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Intensive Planning Support to Challenged LHEs

Deliverable 4: Report to National Partners on LHE progress, Financial bridge and Risk assessment for delivery & next steps

Cumbria LHE

Monitor, NHS England, NHS Trust Development Authority

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Contents

1. LHE Progress

Following on from the third (July) deliverable for the two Cumbria local health economies, work has focused on helping the economies move their strategic planning forward towards implementation. This is detailed below for North Cumbria and Morecambe Bay respectively.

North Cumbria – *Together for a Healthier Future*

Deliverable 3 highlighted the following priorities for North Cumbria:

1. Identification and delivery of quick wins and operational efficiencies.
2. Detailed design of models of care, including key enablers such as IT, estates and transport.
3. Development of draft business case for each of the models of care, including sensitivity analysis.
4. Implementation planning and governance arrangements.

PwC have supported the achievement of these priorities through close working with North Cumbria University Hospitals NHS Trust (NCUHT) to develop their Clinical Strategy, setting out a revised in hospital model of care.

This has involved scenario analysis, testing and validation to estimate the potential costs and benefits associated with the following scenarios presented in the Clinical Strategy for discussion:

- **Urgent Care Option 1:** Diversion/transfer of high risk patients from West Cumberland Hospital (WCH) to Cumberland Infirmary Carlisle (CIC).
- **Urgent Care Options 2:** Managing volume through limited hours for receiving emergency admissions at WCH and/or diversion of patients based on postcode (five sub-options were developed here with different permutations of achieving this).

- **Obstetrics Option 1:** Enhanced two site obstetrics.
- **Obstetrics Option 2a:** CIC obstetrics plus a minor injuries unit at WCH.
- **Obstetrics Option 2b:** CIC obstetrics plus a standalone minor injuries unit at Allerdale.

- **Paediatrics Option 1:** 14 hour short stay paediatric assessment unit (SSPAU) at WCH.
- **Paediatrics Option 2:** 24 hour SSPAU at WCH.

- **Elective Care Option:** Movement of non-complex elective and day case activity from CIC to WCH.

Analysis was carried for each of the above options to determine impacts in terms of the following:

- Activity
- Estates (beds and theatres)
- Workforce
- Transport
- Finance

PwC reviewed analysis carried out to date by the trust and identified specific areas where additional work was necessary (both in terms of revising existing analysis and filling in gaps in the strategy where analysis had not yet been completed).

This additional analysis was completed to feed into a revised Clinical Strategy for submission to the NCUHT board on 30 September.

Morecambe Bay – *Better Care Together*

In Morecambe Bay, PwC provided the following additional support to support the programme's move from planning to delivery:

- Handing over the detailed activity and finance model from the modelling team within PwC to the Better Care Together (BCT) team, including training the BCT team in operating the model and a comprehensive user guide on the construct of the model.
- Preparing a working paper that covers the financial and operational implications of a single hospital option to provide a reference point back for assessing the value of the preferred option.
- Preparing a working paper on the proposed movement of elective activity associated with all six options considered in the option appraisal exercise to provide further supporting analysis.

In terms of handing over the modelling from earlier work, this involved:

- **Providing a technical training session** on the suite of spreadsheets produced to estimate impacts associated with options for the out of hospital and in hospital models of care. These included activity, workforce, estates and financial modelling of each option. This was completed on 1 September.
- **Providing a user guide** containing instructions on how to operate the modelling suite. This was provided at the training session described above.
- **Receiving further comments from the users on the model and making changes as required.** Comments were received by 16 September and a new version of the model was issued on 30 September.
- **Handover of the working papers used to develop the model.**

For the single hospital option, PwC analysed and reported on the impact of a hypothetical new hospital (assumed to be in or around Kendal) with the closure of the existing hospital sites. This analysis included estimates on movements of activity, transport impacts (particularly in terms of ambulance transfers), estates and costs.

