Notice of meeting of

Health Scrutiny Committee

To: Councillors Cuthbertson (Chair), Fraser, Greenwood, Kind, Looker, Moore and M Waudby

Date: Monday, 31 July 2006

Time: 5.00 pm

Venue: Guildhall

A G E N D A

1. Declarations of Interest

At this point Members are asked to declare any personal or prejudicial interests they may have in the business on this agenda.

2. Minutes (Pages 1 - 4)

To approve and sign the minutes of the meeting of the Health Scrutiny Committee held on 12 June 2006.

3. Public Participation

At this point in the meeting members of the public who have registered their wish to speak regarding an item on the agenda or an issue within the Panel's remit can do so. Anyone who wishes to register or requires further information is requested to contact the Democracy Officer on the contact details listed at the foot of this agenda. The deadline for registering is **Friday, 28 July** at **10:00 am.**

4. Forward Plan (Pages 5 - 6)
To receive a draft Forward Plan setting out proposed business to consider at the next two meetings of the Committee.

5. Scrutinising Selby and York Primary Care Trust's Measures to Restore Financial Balance (Pages 7 - 58)
This report asks Members to consider how they wish to examine the impact of Selby and York Primary Care Trust's savings measures.

6. Urgent Business
Any other business which the Chair considers urgent under the Local Government Act 1972

Democracy Officer:

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For more information about any of the following please contact the Democracy Officer responsible for servicing this meeting:
- Registering to speak
- Business of the meeting
- Any special arrangements
- Copies of reports

Contact details are set out above.

Agenda Item 2

City of York Council — Committee Minutes

MEETING	HEALTH SCRUTINY COMMITTEE
DATE	12 JUNE 2006
PRESENT	COUNCILLORS CUTHBERTSON (CHAIR), FRASER, GREENWOOD, KIND, LOOKER, WAUDBY M AND LANCELOTT (SUBSTITUTING FOR CLLR MOORE)
APOLOGIES	COUNCILLOR MOORE

1. DECLARATIONS OF INTEREST

The Chair invited Members to declare at this point any interests they might have in the business on the agenda. No interests were declared.

2. MINUTES

RESOLVED: That the minutes of the last meeting of the Social Services and Health Scrutiny Board, held on 11 May 2006, be approved and signed by the Chair as a correct record.

3. PUBLIC PARTICIPATION

It was reported that there had been no registrations to speak at the meeting under the Council's Public Participation Scheme.

4. THE ROLE OF HEALTH SCRUTINY - PRESENTATION

Members received a presentation from the Chair and the Scrutiny Officer on the role of Health Scrutiny, followed by a presentation from the Chief Operating Officer and Director of Nursing at York Hospitals NHS Trust outlining the Trust's role as a health partner in the scrutiny process.

The first presentation provided an introduction to Health Scrutiny - its Department of Health (DoH) definition, who it represented, and the Committee's powers and responsibilities under the Health and Social Care Act and City of York Council's Constitution. The second presentation provided an update on the Trust's performance and the financial challenges it faced in the current year. Despite these challenges, targets were continuing to be met and managers were confident that internal savings could be made to compensate for reduced government funding, without compromising clinical standards. The Trust's application for Foundation status, which would bring further financial freedoms and some independence from the DoH, was currently under consideration, with a decision due in August.

Members queried the maximum bed occupancy percentages, in the light of plans to reduce the number of beds and the length of hospital stays. It

was confirmed that the Trust aimed for a maximum occupancy of 85%, as this allowed the necessary margin of flexibility.

RESOLVED: That the presentations be noted and that the presenters be thanked for their input.

5. SELBY AND YORK PRIMARY CARE TRUST AND MEASURES TO RESTORE FINANCIAL BALANCE

Members considered a report which presented draft proposals from the Selby and York Primary Care Trust (SYPCT) to address cash shortfalls faced by the PCT and asked them to consider how they would respond to this 'recovery plan' and ascertain its impact upon services. Sheenagh Powell, the PCT's Acting Director of Finance, gave a presentation to explain and supplement the report and the proposals. Janet Probert, Director of Nursing and Service Modernisation at Craven, Harrogate and Rural District PCT, was also in attendance to answer Members' questions.

The report outlined SYPCT's intentions to make the £23m savings required by reducing the area's higher than average rates of hospital referrals, as well as exploring more cost effective prescribing of drugs and ceasing some procedures classed as "cosmetic" or "social". Copies of the letter, referral criteria, service thresholds and patient booklet sent to all GPs in the SYPCT area were attached as Annexes A, B and C to the report.

The presentation set the proposals in context and explained the reasoning behind the required savings. SYPCT would become part of North Yorkshire and York PCT in October this year. All the local PCTs that would form part of this regional PCT were currently overspent and thus in danger of incurring financial penalties from the government. A common approach was therefore needed to ensure that savings were made. SYPCT's proposals were designed to achieve £5m of their savings through internal efficiencies and the £17m remainder by reducing rates of referral to secondary care, which were currently very high in the Selby and York area. 3.5% of the allocation was to be kept back as a reserve to start the process of getting into balance.

Members raised concerns about the impact of the proposals on social care services provided by the Council and on patients, including those in rural areas, who might be unable to travel to specialist care centres. They also queried the involvement of the Statutory Health Authority in the recovery plan and the timetable for publication of the proposals. It was confirmed that there was no intention to reduce the budget for commissioning local authority services. The issue of access to community based and specialist services was understood and there were plans to adopt a more innovative approach. The final version of the recovery plan would be made public at the PCT's Board meeting on 18 July, although some of the proposals were already in the public domain.

RESOLVED: (i) That it be agreed that the Committee will scrutinise the whole of the PCT's financial recovery plan and will identify appropriate aspects of the plan for a more detailed examination, which may be selected on the grounds of their

potential knock-on effects on other service providers and the public in general.

(ii) That the Chair and Cllr Fraser prepare a suggested work plan for this scrutiny process, covering the next 6-12 months, for consideration at the next meeting of the Committee.

6. HEALTH SCRUTINY SUPPORT PROGRAMME

Members considered a report which sought their agreement to take part in a Scrutiny Support Programme being run by the Centre for Public Scrutiny.

Details of the programme, which was funded by the DoH, were set out in the promotional leaflet attached as Annex A to the report. The Council had been accepted onto Phase 1 of the scheme, but Members had been unable to benefit from any of the training days due to their advisor being based in Wales and because of impending changes to the Council's Constitution. The chance had now arisen to take part in Phase 2 of the scheme, with an advisor from the local area. Members were asked to decide on the type of support they would like to receive.

RESOLVED: (i) That the offer of five days free support from the Health Scrutiny Support Programme be accepted.

(ii) That the suggested topics for support set out on the second page of Annex B to the report be agreed and that the following topics be added to the list:

- Practice based commissioning
- Payment by results
- Taking healthcare to the patient

(iii) That dates for the support training be agreed with Members at a later stage, once the Scrutiny Officer has received a response from the DoH.

I Cuthbertson, Chair
[The meeting started at 5.00 pm and finished at 7.15 pm].

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Agenda Item

Forward Planning for Social Services and Health Scrutiny Board 2006/7

Date of meeting	Activity/Agenda item
4 September 2006	Consultation on "A Stronger Local Voice" - proposed replacements for PPIFs. Continued work on response to PCT recovery plan.
9 October 2006	Presentation from Yorkshire Ambulance Service on Community Responders service. Continued work on response to PCT recovery plan.

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Agenda Item 5

CITY OF YORK COUNCIL

Agenda item

Health Scrutiny Committee **31 July 2006**

Report of the Head of Civic, Democratic and Legal Services

Scrutinising Selby and York Primary Care Trust's Measures to Restore Financial Balance

Summary

1. At the meeting of 12 June 2006 members agreed to scrutinise the PCT's financial recovery plan and to identify aspects of the plan for a more detailed examination. These will be selected for their potential effects on other service providers and the public who use health services. This report is to ask members to consider how they wish to examine the impact of Selby and York PCT's savings measures.

Background

2. At the Meeting of the Board of Selby and York PCT on 18 July 2006 it was noted that to break even the PCT needs to make in year savings of £22.8 m. Their financial recovery plan notes that £15.0 m savings can be delivered in the year and plans are in place to deliver the further £7.8 m.

3. The document detailing the Financial Recovery Plan entitled "Delivering Quality Healthcare in Affordable Ways" is enclosed at Annex A. This document outlines the:

   - Detailed financial recovery plan and risk assessment
   - Month the PCT will move into a break even position, if the PCT achieves £15.0m of savings
   - PCT's communications strategy and summarises the process for engaging stakeholders, and
   - Process of Implementation, Performance Management and Monitoring

4. Speakers have been invited to this meeting to discuss the likely impact of these savings on services to users.

Options

5. Members should consider PCT's recovery plan and its implications for the citizens of York and decide which items should be selected for closer monitoring.

