

East Sussex Health Services – delivering financial recovery

1. Background

- 1.1 This paper summarises the financial performance of the East Sussex Better Together system - East Sussex Healthcare NHS Trust and Eastbourne, Hailsham and Seaford & Hastings and Rother CCGs - and in order to reflect a clear picture of our working across East Sussex as a whole, also includes High Weald Lewes Havens Clinical Commissioning Group (CCG) position as integral to the report.
- 1.2 The East Sussex health system reported a combined deficit of £102m at the end of March 2018 (£92m ESBT and £10m HWLH CCG), with all the Clinical Commissioning Groups (CCGs) and (ESHT) reporting significant variances against their plans.
- 1.3 In June 2018, a System Improvement Director was appointed jointly by NHS Improvement and NHS England to enact the Financial Special Measures regime for the ESHT and in recognition also of the Legal Directions for two of the three East Sussex CCGs (Eastbourne, Hailsham and Seaford and Hastings and Rother). The purpose was to provide holistic regulatory support to the local system to assist it in returning to financial balance over an appropriate time period.
- 1.4 The ESBT system was supported to develop a shared five year financial improvement plan, which was described to the Health Overview and Scrutiny Committee in September 2018. This plan was submitted to the regulators within the required timescales in December 2018 and signed off by ESHT Trust Board and the CCG Governing Bodies in December 2018. It was recognised that the plan would have a further iteration once organisations had received their control totals and planning guidance before becoming final.
- 1.5 Separately, HWLH CCG agreed a Financial Recovery Plan with its Regulator in June 2018 and developed £9.2m of schemes to deliver the planned financial position.
- 1.6 2018/19 is the first year of the five year financial improvement plan. At the end of the 2018/19 year (March 2019), the East Sussex health system is now anticipating a combined deficit of £44.9m – a significant improvement on March 2018. In 19/20 control totals have been set by the regulators of £34m deficit for ESHT, £7.6m for HWLH CCG and £23.9m for EHS and HR CCGs.
- 1.7 For 2019/20 – ending in March 2020 - the planned combined deficit is £13.9m subject to achieving the control totals. The system is on a trajectory over five years to deliver a sustainable financial recovery, alongside continued improvements in quality and safety. This paper provides more detail on the work in train to deliver this improvement in financial performance and recovery.

Note – these year-end numbers are net of centrally supported STF/CTF payments of £42.7m in 18/19 and £51.6m in 19/20 which are triggered by achievement of the control totals.

2. Purpose of this report

- 2.1 This paper describes the system financial performance for 2018/19, and the emerging financial plans for 2019/20. It notes that the five year plan is to be refreshed in April 2019, and will be extended to reflect key elements of the ESCC financial plan.
- 2.2 It is important to note that our place-based system aims to improve health and wellbeing; enhance care, quality and experience for local people; and make the best use of our combined resources to ensure sustainable services as part of the wider Sussex and East Surrey Sustainability Transformation Partnership (STP). Our local system financial challenges are reflected across the STP and indeed much of the NHS nationally.

3. Improving in 2018/19

- 3.1 The system is forecasting delivery of the planned deficit of £44.9m as at March 2019. It should be noted that this figure includes £32m of commissioner sustainability funding (central funding). Notwithstanding this funding, the system achieved an improved outturn over last year and therefore has already been delivering significant improvements on the road to sustainability. This has been delivered through a Cost Improvement Programme (CIP) at ESHT and a Quality Innovation, Productivity and Prevention (QIPP)¹ Programme at the CCGs. For both programmes, close working and collaboration with system partners – including East Sussex County Council – has been key to delivery. The table below sets out anticipated performance, which includes full delivery of the Trust CIP and CCG QIPP programmes.