Finally for the elective options analysis, PwC analysed and reported on the impacts of a series of options relating to elective inpatient and day-case care at the three sites of University Hospitals of Morecambe Bay NHS Foundation Trust (UHMB). These impacts were measured in terms of flows of patients. The following options were considered:

- Transferring Westmoreland General Hospital (WGH) elective inpatients to Furness General Hospital (FGH) and Royal Lancaster Infirmary (RLI).
- Transferring WGH day-case patients to FGH and RLI.
- Transferring all day-case patients to RLI.
- Transferring all day-case patients to WGH (noting that some will move from RLI to Royal Preston Hospital).
- Transferring FGH day-case patients to WGH and RLI.
- Transferring RLI day-case patients to WGH and FGH (noting that some will move to Royal Preston Hospital).

The Morecambe Bay Programme board in the build up to completing the strategy has broadened its representation within to include senior representation from Blackpool Teaching Hospitals and Cumbria Partnership NHS Foundation Trust.

The current focus within the system, led by the Delivery Group (reporting to the Programme Board) is on completing the 2 year implementation plans by end October. The plans are focusing on the big service model changes in:

- Out of hospital
- Planned care
- Women's and children's
- In hospital services

There are six supporting/enabling workstreams to these major clinical service models, namely:

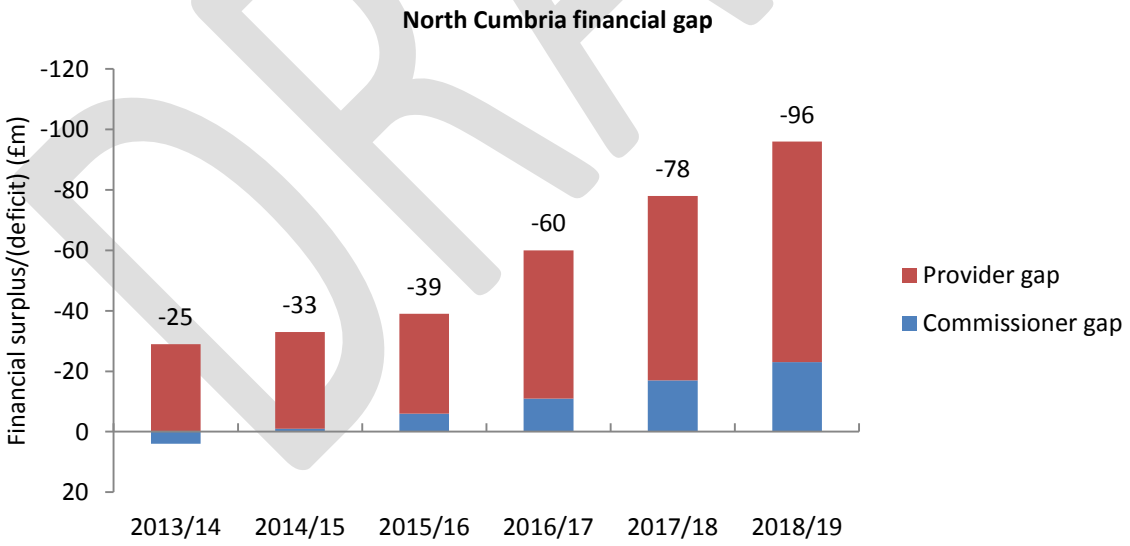
- Estates
- IM&T
- Workforce
- Change and OD
- Communications and engagement
- Finance

2. Financial Bridge

The financial bridge calculations are unchanged since deliverable 3. The diagrams below set out the challenge using the format requested by the national partners for each programme.