6. Members will need to determine with the PCT whether the proposed changes to services are substantial, and whether formal consultation may be required.

Analysis

7. In considering the aspects of the recovery plan which they which to examine in more detail members need to consider the resources which are available to them and the personal time commitment which each can give.

8. Guidance from the Department of Health States that in considering whether a proposal is substantial, NHS bodies, committees and stakeholders should consider the impact of the change on patients, carers and the public who may use the service. They should take into account changes in accessibility of services, the impact of the proposal on the wider community, the patients affected and the methods of service delivery.

Implications

9. There are no known Financial, HR, Equalities, Legal, Crime and Disorder, IT or other implications at this stage.

Risk Management

10. In compliance with the Councils risk management strategy. There are no risks associated with the recommendations of this report.

Recommendations

11. Members are asked to agree the aspects of Selby and York PCT's recovery plan which will be subject to further Scrutiny

    Reason
    In order to meet the requirement for a democratic involvement in the delivery of health services

Contact details:

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Chief Officer Responsible for the report:
Suzan Hemingway
Head of Civic, Democratic and Legal Services

Report Approved ☐ **Date**

☐

Wards Affected: **All** √

For further information please contact the author of the report

Annexes

Annex A - Financial Recover Plan – Delivering Quality Healthcare in Affordable Ways, Selby and York PCT, June 2006

Background Papers

Substantial Variations and Developments of Health Services, Centre for Public Scrutiny. Can be viewed on
http://www.cfps.org.uk/pdf/publications/33.pdf

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Selby and York NHS
Primary Care Trust

FINANCIAL RECOVERY PLAN

DELIVERING QUALITY HEALTHCARE IN AFFORDABLE WAYS

June 2006

SELBY AND YORK PRIMARY CARE TRUST

FINANCIAL RECOVERY PLAN

CONTENTS

Key Financial information

Resource Allocation (before RAB adjustment for deficit)	£306.4m
2005/06 Deficit	£23.7m
2006/07 forecast shortfall (before savings)	£22.8m
Savings plans in place for 2006/07	£15m
Savings plans in development	£7.8m
Total savings plans in place or progress	£22.8m
Run rate for 2006/07 based on £15m - recurrent balance	November
Savings plans as % of resource limit (on £22.8m)	7.5%
Savings plans as % of resource limit (on £15m)	4.9%

SELBY AND YORK PRIMARY CARE TRUST

FINANCIAL RECOVERY PLAN

1. EXECUTIVE SUMMARY

1.1 The Current Position

Selby and York PCT has a statutory duty to contain expenditure within an approved revenue resource limit. Over the past few years spend against revenue resource limit has deteriorated from a small surplus of £52k in 2002/03 to a deficit of £23.7m in 2005/06.

Table 1: Financial Outturn

	Actual 2002/03 £'000	Actual 2003/04 £'000	Actual 2004/05 £'000	2005/06 £'000
Under/(over) spend against revenue resource limit	52	7	(9,100)	(23,650)
SHA Service and Commissioning Support	-	-	2,500	-
Operational Financial Balance	52	7	(6,600)	(23,650)

In September 2005 a NHS "franchise" Turnaround Team was appointed. The "franchise" team took immediate steps:

- to enforce robust financial governance to ensure that spending on pay and non-pay was managed by introducing strict control processes
- to review directors' budget targets, clarify lines of accountability, and hold directors to account for progress at weekly meetings
- to introduced 'stretched' savings targets, in prescribing in particular, and
- to carry out a service review of the PCT's mental health services resulting in the closure of a community unit for the elderly

In December 2005 the Department of Health instigated a review of NHS Trusts and PCTs with deficits in excess of £10m. Selby and York PCT was ranked a "Category 1" risk organisation and the review forecast a year end deficit of c£30m. As shown above, the actions taken by the "franchise" team resulted in an outturn position of £23.7m.

1.2 Development of the 2006/07 Financial Recovery Plan (or "The Plan") and the External Turnaround Team Challenge and Risk to Delivery

Without corrective action the forecast in year deficit in 2006/07 will be £22.8m. A Financial Recovery Plan has been developed with the objective of returning the PCT to financial balance in year as illustrated in Table 2.

The planning assumption at this stage is that the PCT will not be required to repay the 2005/06 brought forward deficit of £23.7m in 2006/07. If this is required the PCT will need to save a total of £46.4m in year.

Table 2: The 3 Year Financial Outlook

	Year 1 2006/07 £000	Year 2 2007/08 £000	Year 3 2008/09 £000
Total Planned Resources	306,403	335,517	354,597
Current Commitments	329,171	340,833	351,481
Initial In Year Surplus/(Deficit)	**(22,768)**	**(5,316)**	**3,116**
TOTAL Savings Required	**22,800**	**22,800**	**22,800**
Repayment of Previous Years 2.5%SHA Reserve		**7,064**	**7,064**
Revised In Year Surplus/(Deficit)	**32**	**24,548**	**32,980**
Repayment of Previous years Deficit	(23,650)	(23,618)	930
Initial Cumulative Surplus/(Deficit)	**(23,618)**	**930**	**33,910**
In year Deficit as % of Planned Resource	7.5%	-	0.0%

In March 2006 the PCT engaged an external Turnaround Team, KPMG, to challenge and risk assess the recovery plan. A full risk analysis is provided in Appendix 1. The Part Year Effect (PYE), the amount deliverable in 2006/07, is summarised in Table 3.

Table 3: Risk Assessment of the PCT's Financial Recovery Plan: PYE

Workstream		**Potentially Achievable (PYE)**			
Developed Plans	**Target Savings 2006/07 £m**	**PCT Plans (PYE) £m**	**Green £m**	**Amber £m**	**Red £m**
Commissioning	17.8	9.33	0.21	5.42	3.70
Provider Services	1.10	0.87	0.45	0.27	0.15
Primary Care	2.00	2.04	2.04	-	-
Corporate	1.90	0.95	0.88	0.07	-
Total Developed Plans		**13.19**	**3.58**	**5.76**	**3.85**
Plans in Progress		**9.61**	**-**	**-**	**9.61**
Total	**22.80**	**22.80**	**3.58**	**5.76**	**13.46**

The Turnaround Team has identified three key risks:

- Engaging stakeholders, and securing their agreement to plans where necessary
- Ensuring sufficient capacity and capability within the PCT to implement plans
- Implementing effective monitoring systems for progress against plans, and ensuring the data required is timely, accurate and available

The Acting Chief Executive had already identified the risks highlighted by the Turnaround Team and is taking the appropriate management action:

- The actions being taken to engage stakeholders and secure their agreement to the Plan are set out in section 1.4
- There has been organisational change within the PCT to ensure that the capacity and capability issues have been addressed
- Details of the monitoring system set up to performance manage the Plan are set out in section 8.2 and Appendix 2

In particular, the Acting Chief Executive acknowledges that the current PCT structure lacks capacity which early implementation of the more robust commissioning and performance management function, likely to be proposed for the reconfigured North Yorkshire and York PCT, will address. In the intervening period the Acting Chief Executive will ensure that effective performance management, and activity and financial monitoring information, is made available to enable the PCT to early identify potential slippage in plan delivery and to take robust corrective action where and when required.

1.3 Delivery of the Financial Recovery Plan

The Financial Recovery Plan has been developed in accordance with the Operating Framework for 2006/07. The Board has responsibility to deliver a plan to return the PCT to in year balance in 2006/07 and appropriate management action will be taken to address the risks highlighted by the Turnaround Team. Members will recognise and acknowledge the significant challenge of delivering £22.8m savings in year, as reflected in the completed risk assessment.

The Management Team considers the KPMG green and amber assessments for savings of £3.58m and £5.76m, respectively, on a part year effect to be prudent. Current activity levels and a realistic view of robust and deliverable plans suggest that the likely outcome is nearer to £15m in 2006/07 (including some plans in the “red” risk category which have been progressed since the risk assessment was finalised). The Management Team continues to stress its commitment to delivering a plan for the full amount of savings and efficiencies to return the PCT to balance in 2006/07, and is working on additional savings plans in an endeavour to achieve the full level of saving required in year.

The impact of achieving in year savings of £15m is illustrated in Table 4.

