1	44.4	14.4	-	30.0	3.3	26.6	4%
Sub-Total primary Care inc Reserves	0.9	146%	-13%	4.7	3.8	1.6	-	2.2	1.3	0.9	27%
Su-Total Pharmacy	1.9	63%	-7%	4.7	2.8	0.2	-	2.6	-	2.6	0%
Total Primary and Community Care	**103.2**	**24%**	**6%**	**168.5**	**65.2**	**19.3**	**24.1**	**21.9**	**4.6**	**17.3**	**3%**
Sub-Total Medicines Management	3.2	13%	13%	4.5	1.4	0.3	-	1.1	0.1	1.0	2%
Sub-Total GP Prescribing	56.2	1%	9%	62.0	5.8	7.3	-	(1.5)	1.7	(3.2)	3%
Total Prescribing & Medicines Mgmnt	**59.4**	**1%**	**9%**	**66.5**	**7.1**	**7.6**	**-**	**(0.5)**	**1.8**	**(2.3)**	**3%**

Detailed cost base analysis

NHS South West Essex

	07/08 Final Spend	CAGR 07/08 to 09/10	CAGR 09/10 to 10/11	10/11 gross budget and cost pressures in turnaround plan	Variance	MFF, inflation and other non-avoidable cost pressures	SWECS adjustment to Primary Care spend	Remaining variance	Initiatives and Budget Adjustments	Difference between remaining variance and initiatives	Initiatives and Budget Adjustments as % of 10/11 cost
	£m	%	%	£m	£m	£m	£m	£m	£m	£m	%
Sub-Total Board & Oec	1.5	-4%	-23%	1.1	(0.4)	0.1	-	(0.5)	-	(0.5)	0%
Sub-Total Finance	3.6	5%	-4%	3.9	0.2	(1.2)	-	1.5	0.1	1.4	2%
Sub-Total Strategic Commissioning	1.1	52%	-21%	2.0	0.9	0.1	-	0.8	-	0.8	0%
Sub-Total Corporate Development - Corporate	2.4	22%	-21%	2.8	0.4	0.1	-	0.3	-	0.3	0%
Sub-Total Corporate Development - Im&T	3.6	0%	-22%	2.8	(0.8)	0.1	-	(0.9)	-	(0.9)	0%
Sub-Total Corporate Development - Estates Management	0.4	n/a	13%	(2.2)	(2.5)	(4.3)	-	1.8	-	1.8	0%
Sub-Total Human Resources	**0.7**	**-2%**	**-27%**	**0.5**	**(0.2)**	**0.0**	**-**	**(0.2)**	**-**	**(0.2)**	**0%**
Sub-Total Training	0.5	-24%	0%	0.3	(0.2)	0.0	-	(0.2)	-	(0.2)	0%
Sub-Total Locality Management	1.8	29%	-1%	3.0	1.2	0.2	-	1.0	0.1	1.0	3%
Sub-Total Executive Nurse	1.5	65%	-26%	3.1	1.5	0.4	-	1.1	-	1.1	0%
Sub-Total PCT Reorganisation Costs Strategy & Planning	-	n/a	86%	1.1	1.1	0.6	-	0.6	-	0.6	0%
Sub-Total PCT Reorganisation Costs PCT	0.4	107%	270%	5.8	5.4	1.6	-	3.8	6.3	(2.6)	110%
Total PCT Management & Hq Costs	**17.5**	**16%**	**3%**	**24.2**	**6.7**	**(2.2)**	**-**	**9.0**	**6.5**	**2.5**	**27%**
Total Estates	**3.1**	**69%**	**8%**	**9.6**	**6.5**	**0.2**	**-**	**6.4**	**0.3**	**6.0**	**4%**
Total Public Health	**4.5**	**-3%**	**84%**	**7.7**	**3.3**	**0.1**	**-**	**3.1**	**4.0**	**(0.9)**	**51%**
Total Central Reserves	**5.0**	**2%**	**242%**	**17.9**	**12.8**	**3.9**	**-**	**8.9**	**-**	**8.9**	**0%**
SWECS									-		
Total Adults and Older People	21.3	12%	0%	27.0	5.7	-	-	5.7	-	5.7	0%
Total Children and Young People	10.9	28%	6%	18.8	8.0	-	-	8.0	-	8.0	0%
Total Health Improvement	0.3	271%	21%	5.0	4.7	-	-	4.7	-	4.7	0%
Total Business Management	2.2	131%	9%	12.7	10.5	-	-	10.5	-	10.5	0%
SWECS services - Cost	**34.7**	**32%**	**0%**	**65.9**	**31.2**	**-**	**-**	**31.2**	**2.3**	**28.9**	**3%**

