



## Report to Sheffield First Health & Well-being Partnership Board

<b>Title</b>	Sheffield Primary Care Trusts Service and Financial Strategy 2006/07 and beyond
<b>Author(s)/Presenter</b>	Andy Buck, Chief Executive North Sheffield Primary Care trust
<b>Date of Meeting</b>	26 July 2006
<b>Lead Partnership</b>	Sheffield First Health Well being
<b>Purpose of Paper</b>	To update the partnership on the PCTs' strategy for continuing to improve the health of the people of Sheffield and their health services.
<b>Key Messages (Maximum 5)</b>	
<ul style="list-style-type: none"> <li>• This strategy sets out proposals for ensuring that the four Sheffield PCTs continue to improve health and healthcare, achieving national priorities, whilst returning to recurrent financial balance.</li> <li>• It includes a robust turnaround plan together with focused investment in priority areas and provides a firm foundation for the development of the successor PCT</li> </ul>	
<b>Summary of Decisions for SFHW Partnership Board</b>	
<ul style="list-style-type: none"> <li>• To note the content of the report</li> </ul>	
<b>Related Sheffield First Health and Well-being 2010 Strategy Objectives/Priorities</b>	
<b>Objectives</b> (Please place an X in the box next to each relevant objective, see Strategy for full description)	
1. Develop strategic approach to public health	<input checked="" type="checkbox"/>
2. Ensure healthy approach to ageing	<input type="checkbox"/>
3. Develop healthy approach to policy & planning	<input type="checkbox"/>
4. Improve partnership working for health	<input checked="" type="checkbox"/>
5. Share learning & raise Sheffield's profile	<input type="checkbox"/>
6. Work jointly with other Partnership Boards	<input type="checkbox"/>
<b>Priorities</b> (Please detail relevant priorities from Strategy, e.g. 2.2. Re-engineer health and social care services for older people)	
1.1. Development and Delivery of Enhanced Public Health Programmes	
1.2. Strategic partnership approach to the delivery of national public health policy and programmes.	
1.3. Delivery of the Choosing Health Priorities	
<b>How does this work support the reduction of inequalities?</b>	
Improving the health and well being of the population and reducing health inequalities is a clear priority within the service and financial plans	
<b>Other key points to note including details of key background papers</b>	

# Sheffield Primary Care Trusts

## Service and Financial Strategy 2006/07 and beyond

### Report to the Sheffield First Health Well being Partnership Board

26 July 2006

#### 1. Purpose

This document describes the four Sheffield PCTs' service and financial plans for 2006/07 and beyond. It sets out the PCTs' strategy for continuing to improve the health of the people of Sheffield and their health services, achieving national priorities, whilst ensuring that the new Sheffield PCT can achieve full financial balance by the end of 2007/08.

#### 2. Context

This strategy has been developed in the context of ongoing system reforms in the NHS, leading to significant organisational change in Sheffield and South Yorkshire. Recent and forthcoming changes of significance include:

- The introduction of Payment by Results and a national tariff for acute care from 2004 onwards
- Increasing involvement of the independent sector in provision of health care
- The introduction of patient choice for elective care
- The establishment of Sheffield Teaching Hospitals as an NHS Foundation Trust in 2004
- The planned establishment of Sheffield Children's Hospital as an NHS Foundation Trust in 2006
- The establishment of a single Strategic Health Authority for Yorkshire and the Humber in July 2006
- The establishment of a single PCT for Sheffield from October 2006.

The PCTs' service plans have been developed in response to the Department of Health's national priorities, set out in the 2005-08 planning framework and captured in the PCTs LDP, and to the immediate priorities for 2006/07 described in the Operating Framework for 2006/07. The national priority areas are:

- Health and well being of the population
- Patient and user experience
- Long term conditions, and
- Access to services

The immediate priorities for 2006/07 are:

- Robust financial health
- Six specific service priorities:
  - Health inequalities, initially focussing on smoking cessation
  - Sustained delivery of the cancer 31 and 62 day maximum waiting times

- Progress on achieving a maximum 18 weeks from GP referral to treatment
- Achieving year on year reductions in MRSA levels
- Establishing choice and booking for every hospital appointment
- Progress on achieving access to genito urinary medicine clinics within 48 hours by 2008
- Pushing forward the implementation of reform

### **3. Improving health and reducing health inequalities**

The past five years have seen remarkable improvements to health in Sheffield and, most strikingly, significant reductions in health inequalities:

- The gap in life expectancy between the most deprived areas in Sheffield and the City overall has reduced from 3.2 years in 1997-2001 to 2.46 years in 2001-2005
- Mortality rates from the major causes of premature death – heart disease, strokes and cancers – have fallen faster than the national average

These improvements have resulted from:

- Investment in assessing the health status and addressing the needs of individual communities, targeting resources in those areas of greatest need.
- The championing of health and well being initiatives such as Smoke Free Sheffield, The People's Movement (Sheffield's physical activity programme) and the Healthy Schools Programme
- Faster diagnosis and treatment of cancer
- Substantial investment in mental health services

#### Achieving National Priorities

Action to continue improving the health and well being of the people of Sheffield includes:

- Roll out of enhanced public health programmes in priority areas as part of the Sheffield First Local Area Agreement
- Further improvements to services to help people stop smoking
- Improved chronic disease management and personalised management of people at high risk of becoming acutely ill
- Continued focus on improvement of services for major killer diseases, through implementation of National Service Frameworks and equivalent strategies
- Working with Sheffield Teaching Hospitals to ensure the sustained delivery of cancer 31 and 62 day wait targets.
- Establishment of a citywide sexual health network, with task groups focussed on achieving 48-hour access to GUM services (exploring the potential for developing primary care based treatments for sexually transmitted infections) and chlamydia screening.

Investments to support these actions are outlined in section 6.

#### 4. Improving health care services

The same five years have seen similarly far reaching improvements in health and care services:

- Maximum 48 hour wait to see a GP, and 24 hours to see a primary care health professional
- Maximum 13 week wait for a first hospital outpatient appointment and maximum 6 month wait for an inpatient appointment
- Maximum 4 hours wait in A&E
- New services in mental health - Assertive Outreach, Crisis Resolution and Home Treatment, and Early Intervention Service
- Progress in implementing the National Service Frameworks
- Improved quality in primary care through, for example, the establishment of clinical governance and GP appraisal

These improvements have resulted from significant investment in services, and through PCT support and leadership of strong partnership arrangements delivering service improvement. Additional investment over the period includes:

- £67 million (28%) with the Teaching Hospitals NHS Foundation Trust;
- £14 million (30%) with the Sheffield Care Trust; and
- £10 million (37%) with the Sheffield Children's NHS Trust

The PCTs have, in addition, provided significant financial support to the delivery of social care services, and have therefore contributed substantially to the improvements made to care services for children and adults, reflected in the Council's excellent CPA rating.

The Sheffield PCTs have also implemented national pay reforms (Agenda for Change, new contracts for GPs and consultants), and supported the establishment of four Foundation Trusts in South Yorkshire, providing transitional funding to Sheffield Teaching Hospitals, and been an early implementer of Payment by Results.

#### Achieving National Priorities

Action to further improve the healthcare services for the people of Sheffield includes:

- Planned investment in additional hospital activity to reduce waiting times, together with contractual changes to ensure Trusts achieve waiting time targets
- Improving the diagnosis and treatment of patients in primary care, to reduce waiting times and prevent avoidable emergency admissions to hospital
- Development of practice based commissioning to increase GP influence in planning services and develop care closer to home.
- Work with Sheffield Teaching Hospitals to support and performance manage work to reduce levels of MRSA
- Implementation of choose and book in every GP practice in Sheffield, ensuring that all patients choose where and when to receive hospital treatment

Investments to support these actions are outlined in section 6.

## 5. Financial strategy

### Historical financial performance

The PCTs' financial performance throughout this period of health service improvement and reform has been good, with statutory financial duties met in 2002/03, 2003/04, 2004/05 and 2005/06.

However, in recent years, financial balance was only achieved with significant planned support provided via South Yorkshire Strategic Health Authority in recognition of the level of investment required to secure delivery of national targets, and the early implementation of reform.

The review of PCT financial performance commissioned by the Department of Health and conducted in December 2005 by KPMG concluded that the financial pressures in the Sheffield PCTs had not arisen as a result of mismanagement or weaknesses in any underlying systems of financial control. In particular the report highlighted that:

*“Our review has not highlighted any areas where local management capacity or governance arrangements have been weak. Rather the structural dynamics of working with the first wave of new FT entities within emerging financial frameworks were not foreseen. As a consequence, PCTs are now constrained by the limitations placed on their powers to influence the necessary pace and quantum of change required through FT contract regulations”*

The Sheffield PCTs agreed to develop a formal strategy to achieve full financial balance and collectively developed the Financial Turnaround Strategy & Delivery Plan described below. A copy of this document is available on request from the Chief Executives' offices.