Table 4: 3 Year Financial Plan

	2006/07 £000	2007/08 £000	2008/09 £000
Total Planned Resources	**306,403**	**335,517**	**354,597**
Current Commitments	329,171	340,833	351,481
Surplus/(Deficit) In Year	**(22,768)**	**(5,316)**	**3,116**
Total Savings Plans	**15,000**	**22,800**	**22,800**
Repayment Previous Years 2.5% SHA Reserve		**7,064**	**7,064**
Revised In Year Surplus/(Deficit)	**(7,768)**	**24,548**	**32,980**
Repayment of Previous Years Deficit	**(23,658)**	**(31,426)**	**(6,878)**
Revised Cumulative	**(31,426)**	**(6,878)**	**26,102**

The achievement of a £15m saving in year, would leave the PCT with an in year deficit of £7.8m and a cumulative deficit of £31.4m.

In year 2 of the financial plan, if the PCT achieves the full year saving of £22.8m and the previous years 2.5% SHA reserve is returned, the PCT will have an in year surplus of £24.5m. This will start to address the repayment of the brought forward deficit, leaving a cumulative deficit of £6.9m and will fully repay this accumulated deficit in year 3 of the financial plan. These figures assume a further 2.5% reserve is taken in 2007/2008.

1.4 Engagement of Stakeholders

Throughout the financial recovery planning process the PCT has been actively engaging with stakeholders, including the local GP community, secondary care providers, local authorities and wider interested parties.

That engagement has taken place in many forums, for example, regular meetings with and updates to the Board, the local practice based commissioning groups and with the main provider of commissioned activity, York Hospital NHS Trust.

The PCT has also sought to increase communications with our partners in a number of other ways, for example regular practice visits to local GP surgeries by the Acting Chief Executive. The Turnaround Project Group also has a nominated PCT lead for GP communications, to ensure they receive information and have a simple way to directly feedback on the recovery process.

The PCT has also worked with overview and scrutiny committees of its local authorities to ensure they are fully aware of the situation and the operational decisions required as a result. Across integrated services lead managers within the PCT are also regularly briefing their counterparts.

The PCT is fully appreciative of the fact that its stakeholders have throughout this engagement process raised concerns over some of the issues highlighted and the pace of change suggested. The PCT is continuing to work with them to provide answers and wherever possible reassurances. The PCT will continue to improve the process of engagement with all its stakeholders.

1.5 Repayment of Historic Debt

The Department of Health (DH) has published 'The operating framework for 2006/07' (26 January 2006). This document sets out the framework of priorities, expectations and rules within which the NHS is expected to operate in 2006/07. The DH planning assumption is that in 2006/07 organisations should both achieve in year recurrent balance and recover 2005/06 deficits. There are however exceptional circumstances when organisations may be allowed more time to recover the 2005/06 deficit. These exceptional circumstances include those organisations formally included within the DH 'turnaround programme'.

For the purpose of this Plan it is assumed that agreement will be reached with the Strategic Health Authority (SHA) for repayment of the historic debt in future years.

Whilst the full year impact of the plan currently totals £27.4m, over £13m of this is considered high risk by KPMG. As such the full year effect of savings plans in this presentation is assumed to be £22.8m (Tables 2 and 4).

The 2006/07 planned resources assume that the PCT's allocation will be reduced by:

- £1.6m to fund the DH Penalty for ending 2005/06 with an overspend; and
- £7.1m to contribute to the SHA 2.5% Reserve

This assumption has been continued into year 2 of the financial plan. It is assumed that the PCT will be subject to a further DH Penalty, since the savings plans identified to date do not address the historic debt brought forward from 2005/06. It is not known at this stage whether organisations will be required to contribute 2.5% to an SHA reserve, however without this contribution, the PCT would be able to fully repay the historic debt in year 2.

1.6 Balanced Run Rate

The PCT's forecast run rate indicates that in year break even will occur during November 2006 when the PCT moves into surplus, subject to successful delivery of the full savings plans. See Appendix 6.

1.7 Implementation, Performance Management and Monitoring

Delivery of the Financial Recovery Plan has commenced and, as part of the Turnaround Team challenge, cost/benefit analyses, activity timelines and risk logs have been developed to support project plans highlighting key milestones and dependencies.

The PCT has set up a process of robust monitoring and performance management systems to ensure that potential slippage is identified as expeditiously as possible so that immediate management action can be taken to correct the problem. Details of the monitoring and performance management arrangements are set out in Appendix 2.

2. INTRODUCTION

2.1 Selby and York PCT

Selby and York PCT is one of the largest primary care trusts in England with a population of approximately 280,000 people. The PCT covers the rural and industrial area to the south of York (including the towns of Selby and Tadcaster); the communities of Sherburn-in-Elmet, Escrick and South Milford; the City of York; the market town of Easingwold and surrounding villages in Hambleton District.

Selby District comprises 24% of the population, 71% of the total live in the city of York, with 5% in the market town of Easingwold and surrounding villages in Hambleton District. The distribution of the population means that primary, community and acute healthcare provision is located in the City of York.

Generally the health of the local population is good but there are identifiable inequalities in health and in the determinants of health. Age-standardised mortality rates are now lower than national rates for men and women in all parts of the PCT area. Death rates due to Coronary Heart Disease (CHD) and cancer have declined over the last decade, although there has been a leveling out in the former recently.

The PCT performs well against many national measures. It has met targets for inpatient, outpatient and A&E waiting times, and for access to primary care professionals including GPs. Cancer and Coronary Heart Disease waiting times are also consistently low and ambulance response times are good.

The nature of the population provides a unique challenge to NHS organisations commissioning services, as it is often the case that there appears to be an over provision of acute care and primary care in relatively prosperous patches. This is frequently evidenced by elective and non elective referral rates being in excess of the England average.

Appendix 3 shows that, in general, GP referral rates are significantly higher in the PCT than the England average. Appendix 4 indicates that elective intervention rates show that the PCT is a significant outlier in General Surgery, Urology, Orthopaedics and General Medicine. These figures are further broken down to examine day case admission rates and ordinary admissions. These figures confirm that the PCT currently experiences higher than expected admissions across named specialties. Further analysis at HRG level shows that the PCT is an outlier on most high volume procedures which occur in the top 20 HRGs. For non elective care the data indicates that the PCT also commissions higher levels of non elective care in some specialties including Chronic Obstructive Pulmonary Disease (COPD). This information indicates that patients from the PCT have higher levels of referral and hospitalisation than might be expected when compared to the England average.

2.2 Background

The PCT Board approved the PCT's initial resource assumptions on 15 November 2005. At this time it was agreed that the recovery plan would need to continue to be developed over a rolling period to support the delivery of an optimum underlying financial position across the PCT. This document covers the 3 year period 2006/07 to 2008/09.

The Department of Health (DH) operating framework for 2006/07 (published 26 January 2006), sets out the framework of priorities, expectations and rules within which the NHS is expected to operate in 2006/07. The DH planning assumption is that in 2006/07 organisations should both achieve in year recurrent balance and recover 2005/06 deficits.

The PCT's resource assumptions have therefore been revised to incorporate this planning guidance. This document therefore identifies:

- the known funding gap as identified in the 2006/07 Local Delivery Plan (LDP), and submitted to the SHA on the 4 April 2006; and
- a process by which costs can be reduced to address this funding gap in an agreed and managed way.

With the proposed reconfiguration of PCTs to create a single North Yorkshire and York PCT, all North Yorkshire PCTs have shared the planning assumptions made locally to enable a strategic view to be taken of the underlying financial position across the new PCT.

2.3 Financial Impact of the Recovery Plan

PCT Financial Outturn

Table 5 sets out the PCT's year end performance against the operational financial balance responsibility for the last three financial years, and the draft accounts position for 2005/06:

Table 5: Financial Outturn

	Actual 2002/03 £'000	Actual 2003/04 £'000	Actual 2004/05 £'000	Draft Accounts 2005/06 £'000
Under/(over) spend against revenue resource limit	52	7	(9,100)	(23,650)
SHA Service and Commissioning Support	-	-	2,500	-
Operational Financial Balance	52	7	(6,600)	(23,650)

The PCT had, until 2004/05, achieved its statutory responsibility of operational financial balance every year since its establishment in April 2001. However, the PCT's underlying recurrent financial position has always been one of recurrent deficit and the PCT, in common with other NHS organisations, has therefore typically used a range of non recurrent measures to support its in year financial position. The PCT received £2.5m of non recurrent support in 2004/05.

The 2005/06 deficit of £23.7m does not represent the PCTs underlying recurrent deficit. The 2005/06 position includes the repayment of the previous year's deficit of £9.1m, and other non recurrent items of expenditure. Although the PCT has achieved the 2005/06 savings target, not all these savings have been achieved recurrently as planned. The PCT is therefore starting 2006/07 with an underlying recurrent deficit of £18.7m.

