East Sussex
Health Overview and Scrutiny Committee

'Shaping Our Future'
East Sussex Healthcare NHS Trust (ESHT) Clinical Strategy

Meeting to discuss financial aspects of the proposals
Thursday 16th August 2012, Eastbourne DGH

Attendees:

HOSC representatives:
Cllr John Ungar, Eastbourne Borough Council HOSC representative
Claire Lee, Scrutiny Lead Officer (notes)

ESHT representatives:
Jayne Black, Assistant Director of Strategic Development
David Meikle, Director of Finance
Gary Bryant, Deputy Director of Finance

Notes:

1. Purpose of the meeting

1.1 It was noted that the purpose of the meeting was to enable further exploration of the financial modelling underpinning the proposals, the process by which this had been developed, and to follow up on specific issues raised by Cllr Ungar at the 26th July HOSC meeting.

2. Process

2.1 The ESHT representatives explained that the development of proposals for service reconfiguration, including the financial aspects, comprises three main stages:

i) development of a pre-consultation business case
ii) development of an outline business case
iii) development of a full business case

2.2 Each of these stages is progressively more detailed and requires increasing depth of financial assessment. The Trust has currently reached the first of these stages, the pre-consultation business case, which is available to view on the ESHT website.

2.3 At pre-consultation stage there is an expectation that options being put forward for consultation would be costed by the finance team, but a full cost-benefit analysis would not be expected at this stage. Costings are necessarily based on a number of assumptions, and it is expected that they may change slightly as options are developed further through engagement and consultation.

2.4 The requirements at outline and full business case stage are set out in the Green Book (NHS guidance). The full business case is expected to include a

strategic case (e.g. coherence with national policy), a clinical case, an environmental impact assessment, a social assessment (e.g. impact on the wider community) and a financial case. These assessments are begun at the outline business case stage, but developed in considerably more depth in the full business case.

2.5 Each of the three stages is checked by the Strategic Health Authority, who will ensure that the requirements in the Green Book are met in relation to the outline and full business cases.

2.6 Because of the depth of analysis required for the full business case, this would not be prepared until after a decision had been made on the proposed configuration of services. By the time of the NHS decision making process (expected to be November 2012) it would be expected that a draft outline business case would be available to the ESHT, Clinical Commissioning Group and NHS Sussex Boards to inform their decisions.

3. Development of pre-consultation business case

3.1 Jayne Black explained how the costings for the options put forward for consultation had been developed:

- The Primary Access Point (PAP) leads had deliberately not been given a financial envelope within which to develop options, in order to ensure that they were developed on a clinical basis.
- Each PAP developed a series of options for how their model of care could be delivered.
- The Strategy Team worked with the PAP lead clinician, lead nurse, clinical manager, finance and human resources representatives to build up quantification information about each option:
    - This began by looking at the activity (number of patients seen) for outpatients, day cases, emergency and elective care.
    - The planned changes in activity as a result of commissioning intentions were then factored in.
    - The implications for each option in terms of beds, workforce and theatre sessions were then calculated.
    - The finance team then costed what had been identified as the requirements for each option.
    - 2011/12 reference costs were used as the basis for the current cost of services.
    - Input from the IT and Estates teams was provided as required.
- This process had taken place over a number of meetings from around December 2011 to April/May 2012 and is still ongoing as the understanding of how each option would operate develops further. This means that costings may be refined further and differ slightly from the pre-consultation business case.
- Jayne highlighted that the reductions in staffing, outpatient clinics and theatre time seen in the pre-consultation business case are due to factors such as gains from single siting services, reducing the length of stay for patients, increasing day cases and reductions in overall activity outlined in commissioning intentions.
- Agreed assumptions had been factored into the modelling, for example there is a significant assumption regarding the impact of the new musculo-skeletal triage service over future years, but this has been factored in on a phased basis. Also in relation to trauma an orthopaedics, trends and patterns in activity were examined to ensure that modelling was based on sufficient beds to manage peaks in demand.
- Necessary adjustments in skill mix, e.g. increasing the proportion of trained nursing staff, had also been incorporated, alongside national

recommendations on WTE (whole time equivalent) staffing per bed, which had been checked with the Strategic Health Authority.