### Turnaround Strategy

The PCTs' turnaround strategy has been developed with the following key objectives:

- To protect patient services
- To deliver national priorities
- To focus on efficiency and value for money

It is based on an in depth analysis of current expenditure, with external support from Ernst Young, and features:

- A strong, unified turnaround culture, project management and accountability structures across the four PCTs, with full support from each PCT Board
- Leadership of the strategy and each individual element by the four Chief Executives
- Strong short term financial controls
- Focus on a small number of key projects, with dedicated management resources and investment in clinical capacity where required, outlined in section 7.

The projected financial impact of this strategy for the next two financial years is:

- Delivery of the target level of savings (5.7% of resources) in 2006/07, achieving a recurrent surplus;
- Return to recurrent in month financial balance in October 2006;
- The repayment of accumulated debt in 2007/08 and return to overall financial balance;
- A recurrent surplus of £46m carried forward from 2007/08 will enable significant service developments to be progressed from 2008/09 onwards.

Annex A summarises the two-year financial plan for the four PCTs.

## 6. Investing in health and health services

The Sheffield PCTs will invest £754m in 2006/07, compared with £511m in 2002/03. This record level of NHS investment in Sheffield pays for:

§ Adult acute health care (nearly all of which is at Sheffield Teaching Hospitals, with some expenditure planned at other local hospitals)	£326m
§ Children's acute health care	£38m
§ Mental health services	£60m
§ Other commissioned services (including ambulance services, continuing care, services commissioned from Sheffield City Council)	£71m
§ GP prescribing	£82m
§ Primary care (GPs, dentists, pharmacists, opticians)	£94m
§ PCT provided services, including public health	£53m
§ Management costs and corporate functions	£30m

This includes £15.7m of new investment to improve health and health services, supporting the actions described in sections 3 and 4:

£5.5m	To improve access to hospital services, mainly to further reduce waiting times for outpatient and inpatient appointments
£5.9m	To improve access to specialist hospital services, including ensuring that patients have access to new drugs for treating cancer
£0.3m	To improve access to sexual health services, including screening for chlamydia and reduced waiting times for the genito-urinary clinic
£0.8m	To further expand community based services for older people, thereby contributing to reducing emergency admissions to hospital
£1.2m	To pay for increased demand for continuing care and other individually commissioned treatments
£2.0m	To fund GPs to develop practice based commissioning, offer patients choice and booking of hospital appointments and make use of new IT systems.

## 7. Improving efficiency and value for money

The core of the Sheffield PCTs' turnaround strategy is a citywide programme to improve efficiency and value for money, focussing on a small number of key projects with dedicated leadership and management. This section describes each of the projects and the planned savings from them.

<b>Projects and Projected Savings</b>	<b>2006/07 £000s</b>	<b>2007/08 £000s</b>
<p><u>Reduction in excess bed days</u> As part of the national tariff, PCTs pay for bed days beyond a nationally set threshold for each treatment. In 2005/06 this cost the Sheffield PCTs £13m. This project, undertaken jointly with Sheffield Teaching Hospitals, will reduce patients' length of stay in hospital by establishing teams of nurses dedicated to assessing and planning patient discharge, ensuring patients leave hospital as soon as they are ready to do so.</p>	4,111	1,800
<p><u>Medical admissions avoidance</u> The PCTs aim to reduce emergency admissions by 3,340 by consolidating and extending case management in the community, assessment of patients by primary care clinicians in A&amp;E and emergency admissions units, expansion of rapid response services in primary care and focussed work with care homes and to prevent admissions following falls.</p>	3,246	1,358
<p><u>Primary Care</u> Savings will be made by adopting a consistent and rigorous approach to the management of primary care contracts and associated costs.</p>	565	348
<p><u>Prescribing</u> The PCT prescribing and medicines management teams will support GPs and other prescribers to improve the quality and cost effectiveness of prescribing for patients, minimising inappropriate costs through the use of evidence based and cost effective medicines, individual medication reviews and reduced drug waste.</p>	2,798	1,075
<p><u>PCT Merger &amp; Infrastructure/HIS</u> The merger of the four PCTs into one new organisation will release costs including senior management, corporate governance and administration costs, estates costs and existing shared services.</p>	2,023	1,480
<p><u>Practice Based Commissioning</u> The development of practice based commissioning provides GPs with the information and means to make better use of NHS resources, principally through their use of elective services. Working with GPs to manage referral rates, establishing alternative primary care services and clinical assessment services, will reduce expenditure on elective care.</p>	2,385	2,922
<p><u>Sheffield Children's Trust</u> Savings will be made by working with the Trust to reduce the costs of services provided by the Trust and ensuring appropriate contributions to continuing care.</p>	1,004	362
<p><u>Mental Health Services</u> Evidence from national benchmarking and from experience in other health communities suggests there scope for mental health services to be delivered more cost effectively, following the establishment of new services. This project includes work in several areas to reduce the cost of service provision by redesigning services and renegotiating contracts.</p>	1,775	3,475
<p><u>Sheffield City Council</u> The financial relationship with Sheffield City Council includes</p>	2,589	-1,650