2.4 PCT Resource Assumptions

The PCT has been notified of its 3-year allocation for the period 2005/06 to 2007/08. This is broadly in line with average levels received by PCTs nationally and will bring Selby and York PCT to within 0.1% of its target funding level. During the planning stage the PCT also anticipates additional recurrent and non recurrent allocations based on the guidance received from the Department of Health but not as yet formally notified (Table 6).

Table 6: Resource Assumptions 2005/06 to 2008/09

	2005/06 £'000	2006/07 £'000	2007/08 £'000	2008/09 £'000
Recurrent Baseline	235,558	282,574	307,132	335,904
Recurrent Uplift	20,233	24,558	28,873	10,141
Recurrent Allocation	255,791	307,132	335,904	346,318
Additional Recurrent Items	26,105	1,897	2,036	2,311
Non Recurrent	6,364	(2,626)	(2,423)	6,241
Target Planned Budgets	**288,260**	**306,403**	**335,517**	**354,597**
% of Recurrent Uplift	**8.6%**	**8.7%**	**9.4%**	**3.0%**

The Department of Health has made it clear nationally, that the high levels of growth currently experienced will not continue. Since the PCT will in effect be at its target funding level by the end of 2007/08, it is assumed that Selby and York PCT will not receive any further growth, but only inflation funding from 2008/09 (an uplift of 3.0% has therefore been assumed). The PCT therefore has a 2-year period in which to maximise the investment of this growth, return to recurrent in year balance and repay the accumulated debt brought forward from 2005/06.

The 2006/07 planned budget assumes that the PCT's allocation will be reduced by:

- £1.6m to fund the DH Penalty for ending 2005/06 with an overspend; and
- £7.1m to contribute to the SHA 2.5% Reserve.

These assumptions have been carried forward into the 2007/08 planned budget, since it is assumed that the PCT will be subject to a further DH Penalty, as the savings plans identified to date do not address the historic debt brought forward from 2005/06. It is also not known at this stage whether organisations will be required to contribute 2.5% to an SHA reserve. However, for planning purposes it is assumed that the PCT will be required to make a further contribution in 2007/08.

2.5 PCT Commitments

As part of the LDP process, the PCT has reviewed its recurrent and non recurrent commitments for the 3 years commencing 2006/07.

The current existing commitments have been revised to incorporate the impact of recurrent savings, and additional recurrent cost pressures identified during 2005/06. Table 7 summarises the PCT's planned commitments. The anticipated commitments for 2007/08 and 2008/09 are not considered to be an exhaustive list at this stage, since this position does not include the full level of investment required to achieve national and local service targets in 2007/08, for example the maximum 18 week wait for inpatients by December 2008, although an initial estimate has been made and included within this forecast. In this respect the report should also be read in conjunction with the PCT's LDP.

Table 7: Total Planned Commitments

	Actual 2005/06 £'000	Year 1 2006/07 £'000	Year 2 2007/08 £'000	Year 3 2008/09 £'000
Management costs and Admin	8,120	9,712	9,712	9,712
Purchase of Healthcare	180,960	180,245	183,245	183,245
Provision of Healthcare				
Mental Health	19,536	20,168	20,168	20,168
Health and Social Care	32,735	31,179	31,179	31,179
Capital Charges	1,904	2,291	2,291	2,291
Primary Medical services	43,075	45,524	45,524	45,524
Prescribing	37,626	40,051	40,051	40,051
Pre-commitments and inflation	500	0	8,663	19,311
Total Commitments	**324,456**	**329,170**	**340,833**	**351,481**

The above figures include inflation assumptions, totalling £9.2m for 2006/07 and £11.6m for 2007/08 based on the following assumptions:

- Average Tariff activity 2%: the national planning guidance suggests 1.5%
- Non Tariff activity 4%
- Prescribing 8.0%
- Pay 2.5%

The PCT is not planning to invest in any new developments, but has recognised a number of pre-commitments and other unavoidable cost and service pressures. These include the estimated full year impact of national pay modernisation, for example Agenda for Change, and the implementation of other national initiatives, including the new Dental Contract and the significant pressures experienced locally in areas such as Forensic and Continuing Care Placements.

The PCT has already reviewed these estimates to identify what must be funded and what might be funded to reduce the size of the PCT's financial risk. This approach may present a future risk if these pressures cannot be managed at this reduced level in year.

2.6 Potential In Year and Cumulative Deficit

The DH operating framework requires that in 2006/07 organisations should both achieve in year recurrent balance and recover 2005/06 deficits. Table 8 illustrates that to achieve in year balance in 2006/07 would require the PCT to save £22.8m, this is equivalent to 7.5% of the PCT's allocation.

The planning assumption at this stage is that the PCT will not be required to repay the 2005/06 brought forward deficit in 2006/07, since this would require the PCT to save a total of £46.4m in year. This assumption has been discussed with the Yorkshire and Humber Strategic Health Authority (SHA), but formal agreement to this proposal is still required.

Table 8: Potential In Year and Cumulative Deficit: To achieve in year recurrent balance in 2006/07 and recover 2005/06 deficits in 2007/08

	Year 1 2006/07 £000	**Year 2 2007/08 £000**	**Year 3 2008/09 £000**
Total Planned Resources	306,403	335,517	354,597
Current Commitments	329,171	340,833	351,481
Initial In Year Surplus/(Deficit)	**(22,768)**	**(5,316)**	**3,116**
TOTAL Savings Required	**22,800**	**22,800**	**22,800**
Repayment of Previous Years 2.5%SHA Reserve		**7,064**	**7,064**
Revised In Year Surplus/(Deficit)	**32**	**24,548**	**32,980**
Repayment of Previous years Deficit	(23,650)	(23,618)	930
Initial Cumulative Surplus/(Deficit)	**(23,618)**	**930**	**33,910**
In year Deficit as % of Planned Resource	7.5%	0.0%	0.0%

It is not known whether the 2.5% SHA reserve made in 2006/07 will be returned to the PCT in 2007/08, and likewise whether the 2.5% SHA reserve made in 2007/08 will be returned to the PCT in 2008/09. If this funding was made available to the PCT, with a recurrent savings plan of £22.8m, the PCT could fully repay the historic debt in 2007/08 (as identified in Table 8). If this is not made available the PCT would end 2007/08 with a £6.1m deficit, which could be repaid in 2008/09.

3. FINANCIAL RECOVERY PLAN OVERVIEW

3.1 This Financial Recovery Plan has therefore been developed to address the PCT's underlying recurrent deficit, and achieve in year savings of £22.8m. It does so by taking action on the significant commissioning challenges facing the PCT, as well as seeking savings and efficiency opportunities in the PCT's own provider services, primary care and corporate costs.

Careful consideration has been given to ensure that national targets are still met. The LDP trajectories submitted to the SHA in April 2006 demonstrate delivery of these key national targets including 13 week outpatient waits, 6 month inpatient waits and progress towards the 18 week wait by December 2008.

Table 9 summarises the financial savings target agreed for each workstream; section 4 of this report outlines the detailed action plans which have been developed to ensure the delivery of these savings targets.

Table 9: Financial Recovery Plan

Workstream	**Target Savings 2006/07 £m**	**Plans (FYE) £m**	**Plans (PYE) £m**
Commissioning	17.8	15.17	9.33
Provider Services	1.1	1.02	0.87
Primary Care	2	2.19	2.04
Corporate	1.9	0.99	0.95
Total Developed Plans	**22.8**	**19.37**	**13.19**
Plans in Progress	0	8.07	9.61
Total Plans	**22.8**	**27.44**	**22.80**

The Financial Recovery Plan identifies full year and part year savings plans totalling £27.4m and £22.8m respectively. Within the part year effect, £13.19m of plans have been risk assessed by KPMG and are classed as developed plans, these have been given a risk assessment rating of red, amber and green. Management action has already been taken to mitigate some of these risk areas.

The plans in progress have been given a blue rating, and the PCT is in the process of developing these plans to increase the financial benefit of the 'Developed Plans'. The Part Year Effect (PYE) of these plans, i.e. the total deliverable in 2006/07, is summarised in Table 10.