	2018/19		
	Plan	Forecast	Variance
	£000	£000	£000
East Sussex Healthcare NHS Trust	(44,900)	(44,900)	0
East Sussex Better Together CCGs	(32,000)	(32,000)	0
High Weald Lewes Havens CCG	(10,700)	(10,700)	0
System Financial Position	(87,600)	(87,600)	0
<i>Memo:</i>			
Central Funding (CTF)	42,700	42,700	0
Net System Position	(44,900)	(44,900)	0

- 3.2 The Trust and the CCGs described the comprehensive systems of Quality Impact Assessment at the October 2018 session with the Committee. During this financial

¹ QIPP is a NHS programme that has been in place since 2009 providing a framework for enabling the NHS to use evidence-based techniques to improve quality whilst making efficiency savings.

year, the overall level of system performance has improved across key metrics, including national access standards and referral to treatment times. For example our system in East Sussex is in the upper quartile for A&E performance, waiting list and referral to treatment times have improved. This continued improvement demonstrates that quality can be maintained whilst delivering an improvement in the financial position. This approach – of clinically-led improvement will be continued into 2019/20 and over the life of our financial recovery plans.

4. Planning for 2019/20

- 4.1 The Trust and the CCGs are seeking to deliver an improved financial performance in 2019/20, in line with control totals (targets) issued by NHS Improvement and NHS England. The control totals are £34m for ESHT and £31.5m for the CCGs. There is work to do across all organisations to finalise the financial plans, to ensure that these are aligned, and to quality impact assess each and every scheme in the Cost Improvement Programme and the QIPP Programme. This work is in train, and is overseen by the East Sussex Health and Social Care Executive Group². The table below shows the current plan:

	2018/19	2019/20
	Outturn £000	Plan £000
East Sussex Healthcare NHS Trust	(44,900)	(34,033)
EHS and HR CCGs	(32,000)	(23,900)
High Weald Lewes Havens CCG	(10,700)	(7,600)
System Financial Position	(87,600)	(65,533)
<i>Memo:</i>		
Central Funding (CTF)	42,700	51,608
Net System Position	(44,900)	(13,925)

- 4.2 The Trust and CCGs are working together to deliver the system plan and there is both collective and individual plans to deliver efficiencies next year. We are committed to investing in new models of care including improved ways of supporting frailty and the ambulatory care unit.
- 4.3 Both the Trust and the CCG have robust systems in place to ensure that we have been addressing financial recovery in a way that improves pathways and efficiency to release savings. This includes measures to reduce the rate of increase of demand for acute hospital care by further strengthening community and primary care services. We have ensured these are developed and delivered in a way which does not adversely impact on quality and safety – with an established Quality Impact Assessment process, led by the Chief Nurse and the Medical Director for the Trust, and the Chief Nurse for the CCGs. The Trust's Quality and Safety Committee is focused on continuing to press for improvements in quality and safety across the organisation, and maintains a

² This is a leadership group comprising executive team members from Health and Social Care across East Sussex that is focussed on our shared transformation plans

rigorous review process for potential adverse consequences of cost improvements on quality. The CCGs have similar committees.

- 4.4 Both programmes are driven by evidence and analytical information (from national tools such as the Model Hospital, as well as detailed benchmarking of services) and are aimed at reducing the underlying financial deficit in a sustainable way over time. Delivery in our organisations is supported through focused financial recovery leadership and by a Recovery Director, and through a Programme Support Office. This is co-ordinated through the East Sussex Finance Directors Group.

5. Refreshing the Five Year Financial Plan for the System

- 5.1 The national System Improvement Director's team have provided key support to the ESBT team in achieving the improved financial performance of the system. The Trust and the CCGs now have an aligned and robust five year financial model, which reflects activity trends and population growth. This is used for all financial planning, and to test where and how financial improvement can be delivered. Following the conclusion of our business planning for 2019/20, the model will be updated in April 2019. This model supports discussion with key local stakeholders and national bodies around the right trajectory for financial recovery and the right support for our services, including capital funding.
- 5.2 HWLH CCG five year financial recovery plan from 2018/19 onwards, demonstrates a sustainable position within the term of the plan. A refresh of all system plans are to be submitted in the autumn.

6. Next steps

- 6.1 The scale of the challenge facing our system is significant, but the longstanding clinical programme of change, coupled with the more recent and joint financial recovery programme, is starting to impact positively. The 2018/19 financial position indicates that financial recovery can be delivered without adverse impact on quality, and this requires robust and constant vigilance over the key quality issues for the local health system. Demonstrating continued improvements in clinical quality and safety, and ensuring appropriate safeguards to services, will continue to be the priority for us all.