NHS
South West Essex

Appendix 2

Decommissioning

Decommissioning within Detailed schemes

NHS South West Essex

- The detailed schemes include £2.1m of decommissioning in 2010/11

Overall risk Rating	Scheme	Initiative description	1011 Assessed Savings (£000)	1112 Assessed Savings (£000)	Comments
L	Community beds	Community beds	(385)	(1,730)	Closure of 17 beds - already completed
H	BTUH Actions	Chlamydia testing at BTUH service decommissioned	(19)	(72)	Services to be provided through SWECS and public health
L	Diagnostics	Direct Access Diagnostics (Private Sector)	(1,000)	(1,000)	Decommissioning of private sector MRI, CT
L	Diagnostics	Radiology - Reduce Direct Access (Private Sector)	(278)	(278)	Decommissioning of private sector radiology
M	GP Contracting	Decommissioning Enhanced Services	(160)	(300)	Diabetes LES, Nursing and Residential Homes and Basket (suture removal, patient transport to hospital)
H	OOH Decommissioning and Service Reviews (non SWECS)	Osteopathy	(40)	(60)	Either undertake a review of provision to identify benefits offered by existing Osteopathy service with a recommendation on cost reduction proposals or take a unilateral decision to decommission the service due to alternatives being available in SWE and the service currently offering inequitable access across SWE.
L	OOH Decommissioning and Service Reviews (non SWECS)	Toenail Cutting	(9)	(15)	Pilot stopped at the end of June 2010
H	SWECS efficiency savings	Decommissioning (inc Chlamydia)	(190)	(190)	Decommissioning of Mental Wellbeing Nurses, LGB and Older Peoples Health improvement. This decommissioning has been agreed between SWECS and Commissioner
	Total decommissioning included in detailed schemes		**(2,081)**	**(3,645)**	

Decommissioning within New Savings

NHS South West Essex

Decommission acute services	Lead	10/11	11/12
	Tom Abell	£ -	£1.5m

- There is scope to decommissioning some services across providers with the initial focus being on non PbR services at BHRT and SHT.
- Up to £2.1m of non PbR services at BHRT (primarily direct access services, drugs and rehabilitation services) and £5.4m at SHT (primarily drugs excluding HIV) could be reviewed with a view to some decommissioning.
- The Table lists the services identified for review within these two contracts, these services will need to be assessed before final decommissioning decisions can be made. Decommissioning direct access services from BHRT would be in line with actions taken at BTUH this year.
- The savings assumption is that 50% of the potential services ay BHR are decommissioned, and 10% of drug costs at SHT could be achieved.
- The PCT would need to give 6 months notice for service decommissioning, therefore no saving would be achieved in 10/11

Potential services for decommissioning:

Provider	Service/POD	Annual Plan value (£)
BHRT	Direct access Pathology	798,545
BHRT	DRUGS	876,907
BHRT	Rehab	335,535
BHRT	Orthotics	29,991
BHRT	NeuroPhys	43,197
BHRT	Audiology	22,720
BHRT	Echo	8,892
BHRT	CardiacTest	5,590
BHRT	Direct Access-Physio	5,115
Subtotal		**2,126,492**
SHT	Radiotherapy	1,189,156
SHT	CFS/ME	71,250
SHT	Chemotherapy Drugs	4,170,165
Total		**7,557,263**

NHS
South West Essex

Appendix 3

Low Priority Procedures

Low Priority Procedures

NHS South West Essex

The Existing Service Restriction Policy requires review to bring it into line with other PCTs, to ensure that all procedures are captured and that thresholds for procedures. Currently thresholds for treatment are not all included within the Service Restriction policy and the existing policy is not well enforced.

Further action to be taken to review OPCS codes for procedures for inclusion within the policy and further challenge with BTUH.