Table 10: Risk Assessment of the PCT's Financial Recovery Plan: PYE

Workstream	Original Target Savings 2006/07 £m	Potentially Achievable (PYE)			
		PCT Plans (PYE) £m	Green £m	Amber £m	Red £m
Commissioning	17.8	9.33	0.21	5.42	3.70
Provider Services	1.10	0.87	0.45	0.27	0.15
Primary Care	2.00	2.04	2.04	-	-
Corporate	1.90	0.95	0.88	0.07	-
Total Developed Plans		**13.19**	**3.58**	**5.76**	**3.85**
Plans in Progress		**9.61**	**-**	**-**	**9.61**
Total	**22.80**	**22.80**	**3.58**	**5.76**	**13.46**

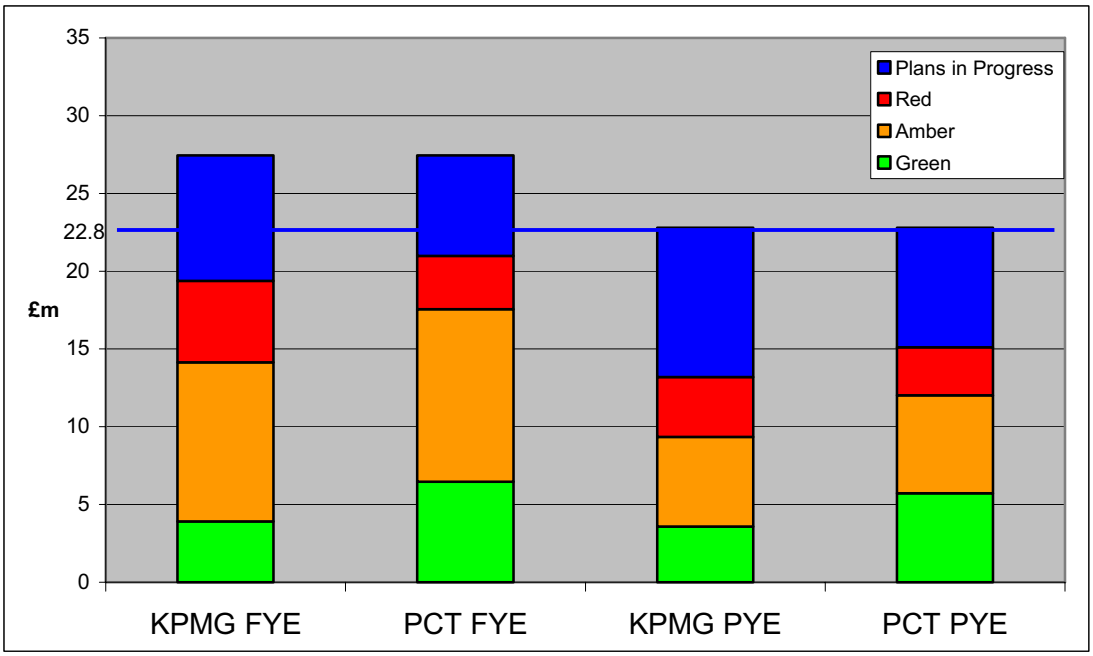
The "core" of the Financial Recovery Plan is a robust commissioning plan that sets a target reduction of the PCT's commissioning costs of £17.8m in 2006/07, to reduce the higher than national average overspend identified through the benchmarking exercise. To address this overspend the PCT has developed clinical thresholds based on both national and local protocols. A Referral and Clinical Advice Service (RACAS) has also been implemented to monitor and manage referrals subject to these thresholds.

The 2% cash releasing efficiency saving (CRES), implemented across the PCT's corporate and own provider services in 2005/06, is a recurrent savings target which must continue to be achieved in 2006/07 and beyond. The 2006/07 recurrent CRES has been increased to 2.5% in accordance with the operating framework implemented by the DH.

The savings targets set out in this section are over and above the requirement that certain increases in demand and natural growth levels are funded by budget managers within existing resources. Significant productivity improvements in the PCT's own provider function are already being delivered as part of the Financial Recovery Plan to further progress national targets within existing resources.

3.2 The PCT has reviewed the KPMG risk assessment by looking at current activity levels and taking a realistic view of robust and deliverable plans. As a result, a number of plans have moved from the 'Plans in Progress' to the Red rating, and from the red and amber rating into green. Table 11 illustrates this change.

Table 11: 'Traffic Light' Risk Assessment of Plans: KPMG Compared to SYPCT



The PCT's assessment of the risk to delivering the savings schemes has increased the value of savings with a green, amber or red rating to £15m. The impact on the PCT's 3 Year Financial Plan of achieving this level of saving in 2006/07 is illustrated in Table 12.

The achievement of a £15m saving in year would leave the PCT with an in year deficit of £7.8m and a cumulative deficit of £31.4m.

In year 2 of the financial plan, if the PCT achieves the full year saving of £22.8m and the previous years 2.5% SHA reserve is returned, the PCT will have an in year surplus of £24.5m. This will start to address the repayment of the brought forward deficit, leaving a cumulative deficit of £6.9m and will fully repay this accumulated deficit in year 3 of the financial plan.

Table 12: 3 Year Financial Plan: Sensitivity Analysis Revised for Achieving £15m in Savings in 2006/07

	2006/07 £000	**2007/08 £000**	**2008/09 £000**
Total Planned Resources	**306,403**	**335,517**	**354,597**
Current Commitments	329,171	340,833	351,481
Surplus/(Deficit) In Year	**(22,768)**	**(5,316)**	**3,116**
Total Savings Plans	**15,000**	**22,800**	**22,800**
Repayment Previous Years 2.5% SHA Reserve		**7,064**	**7,064**
Revised In Year Surplus/(Deficit)	**(7,768)**	**24,548**	**32,980**
Repayment of Previous Years Deficit	**(23,658)**	**(31,426)**	**(6,878)**
Revised Cumulative	**(31,426)**	**(6,878)**	**26,102**

This demonstrates that even if further savings plans do not provide the required level of saving in 2006/07, the PCT would still reach overall financial balance in 2008/09, ending that year with a surplus.

4. DETAILED FINANCIAL RECOVERY PLAN

4.1 The Financial Recovery Plan is made up of four main workstreams:

- Commissioning
- Provider Services
- Primary Care
- Corporate Areas, including Estates

Appendix 1 summarises each of the savings schemes currently classed as 'Developed Plans' and their forecast net financial benefit. Each scheme has a detailed Project Initiation Document (PID), risk log, implementation timeline, and net financial benefits timeline.

Sections 4.2 to 4.6 of this report summarises the Strategic Rationale, Objective and Progress made to date, for each of these developed schemes.

Since the part year effect of the developed plans does not amount to the £22.8m required to break even in year (Table 10), further plans in progress have been identified. There is still a gap of £4.1m in these plans. Other initiatives have therefore been identified to address this shortfall. The PCT has already started to review these plans to assess their robustness and achievability within 2006/07.

4.2 Commissioning

The PCT commissioning budget accounts for approximately 60% of the PCT's total allocation. In 2005/06 the PCT had contracts with more than 60 NHS and non NHS providers. The PCT's contract portfolio can be grouped into:

- Major Hospital Contracts
- Minor Hospital Contracts
- Specialist and Consortia Contracts
- Private Sector Contracts
- Other Contracts and Services

The PCT's single largest contract for the provision of services is with York Hospitals Trust, and was valued at £125.6m in 2005/06.

Developing a Commissioning Plan for 2006/07

The 2006/07 Commissioning Plan has been developed in close partnership with the PCTs in North Yorkshire. In particular, the PCTs have focused on:

Practice Based Commissioning. The North Yorkshire PCTs are committed to developing Practice Based Commissioning as a mechanism for ensuring finances are prioritised and used effectively. To this aim all practices will be offered the opportunity to participate in the "Towards Practice Based Commissioning" Directed Enhanced Services (DES).

Commissioning Effective, Efficient and Necessary Pathways of Care. The four PCTs have been collaborating in order to produce a consistent and equitable approach to commissioning hospital services across the patch. This incorporates local and national best practice, NICE and SIGN guidelines, in a single document which outlines the PCTs' commissioning intentions for the acute sector, for example by identifying interventions which will be commissioned by exception only.

For the purposes of the Financial Recovery Plan schemes concerning commissioning have been separated into "Planned" and "Unplanned" Care, as detailed below. Further schemes have been identified in Specialist and Tertiary Services. Table 13 summarises the developed plans identified to date.

Table 13: Summary of Planned and Unplanned Care Schemes

Project Description	FYE £000s	PYE £000s
Commissioned Acute Services - Planned		
Referral Management Centre	-352.0	-320.0
Specialist SLAs	1,660.0	1,660.0
Management of First OP Referrals	1,781.0	1,281.0
Follow up OP	1,755.0	585.0
Thresholds/top 50 HRGs	4,222.0	1,862.0
SLAs with providers other than York	147.1	56.6
Other ad hoc SLAs with York	2,344.0	1,503.0
Plans in progress	3,765.6	1,911.2
Total	**15,322.7**	**8,538.8**
Commissioned Acute Service - Unplanned		
Older Peoples Services	2,429.0	2,017.0
Integrated Unscheduled Care Centre	900.0	475.0
Short Stay Paediatrics	276.0	207.0
Plans in progress	3,394.4	3,100.8
	6,999.4	**5,799.8**
Total Acute Commissioning	**22,322.1**	**14,338.6**

Strategic Rationale

The benchmarking exercise summarised in paragraph 2.2 (Appendices 3 and 4) identifies the areas where the PCT is a significant outlier. Selby and York patients have higher levels of referral and hospitalisation than might be expected when compared with the England average. It highlights at specialty and procedure level the scope for potential reductions in activity. It should be recognised however, that the benchmarking acts as an indicator only, and high levels of activity cannot, in themselves, be taken as an indicator of "inappropriate" use of hospital service. A high referral rate may, for example, reflect good practice at identifying a particular condition within primary care.