North Cumbria – *Together for a Healthier Future*

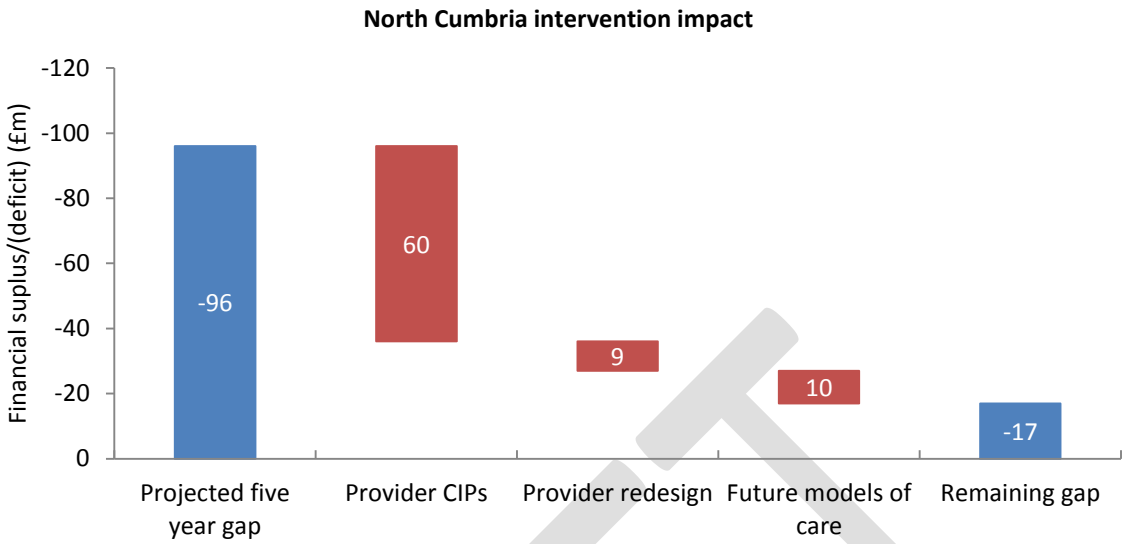
The combined 'do nothing' financial gap is shown in the diagram below.



The potential impacts of the initiatives to close the gap are shown in the diagram below. These are initial estimates only and further analysis will be needed to confirm them. The initiatives are:

1. **Provider CIPs:** Both NCUHT and CPFT have produced plans with ambitious CIPs. In the chart below we have presented the 'downside' scenario whereby each organisation delivers 75% of its planned CIPs as this is in line with historic levels of achievement.
2. **Provider service redesign:** CPFT have forecast c.£9m of service redesign opportunities over the next 5 years.

3. **Future models of care:** At this stage we have estimated that full implementation of the Out of Hospital model and associated In Hospital changes could offer c.£10m of efficiencies.



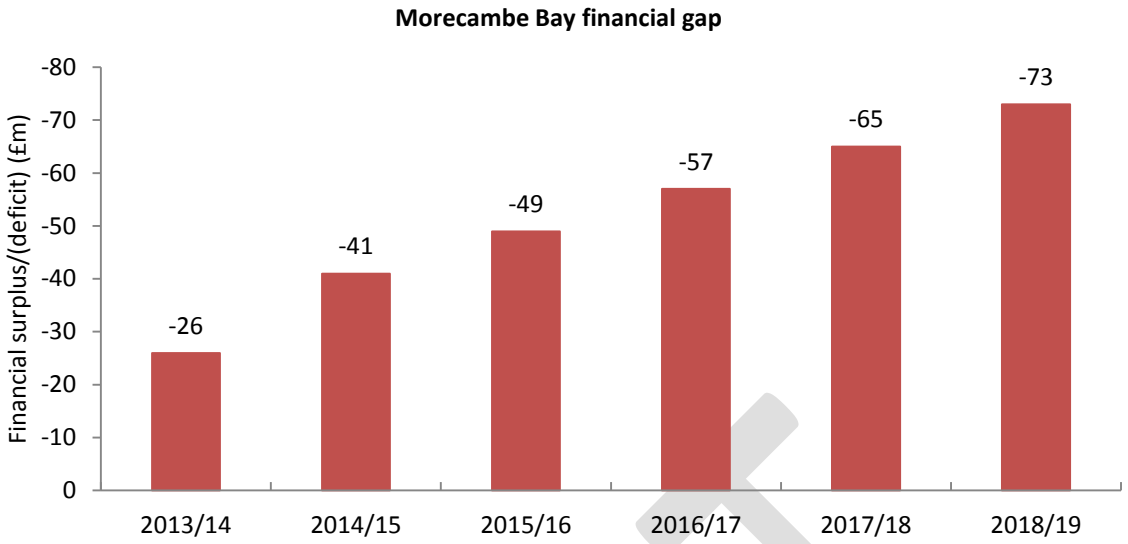
The table below shows a range of scenarios for closing the gap through the above with differing assumptions on the delivery of provider CIPs.