Examples of new procedures to be added to the policy:
- Correction of ptosis of eyelid
- Septoplasty
- Excision of tendon / other operations on tendons

Clear policies are required for
- Tonsillectomy
- Adenoidectomy
- D&C
- Hysterectomy
- Oral and maxillofacial surgery
- Primary hip replacement
- Primary knee replacement

NHS
South West Essex

Appendix 4

Templates

Work stream: [ ]
Executive lead: [ ]
Workstream leader: [If different to above]
Finance support: [ ]
Clinical Lead: [ ]

NHS South West Essex

Current version number:

Version	Author & Date	Comments
1.0		[insert draft number]
1.1		
1.2		
1.3		

Draft or Master should be increased every time an amendment is made.

1. Overview of workstream

Narrative:

- *What is the current situation that the PCT is facing in respect of this workstream? (eg activity vs benchmarks)*
- *Why has this situation arisen?*
- *What are the issues which the workstream is looking to address? (eg reduce emergency admissions)*
- *Describe any data/metrics which illustrate the current situation (e.g. benchmarking of activity vs peers).*
- *Identify the key targets that dictate workstream performance (e.g. A&E attendances).*

[INSERT TEXT HERE]

2. Best Practice

Narrative:

- *What are other PCTs doing in this space to reduce costs?*
- *Who have we been speaking to in other PCTs etc.?*
- *Are there models we can apply to implement improvements?*

2. What are the turnaround initiatives to address the issues and meet best practice?

Narrative:

- *List opportunities to address the issues identified above*
- *Identify the Turnaround initiatives which will address these issues*

NOTE: a single issue could be addressed through multiple turnaround initiatives

To address these issues, we will put in place the following turnaround initiatives:

No.	Issue to be addressed	Turnaround initiatives	Brief description of initiative
1			
2			
3			
4			
5			

Extra rows should be added for more key issues or initiatives.

3. Detailed Turnaround initiatives

The initiatives for this workstream are:

NOTE 1: Do not fill in initiative number – this will be completed by the PMO

NOTE 2: Initiatives list to be per Section 3

No.	Initiative	Lead	Status	Start Date	2010/11 Benefit £	2011/12 Benefit £
	-					

2. Resources required

Narrative:

- *List full and part time resources required to deliver workstream/CIPs.*
- *Detail any additional costs or reinvestment required to deliver workstream/CIPs.*

[INSERT TEXT HERE]

3. Stakeholders and clinical engagement

Narrative:

- *Who will be impacted by this? (include both internal and external organisations e.g. Trusts, suppliers etc.)*
- *How will clinical engagement be managed?*
- *What has been done to date?*

Turnaround initiative plan

NHS South West Essex

IDEA STAGE

Guidance Notes

Turnaround workstream	Please select	**Essential Completion**
Initiative Name		**Essential Completion**
Turnaround Initiative lead		**Essential Completion**
Clinical lead		**Essential Completion**
Turnaround Initiative Finance Support		**Essential Completion**
Date Form Created		**Essential Completion**
CIP Reference Number		**To Be Completed By Turnaround Team**
Type of Benefit	Please select	**Essential Completion**
Budget impacted	Please select	**Essential Completion**
Description of Benefit Sought		**Essential Completion**
Risks		**Essential Completion**
Is the initiative savings value >£100k?	Yes	

High Level Assumptions

Essential Completion

Calculation Details

Essential Completion

Operational Metrics

Essential Completion

NHS South West Essex

FINANCIALS and OPERATIONAL METRICS

Please enter the savings effective date | Please select

Financials - Forecast	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Total
2010/11 saving	-	-	-	-	-	-	-	-	-	-	-	-	-

	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Total
2011/12 saving	-	-	-	-	-	-	-	-	-	-	-	-	-

Metrics - Forecast	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Total
Insert Metrics	-	-	-	-	-	-	-	-	-	-	-	-	-
Insert Metrics	-	-	-	-	-	-	-	-	-	-	-	-	-
Insert Metrics	-	-	-	-	-	-	-	-	-	-	-	-	-
Insert Metrics	-	-	-	-	-	-	-	-	-	-	-	-	-
Insert Metrics	-	-	-	-	-	-	-	-	-	-	-	-	-

	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Total
Insert Metrics	-	-	-	-	-	-	-	-	-	-	-	-	-
Insert Metrics	-	-	-	-	-	-	-	-	-	-	-	-	-
Insert Metrics	-	-	-	-	-	-	-	-	-	-	-	-	-
Insert Metrics	-	-	-	-	-	-	-	-	-	-	-	-	-
Insert Metrics	-	-	-	-	-	-	-	-	-	-	-	-	-