Therefore, in planning any reduction in hospital activity, it is essential that this is based on existing clinical evidence and is targeted in a way that ensures that patients' clinical needs and priority underpins any planned reductions in commissioned activity.

4.2.1 Planned Care

Actions Taken to Reduce Costs

The PCT plans to reduce costs by reducing commissioning with a number of its providers.

FYE			PYE		
Developed Plans	Plans in progress	Total plans	Developed Plans	Plans in progress	Total plans
£11.56m	£3.76m	**£15.32m**	£6.63m	£1.91m	**£8.54m**

The table above indicates that there is a significant difference between the full year effect and part year effect of the Planned Care initiatives. Due to the impact of waiting times and the progression of patients through the secondary care system there will be a natural time lag between implementation of the Planned Care plans and benefits

realisation. For example, the maximum waiting time for first out patient appointments is 13 weeks, with an average wait of 6 weeks. Accordingly, benefits from reducing first out patient referrals will not be achieved for at least 6 weeks after implementation, with the full benefit being achieved only 13 weeks after implementation (as these are the times at which the resources would otherwise have been expended). For operative intervention and follow up outpatients this time lag is up to 6 months. These assumptions have been modelled in the benefits realisation plans for Planned Care, and result in a significant difference between full year and part year effect.

In order to manage referrals the PCT has introduced the Referral and Clinical Advice Service (RACAS). Assessment of Orthopaedic referrals commenced in May 2006. with other major specialities coming on line in the next few months.

As identified in paragraph 4.2 a document has been produced by the North Yorkshire PCTs, which outlines clinical thresholds for a selection of HRGs and identifies those HRGs which will be commissioned by exception only. This was circulated as a working draft to GPs and Acute Trusts within North Yorkshire and York in May 2006 and is currently being implemented.

Objectives

Developed Plans

The following table identifies the 'Developed Plans' for Planned Care. These have been challenged and risk assessed by KPMG:

Initiative	FYE	PYE
Introducing a Referral and Clinical Advice Service (RACAS) to monitor and manage referrals and ensure adherence to thresholds and targets	(£352k) net cost	(£320k) net cost
Specialist commissioning, such as HIV services	£1,660k	£1,660k
Reducing first outpatient referrals to national average, by the introduction of targets for referrals by GP practice and incorporating these into the Directed Enhanced Services (DES) and indicative budgets Reducing "other" referrals through commissioning reduced levels of, for example, consultant to consultant referrals	£1,780k	£1,280k
Reducing new to follow-up outpatient rates to best quartile	£1,760k	£590k
Reducing operative intervention in the top 50 HRGs towards national average Commissioning certain elective procedures by exception only	£4,220k	£1,860k
Reducing SLAs with providers other than York	£148k	£57k
Other ad hoc SLAs with York	£2,344k	£1,503k
Total developed plans	**£11.56m**	**£6.63m**

In addition to reducing commissioning costs, these initiatives are also anticipated to deliver the following benefits:

- Support robust monitoring of the Service Level Agreement (SLA) with secondary care providers, and York Hospitals Trust in particular
- Ensure that clear, defined pathways/service specifications are in place for high volume procedures
- Ensure the PCT is following models of good practice (NICE/SIGN) where identified
- Allow a better understanding of what routine activity is currently undertaken in secondary care
- Reduce unnecessary follow ups, currently evidenced through high DNA rates

Other Initiatives

The PCT is continuing to look for other initiatives and ways in which to commission high quality services which ensure value for money for the local community.

Progress to Date

- Benchmarking and analysis has been undertaken by Specialty and by GP Practice to identify potential opportunities for reductions
- RACAS has been rolled out for Orthopaedics and is gearing up for the rollout across all specialities over the next few months.
- The 'Threshold' document has been issued as work in progress
- Discussions with Trusts are ongoing to facilitate the incorporation of the reductions in the SLAs
- Refinement of the DES is ongoing to incorporate referral targets and indicative budgets that are consistent with these proposals

4.2.2 Unplanned Care

Older Peoples Commissioning Plan

Strategic Rationale

Benchmarking and analysis has identified that expenditure on unplanned care has been increasing in recent years. In particular, certain HRGs which pertain to elderly medicine were identified as outliers, e.g. for COPD, stroke and falls.

The Fast Response and Case Management Teams were introduced in late 2005. An evaluation study indicated that they had been successful in avoiding admissions and in supporting patients in their own homes, thereby facilitating early discharge. The PCT has therefore developed plans to enhance the Community Teams, focusing particularly on those conditions at highest variance from national average.

FYE			PYE		
Developed Plans	Plans in progress	Total plans	Developed Plans	Plans in progress	Total plans
£2.43m	£3.39m	**£5.82m**	£2.02m	£3.10m	**£5.12m**

Objectives

Developed Plans

Reduce non elective commissioning costs by treating patients closer to home when appropriate, reducing non elective admissions and ensuring appropriate and speedy discharge from secondary care by:

- Increasing the provision of Case Management and Fast Response Teams. These Multi Professional Teams (MPTs) provide a proactive and targeted approach to the management of individuals with ongoing health needs, and provide an alternative to an acute hospital admission by supporting patients in their own homes or in a step-up unit, thereby avoiding admission to secondary care.

- Enhancing the current Community Teams with additional generic workers and community consultant geriatrician sessions to manage the non acute bed usage and support GPs who seek advice prior to an acute admission or to seek an alternative.

- Introducing proactive 'assertive in-reach' to the Trust to ensure that patients are discharged to an appropriate community alternative prior to triggering the trim point, thereby reducing excess bed day payments.

Progress to Date

- Benchmarking and analysis has been undertaken to identify potential opportunities in Specialties and by HRG
- Case Management and Fast Response Teams continue to increase the number of case managed patients
- The Older Peoples Commissioning Plan is under discussion with Trusts and the PCT's own provider arm, to ensure its incorporation in the Service Level Agreement (SLA)
- The PCT is identifying in-house staff to enhance the current Community Teams

Integration of Unscheduled Care

Strategic Rationale

The PCT currently operates walk-in centre and out of hours services, and funds the A&E service provided by York Hospitals Trust and other providers through Payment by Results (PbR). Elsewhere in the country steps have been taken to develop integrated centres for all unplanned care first attendances in order to ensure that patients are triaged and treated by the most appropriate health professional. This has the potential to reduce A&E costs, as evidence suggests a significant proportion of these patients attending A&E should be treated in Primary Care.

FYE			**PYE**		
Developed Plans	Plans in progress	Total plans	Developed Plans	Plans in progress	Total plans
£0.9m	Included within Older Peoples Commissioning Plan figure	**£0.9m**	£0.48m	Included within Older Peoples Commissioning Plan figure	**£0.48m**

Objectives

Developed Plans

Reduce expenditure on unplanned care by co-locating the walk-in centre and GP out of hours provision with A&E. Provide an effective triage in order to steer patients to the right level of service via a walk in centre/MIU area and a "majors and trauma" emergency area of provision.

Progress to Date

- SLAM reports have been monitored to identify trends
- A joint project group has been established between the PCT and YHST
- The draft clinical model has been developed and is in consultation
- Final agreement on operating the triage is being sought

Short Stay Paediatric Admissions

Strategic Rationale

In early 2006 a pilot study was undertaken of the admissions into Paediatric Wards at York Hospitals Trust. This found that the number of short stay admissions in Paediatrics had been increasing, and that a number of these could be avoided with revised care pathways and clinical protocols.

FYE			PYE		
Developed Plans	Plans in progress	Total plans	Developed Plans	Plans in progress	Total plans
£0.28m	Included within Older Peoples Commissioning Plan figure	**£0.28m**	£0.21m	Included within Older Peoples Commissioning Plan figure	**£0.21m**

Objectives

Developed Plans

Reduce short stay Paediatric admissions by one per day in 2006/07 and two per day in 2007/08.