Scenario	Five year financial gap (£m)
Scenario 1 – Do nothing	96
Scenario 2 – 50% planned efficiencies	37
Scenario 3 – 75% planned efficiencies	17
Scenario 4 – 100% planned efficiencies	3

Should the providers achieve 100% of their planned CIPs, this gap will fall to only c.£3m (scenario 4). However, as noted above, this is significantly beyond historic CIP performance so the 'downside' case (scenario 3) of a residual gap of c.£17m is the scenario being used to inform ongoing collaborative work in the local health economy.

Morecambe Bay – *Better Care Together*

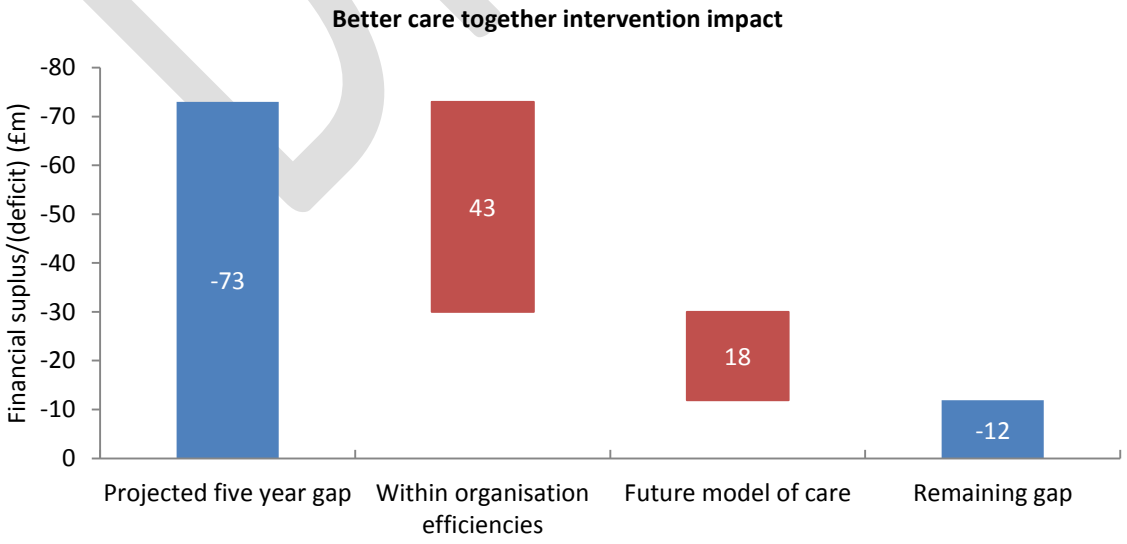
The Better Care Together programme has calculated the 'do nothing' financial gap across South Cumbria and North Lancashire using a different approach to that applied in other challenged health economies. As a result, it is not possible to segment the financial gap between commissioner and provider organisations.



The current deficit is c.£26m which is entirely made up of the UHMB underlying deficit. Its financial position is driven by:

- The need to provide healthcare to a widely spread population requiring more hospital sites than health systems of comparative population size, with a consequent higher costs of provision.
- The impact of staff premiums, often up to 70% higher than the cost of NHS staff, and the requirement to address quality issues arising from regulatory reviews by the CQC and Monitor.
- The need for additional investment to address backlog maintenance in UHMB because capital investment has been suppressed in recent years as a way of addressing financial and cash pressures.