expenditure on joint health and social care in a number of areas, including intermediate care. The PCTs will review the services commissioned and renegotiate the financial agreements with SCC to release costs, especially in 2006/07.		
<u>Finance</u> In addition to the above projects, the PCTs will establish strict financial controls to reduce baseline budgets and identify other areas to reduce expenditure. This project also has the responsibility for continually reviewing and challenging expenditure to identify further savings.	3,054	190
<b>Total</b>	<b>23,550</b>	<b>11,360</b>

## 8. Implementation

The Sheffield PCTs', supported by the appointment of a short term Turnaround Director, will drive implementation of the above strategy. The programme of action described in this report, to further improve the health of the people of Sheffield, improve health services, achieving national priorities and improving efficiency to ensure financial balance, will be the corporate priority for each PCT.

The Turnaround Director will be responsible for overseeing the efficiency programme, ensuring effective performance monitoring and reporting to the Turnaround Board, to each PCT Board and to the Strategic Health Authority. Each project has an individual Chief Executive providing sponsorship and leadership, with directors and senior managers responsible for implementation.

This plan will be inherited by the new PCT, which will be monitored on its delivery. While the new PCT's accountability and management structures will change some of the arrangements described, this should not delay implementation of the individual projects.

## 9. Conclusion

This strategy sets out proposals for ensuring that the four Sheffield PCTs continue to improve health and healthcare, achieving national priorities, whilst returning to recurrent financial balance. It includes a robust turnaround plan together with focussed investment in priority areas and provides a firm foundation for the development of the successor PCT.

**Sheffield PCT Chief Executives**  
**July 2006**

## Annex A. Sheffield PCTs' Financial Plan 2006/07 and 2007/08

	2006/07 £000s			2007/08 £000s		
	Rec	Non Rec	Total	Rec	Non Rec	Total
Resources available	668,508	23,504	692,012	724,451	4,037	728,488
Baseline resource commitment	(694,031)	(37,658)	(731,689)	(710,774)	(34,456)	(745,230)
<b>Financial position before savings</b>	<b>(25,523)</b>	<b>(14,154)</b>	<b>(39,677)</b>	<b>13,677</b>	<b>(30,419)</b>	<b>(16,742)</b>
Savings on growth in allocations	20,054	(3,927)	16,127	19,293	(1,978)	17,314
Savings programmes	19,145	4,405	23,550	13,210	(1,850)	11,360
<b>Total Savings</b>	<b>39,199</b>	<b>478</b>	<b>39,677</b>	<b>32,503</b>	<b>(3,828)</b>	<b>28,674</b>
<b>Projected financial position</b>	<b>13,676</b>	<b>(13,676)</b>	<b>-</b>	<b>46,179</b>	<b>(34,247)</b>	<b>11,932</b>
<b>Savings as % of total resources</b>	<b>5.66%</b>	<b>0.07%</b>	<b>5.73%</b>	<b>4.46%</b>	<b>-0.53%</b>	<b>3.94%</b>

## Notes:

Resources available	The funding available to the PCTs, carried forward from the 2005/06 position
Baseline Resource Commitment	The amount of expenditure the PCTs are committed to in 2006/07 based on the 2005/06 position, before inflation, growth or other adjustments
Financial position before savings	The gap between the two to be addressed
Savings on growth in allocations	The part of the PCTs growth allocation that is not committed to covering the costs of inflation or investment in national priorities
Savings programmes	Savings to be made by the efficiency programme described in section 7
Total Savings	The sum of the above savings
Projected financial position	The net financial position after savings, balancing funding and expenditure

Reconciliation with 2006/07 planned expenditure stated in section 6:

	£000s
Baseline Resource Commitment	731,689
Inflation	30,279
Investment in National Priorities	15,736
Less Savings	-23,550
<b>Total</b>	<b>754,154</b>