Progress to Date

- A Health Visitor pilot study has been completed in A&E and within Paediatrics to identify potential reductions
- Discussions continue with YHST clinicians
- A nominated GP Lead has been identified and consulted
- The strategic direction has been confirmed with input from PBC Colleagues
- The conditions that will be subject to a redefined care pathway have been agreed

Unplanned Care Plans in Progress

The following 'Plans in Progress' are currently being developed:

Initiative	FYE*	PYE*
Other Unplanned Care initiatives e.g. reducing short stay admissions other than Paediatrics, reducing excess bed days, reducing unplanned care admissions other than Older People	£3.39m	£3,10m
Total of Plans in Progress	**£3.39m**	**£3.10m**

Note *: Benefits have been reduced by a 20% provision for prudence, as plans have not been fully developed and costed, and therefore have not been challenged and risk assessed for achievability.

4.3 Primary Care

Strategic Rationale

The quality of the general practice services within the PCT is high, with the majority of the practices achieving maximum points under the quality and outcomes framework. This cost the PCT £6.2m in 2005/06, against a DH allocation of £5.5m. The new DES's agreed in 'revisions to the GMS contract 2006/07' amount to £1.2m.

The majority of expenditure in 'Primary Care Services' is ringfenced and as such there is limited opportunity to make financial savings. There are however a number of initiatives being developed, most notably the North Yorkshire wide review of the value being generated under the PMS contract.

Within Primary Care, Medicines Management is the key area where the PCT has the greatest opportunity to make financial savings. The PCT's prescribing budget accounts for 13% of the PCT's resource allocation.

4.3.1 Medicines Management

The PCT has a dedicated 'Prescribing Team' that has supported GPs in controlling prescribing levels to below the national average. Intra-NHS evidence from 'The Regional Drug and Therapeutics Centre (Newcastle)' dated February 2006 confirms that:

- In the 11 months to 28 February 2006 the PCT was projected to attain its targeted outturn (0.2% overspend), which excluded the additional cost efficiency of £0.5m
- Actual cost growth in 2005/06 against the comparable preceding period was +0.03%. A significant proportion of this cost control was due to the price reductions of a large number of generic drugs coming on stream
- Per capita prescribing frequencies in the PCT are consistently lower than the National Average, the North of England Average, and compare favourably to the other PCTs in the SHA.

In 2006/07 prescribing cost growth across North Yorkshire is estimated to be 8%. Medicines Management are required to achieve a 2.5% efficiency saving (£947,000), (this in effect gives a net increase of 5.5%), and a further targeted saving of £1.0m in 2006/07.

FYE			PYE		
Developed Plans	Plans in progress	Total plans	Developed Plans	Plans in progress	Total plans
£2.19m	£0.22m	**£2.41m**	£2.04m	£0.11m	**£2.15m**

Note: The Developed Plans figure is shown net of the 2005/06 cost target

The PYE is lower than the FYE due to generic equivalents becoming available part way through the year.

Of the named projects, 70% of the benefit comes from cost reductions as drugs come off patent, and 16% relates to 2005/06 initiatives already underway.

Objectives

Developed Plans

To reduce expenditure on prescribing in Primary Care through focused effort on prescribing in practices:

- National reduction in costs of certain drugs as and when a generic equivalent becomes available.
- Pro-active action by the Prescribing Team to maximise cost efficiencies in generic prescribing, by brand to generic switches where clinically appropriate.
- Switching prescribing to less expensive alternatives and formulations e.g. moving away from an effervescent form to a tablet form.
- Pro-active action by the Prescribing Team to re-enforce Local Guidance on appropriate quantities of prescribing to reduce wastage.

The plans should also help to control additional cost pressures in the system and should improve the quality of prescribing in the longer term.

The PCT is also continuing to consider 'Other Initiatives' within Primary Care and Medicines Management.

Progress to Date

- Patent expiries continue at a National Level
- Practice based pharmacists continue to implement schemes'
- Continued formal and informal communication with GPs to encourage increased use of generic alternatives and adherence to local and national prescribing guidelines

4.4 Provider Services

4.4.1 Health and Social Care

Background

The Directorate operates a broad range of community based services: District Nursing, Health Visiting, Learning Disabilities, Occupational Therapy, Speech and Language Therapy, Podiatry, Palliative Care, Carers' Centre, Prison Health, Fast Response Team, Primary Care Administration, Walk-in-Centre, Minor Injuries Unit, Out of Hours Services, Community Equipment and the Wheelchair Centre.
The PCT provides a range of bed-based services including two Community Hospitals (St Monica's and Selby War Memorial Hospital), one Intermediate Care Facility (Archways), and funds beds at Grove House and Homewards (residential care facilities operated by Local Authority partners).

Strategic Rationale

To achieve the 2.5% cost improvement, whilst continuing to provide safe, high quality appropriate services to NHS patients.

Options for achieving the savings targets have been assessed following 6 key principles, and in accordance with the principles laid out in the White Paper:

- Patient and Staff safety
- Quality of care/access to service
- Financial robustness
- Legality
- Achievability
- Strategic fit

All plans have been considered in relation to the PCTs planned and unplanned care schemes to ensure that all changes to the provision of community services support the delivery of the PCTs commissioning intentions.

In addition, to ensure all options are being considered, the Directorate took part in a peer review with other North Yorkshire PCTs in October 2005. KPMG also undertook a high level service review, in May 2006, in order to assess: capacity of services; effectiveness of service provision; and efficiency.

Actions to Reduce Costs

In 2005/06 the Health and Social Care Directorate did not meet its CRES recurrently. The Directorate now has in place robust plans to deliver the 2005/06 and 2006/07 targets.

In 2006/07 the PCT requires a further 2.5% cost improvement saving of £639,000 to be achieved.

The Directorate is looking to a combination of cost savings through disestablished posts (£617,000), reduced services, efficiencies, and income generation to deliver its 2006/07 target.

FYE			PYE		
Developed Plans	Plans in progress	Total plans	Developed Plans	Plans in progress	Total plans
£0.57m	£0.40m	**£0.97m**	£0.53m	£0.22m	**£0.75m**

Note: The Developed plans figure is shown net of the 2005/06 cost target

The difference between the PYE and FYE is the impact of certain initiatives coming on line and starting to deliver benefits part way through the year.

Objectives

Developed Plans

To deliver the prior and current years CRES targets whilst minimising the impact on patient care, the following plans have been developed:

- Disestablishing vacant posts
- Reduced provision of beds in Archways
- Increasing income from RTAs, MIU, courses, and the sale of capacity at Oak Rise, the assessment and treatment unit for people with a learning disability
- Commissioning a service from the private sector at a lower cost than the PCT can achieve by putting it out to commercial tender
- Reducing Section 28a payments to Local Authority partners

Plans in Progress

The following 'Plans in Progress' are also currently being developed:

Initiative	FYE*	PYE*
Reappraise out of hours costs	£290k	£116k
Reduce the provision cost of Grove House intermediate care beds	£50k	£50k
Review grants to the Independent and Voluntary sector	£30k	£30k
Review intermediate care costs within whole systems budget	£25k	£25k
Total of Plans in Progress	**£395k**	**£221k**

Note *: Benefits have been reduced by a 20% provision for prudence, as plans have not been fully developed and costed, and therefore have not been challenged and risk assessed for achievability.

There is also a range of 'Other Initiatives' currently under consideration for reducing costs within Health and Social Care.

Progress to Date

- Identified posts have been approved for permanent disestablishment
- Reduced Section 28 payments have been formally notified to Local Authority partners
- Additional places on in-house courses have been sold on (at no additional cost)
- Contract agreed for the sale of 1 "bed capacity" at Oak Rise

4.4.2 Mental Health

Background

The Mental Health Directorate's 2006–2009 Savings Action Plan is based on an appraisal of the available financial data for service provision and commissioned services, and on peer group discussions held between clinical and management staff across North Yorkshire PCTs and the NEYNL Strategic Health Authority.

Strategic Rationale

To achieve the 2.5% cost improvement, whilst continuing to provide safe, high quality appropriate services to NHS patients.

Actions to Reduce Costs

In 2005/06 the Directorate of Mental Health did not meet its CRES recurrently. The Directorate now has in place robust plans to deliver the 2005/06 and 2006/07 targets.

In 2006/07 the PCT requires a further 2.5% cost improvement saving of £419,000.

FYE			PYE		
Developed Plans	Plans in progress	Total plans	Developed Plans	Plans in progress	Total plans
£0.45m	-	**£0.45m**	£0.34m	-	**£0.34m**

Note: The Developed plans figure is shown net of the 2005/06 cost target

The difference between the PYE and FYE is the impact of certain initiatives coming on line and starting to deliver benefits part way through the year. The PCT is continuing to identify other initiatives.