4. Specific issues

4.1 Impact on Adult Social Care

The ESHT representatives agreed that the impact on services in the community, both health and social care, is a key issue. Adult Social Care representatives had been involved in the PAP work and there are regular meetings with the Director of Adult Social Care and Assistant Director for Strategy and Commissioning to ensure the impact on Adult Social Care is understood. There is also considerable joint work underway on the development of Neighbourhood Support Teams which will provide integrated health and social care support at local level.

The County Council will need to do its own analysis of the impact on its services as they have the expertise to do this, as will South East Coast Ambulance Service in terms of the impact on their services.

It was noted that HOSC has invited representatives from ESHT and Adult Social Care to the next evidence gathering meeting in order to explore the impact on services in the community and how these would be developed to support changes to acute care.

4.2 Environmental and social impacts

David Meikle confirmed that environmental and social appraisals would be begun at outline business case stage and completed at full business case stage, but they were not expected to be completed at this earlier stage of the process.

4.3 Costings by site

Gary Bryant explained that the IT system used by the Trust had not initially been able to break down current costs by site. Following some further work, it had been possible to provide some breakdown by site, using the patient level costing system which provides considerable detail on the costs of an individual patient's care.

The PAP options had not been costed differently according to which site services would be delivered from. This is because around 70% of the cost relates to staffing which does not change between sites, or even hospitals nationally due to national pay scales. Any difference in the remaining 30% would relate to infrastructure and fixed costs. There would be very little difference in these costs if service were provided at one site or the other.

4.4 Capital costs

Gary Bryant explained that detailed capital costs could not be assessed until a decision had been made on the preferred configuration. Currently a single cost had been allocated but this would be clarified once the preferred configuration is known.

David Meikle confirmed that the Trust's capital planning is on a five year cycle but the write-down would be over the life of the asset – e.g. 10-20 years.

4.5 Savings

It was emphasised that the c£4.2m saving from single siting services, which had been widely quoted, could not be seen in isolation from the overall £38m savings estimated to be achieved from the entire clinical strategy. It is the overall strategy which moves the Trust into financial sustainability, leaving an

achievable annual efficiency savings target of £10-£15m per year to meet the overall £104m required over the 5 year period. It is expected that the implementation of the Clinical Strategy will present further productivity opportunities which can not yet be quantified, but would help towards the annual efficiency savings. It was acknowledged that this may not be the case, but a sensitivity analysis would be undertaken to ensure the Trust assessed the implications of different scenarios.

4.6 **Investment in community services**

The financial strategy assumes a £10m investment in community health services which is not affected by savings requirements. However, community services overall are not exempt from efficiency and productivity requirements and will be subject to redesign. This means there will be change seen in these services, such as change to staffing, which can be perceived as a cut when it is in fact a change to skill mix or structure of the service. There are also clear productivity gains to be made from, for example, IT improvements and reducing duplication between social care and the NHS.

Redesign of community services is hampered by a lack of information. This is a national issue – community services are not covered by the Payment by Results system which has generated detailed information on acute services. It has proved very difficult to develop national tariffs for community services such as district nursing.

5. Next steps

5.1 It was agreed that the notes of this meeting would be made available to HOSC with the agenda for the 13th September HOSC meeting, as a supplement to the minutes of the finance item at the 26th July meeting.

5.2 It was noted that the further analysis to be undertaken for the outline and full business cases would not be available before HOSC produced its report at the end of October. HOSC's report is a response to the consultation and is therefore based on information in the pre-consultation business case. However, HOSC would be able to review the more detailed analysis at a later date as part of monitoring how any decision was being taken forward.