The focus of the Better Care Together work has been to identify whole system changes to benefit patient care within a sustainable financial envelope. The impact of these is shown in the following graph (along with all organisations delivering efficiencies across the next five years in line with national requirements).



The table below shows a range of scenarios for closing the gap through the above with differing assumptions on the delivery of benefits.

Scenario	Five year financial gap (£m)
Scenario 1 – Current	73
Scenario 2 – Low case	25
Scenario 3 – Medium case	12
Scenario 4 – High case	5

Therefore, even if all organisations deliver efficiencies in line with national requirements and the Better Together Programme delivers the high case benefits, a residual financial gap of c.£5m will remain.

3. Risk assessment for delivery and next steps

In Cumbria the extension phase of work had a very specific scope that was not related to an assessment of the PMO. Therefore PwC has not assessed PMO arrangements within this phase of work for either Morecambe Bay or North Cumbria.

Thinking more broadly about implementation then the following risks are apparent within Cumbria:

Risk	Impact	Like-lihood	Overall RAG rating	Mitigation	Owner
Lack of political support to deliver transformational change, particularly in run up to election. Without this the local health economy may not be strong enough to push through the required changes.	4	5	20	Strong stakeholder engagement with key politicians.	CCG Chairs
Loss of momentum leading to failure to implement.	5	4	20	Continued assessment of the Programme Board's momentum by third parties to ensure pace is maintained.	Local leaders; Local sponsors
Lack of detailed planning leads to delays and confusion about process.	5	4	20	Further detailed work required in local health economy, across CCG and providers. Challenge process from local partners to focus on this area.	Local leaders; Local sponsors
Execution of the strategies is hindered by the continuing issues in recruiting suitably qualified staff across Cumbria.	4	4	16	New and creative recruitment strategies to attract the right staff.	Local leaders within providers

Risk	Impact	Like-lihood	Overall RAG rating	Mitigation	Owner
Lack of involvement by key players meaning the changes are not supported in full by all parties required to implement them (both Cumbria Partnership NHS Foundation Trust and Cumbria County Council have played a peripheral role at times).	5	3	15	Strong leadership to involve and inform all parties, ensuring leaders are agreed about the strategic direction and tactical delivery.	CCG Chair and Programme Boards
Whilst the acute trusts remain in special measures the strategies are unable to make sufficiently fast progress, e.g. the proposed acquisition in North Cumbria remains on hold.	4	3	12	Both Trusts have specific plans to move out of special measures.	Acute trust boards
Lack of transformational experience and expertise.	4	3	12	Continued use of external support to drive change.	Programme boards

Morecambe Bay – *Better Care Together*

There are three key priorities for Morecambe Bay which include:

- completing the detailed planning on the 2 year implementation plans on the major service model changes and enabling workstreams by end October/early November
- recruiting a new Transformation Director (currently interviewing) and strengthening the system programme management resource to oversee the implementation of the strategy
- moving into focused delivery of the strategy/plan which will require strong leadership and political support and a change in emphasis within the Programme board to encourage collaborative provision and integration of services through the existing provider network

In addition, clarity is also needed on the system permissions and funding arrangements for successful implementation of the strategy.

North Cumbria – *Together for a Healthier Future*

North Cumbria are in a different place to Morecambe Bay in that the detailed system wide service models need developing on the back of the work undertaken to date into a coherent strategy and plan that is similar to the one completed for Morecambe Bay.

This would then require similar intensive focus on the two year implementation plans which would then enable North Cumbria to be in a position to implement the strategy.

The recently announced independent review of Obstetrics and Gynaecology would need to be incorporated within the development and finalisation of the strategy.

Like in Morecambe Bay, there is a pressing need for strong political leadership to support the proposed changes and back the system to implement in an effective and efficient manner.