Objective

Developed Plans

Minimising commissioning costs by:

- Providing active rehabilitation to reduce the need to refer to another provider in the future
- Transferring from other provider(s) patients who are receiving active rehabilitation (where it is clinically defined)
- Transferring patients who are being treated out of area because of lack of capacity within the service (where it is clinically defined)

Reducing expenditure on provider services by:

- Reconfiguring the three acute wards to two 14 bedded wards and creating a new 10 bedded Continuing Recovery Ward (CRW) at Bootham Park Hospital
- Converting current facilities into supported housing schemes
- Reducing the number of community mental health teams from five to four
- Operating the PICU more efficiently and creating income by providing one bed to meet the identified need across North Yorkshire
- Reviewing primary care counselling services
- Reducing the cost of Graduate Workers

Plans in Progress

Mental Health are progressing a plan for the further development of the PICU. However, this is not projected to achieve benefits until 2007/08

There are also a range of 'other Initiatives' currently under consideration for reducing costs within the Mental Health Directorate and commissioned services.

Progress to Date

- The reconfiguration of the three acute wards to two 14 bedded wards has been completed
- The creation of a new 10 bedded Continuing Recovery Ward (CRW) has been completed
- Redroofs staff have been redeployed
- The number of community mental health teams has reduced from five to four
- Negotiations continue with a local housing association to develop supported housing schemes
- 3 patients have been identified as suitable for transfer, or have already been transferred from a private sector provider to the newly established CRW and existing community services
- 2 patients have been transferred into the low secure unit out of the private sector that, but for the plans, would have remained out of area.

4.5 Estates

Background

The PCT currently owns or leases 42 sites. In 2006/07 Bootham Park Hospital and the Clifton Site will be transferred from York Health Services Trust to the PCT as they are currently occupied by the PCT's own Provider services. The re-provision of Selby War Memorial Hospital is subject to a review with partner organisations. The PCT's current property portfolio is summarised in Table 14:

Table 14: Selby and York PCT Current Property portfolio

Directorate	Total Owned Properties	Total Leased Properties	Other	TOTAL
Headquarters	-	4		**4**
Health and Social Care (excluding Health Centres)	6	2	**1**	**9**
Health Centres	8	1		**9**
Mental Health	18	2		**20**
TOTAL	**32**	**9**	**1**	**42**

A review of the use of these properties (Net Book Value £36m) is under way as part of the reconfiguration; whilst the revenue savings in comparison to the property portfolio are modest we continue to explore the potential to unlock planned capital receipts, some planned disposals will allow us to reduce our asst base but require reinvestment in community base services.

Strategic Rationale

Analysis of the 2003/04 Annual Accounts highlighted that Selby and York PCT spends 9% of its total non-pay costs on premises and fixed plant. This is 2% more

than the national average and the PCTs peer-group, and 3% more than the NEYNL SHA average.

The results of the PCTs Estates Return Information Collection (ERIC) Submission to the DH highlighted that the PCT is underperforming in many areas, including:

- The PCT is not achieving the right level of income across its estate
- Occupancy Costs are too high
- High level of outstanding backlog maintenance, which is adversely affecting the value of the property
- The Property portfolio is depreciating in value at a higher rate than average

This reflects the age of PCTs property portfolio.

Actions to Reduce Costs

The portfolio is continuously under review. There are currently five properties with approved plans underway/complete, and a further seven properties under scrutiny.

FYE			PYE		
Developed Plans	Plans in progress	Total plans	Developed Plans	Plans in progress	Total plans
£0.13m	-	**£0.13m**	£0.08m	-	**£0.08m**

Objective

Developed Plans

To efficiently manage the Property portfolio and deliver timely property solutions to complement Directorate changes by reviewing and actioning:

- Utilisation of more clinically appropriate facilities, which facilitates change of use and/or disposal.
- Rationalisation of the estate where premises are below Condition B in physical condition and/or functional suitability.
- PCT reorganisation plans managing the PCT head quarters with the attendant constraints and flexibilities.
- Maximising reduction in occupancy and premises costs and potential for sale receipts.

A number of properties have been highlighted as surplus to requirement. These disposals are supported by service strategies within mental health and the learning disability services.

Plans in Progress

There are a number of plans in progress across the PCT that are not anticipated to deliver benefits during the next two years. Some of these are substantial and form part of the strategic direction of North Yorkshire and York PCT, in particular the reprovision of a community hospital (Selby War Memorial) and the reprovision of Mental Health inpatient acute beds (Bootham Park Hospital).

Progress to Date

- Straygarth has been actively marketed and offers received
- Negotiations continue with a Housing Association to develop supported housing schemes (19 New Lane and Red Roofs)
- Ryedale occupation has been reduced from two to one floor
- Sale of space at the Monkgate Health Centre to Genito Urinary Medicine Service
- Discussions regarding the location of the new reconfigured PCT continue.

4.6 Delivering Savings in Corporate Areas and Non Pay

Management Costs and Cash Releasing Efficiency Savings (CRES)

Background

An overall review of management costs has been undertaken. The PCT is able to deliver the £500,000 recurrent savings target. This process has focused on 2006/07, since as part of the transition to a new PCT there is a requirement to develop and cost a workforce plan for the new organisation in 2007/08. A review of the PCTs non pay expenditure has also been completed.

Strategic Rationale

Reduce management costs to achieve the 2.5% cost improvement (£189,000) and an additional £500,000 target for pay. Achieve a further reduction in non pay costs, over and above the current 2.5% cost improvement plans, resulting from the reduction in staffing levels and rigidly enforced non pay controls.

4.6.1 Actions to Reduce Management Costs

The proposed management costs savings reduction has been assessed alongside the 2.5% CRES target set in Corporate Directorates to ensure there is no duplication of plans. Current plans exceed this combined target of £689.000. In addition to this recovery plan, the PCT will also need to demonstrate an overall reduction of 15% in management costs within the consolidated PCT.

FYE 07/08			**PYE 06/07**		
Developed Plans	Plans in progress	Total plans	Developed Plans	Plans in progress	Total plans
£0.86m	£0.30m	**£1.16m**	£0.86m	£0.20m	**£1.06m**

Objective

To deliver the current savings targets through the management of vacancies and disestablishment of posts.

Progress to Date

- Identified posts have been permanently disestablishment
- Vacancy control in place for all posts within the PCT. In addition to financial information, a full clinical risk assessment is required for each post

4.6.2 Actions to Further Reduce Pay and Other Costs

Objective

To further reduce non-pay expenditure to ensure the organisation is as efficient as possible and all costs savings that can be reduced without impacting patient care are implemented.
The organisation has in place a workforce plan, progress against which is reported on a monthly basis to the SHA. The PCT met its 2005/06 Financial Information Management System (FIMS) workforce plan, and is below the April and May 2006 target, the PCT expects this trend to continue.

The PCT has in place a range of additional control measures to reduce non pay and other types of expenditure, the key controls are:

- Vacancy control in place for all posts within the PCT. In addition to financial information, a full clinical risk assessment is required for each post
- All orders and procurement are reviewed by senior finance staff prior to authorisation
- All bank and agency usage is authorised by directors, whilst running with a high level of vacancies the PCT has managed to maintain bank usage at a low level, which appropriately allows some flexibility to maintain safe services

Table 15 identifies a sample of non pay cost and illustrates the savings resulting from these stringent non pay controls:

Table 15: Sample of Non Pay Costs

Location	Area of Spend	2004/05 £000	2005/06 £000	Reduction £000	%
Corporate HQ	Stationery	16.5	11.2	**5.3**	**32%**
	Books and journals	2.6	0.5	**2.1**	**81%**
	Photocopying	35.4	15.7	**19.2**	**54%**
	Furniture and fittings	6.8	0.5	**6.3**	**93%**
Monkgate Site	Stationery	3.8	0.3	**3.5**	**92%**
	Photocopying	6.5	4.3	**2.2**	**34%**

Table 16 highlights the bank and agency spend within the PCT over the past two years, and also illustrates how this expenditure is kept under control in the face of increased level of vacancies.

Table 16: Bank and Agency Usage

Directorate	2004/05		2005/06		Current vacancy levels WTE
	Bank £000's	Agency £000's	Bank £000's	Agency £000's	
Corporate directorates	0.8	26.8	0.0	0.0	3.68 (2)
Health and Social Care	361.1	92.6	340.1	133.8 (1)	35.91
Mental Health	443.6	41.7	330.1	59.0	51.86
Public Health	1.1	0.0	0.0	0.0	0.00
Total	**806.6**	**161.1**	**670.2**	**192.8**	**91.45**

(1) Agency spend in Health and Social care includes £24.7k for 2004/05 and £43k for 2005/06 for a continuing care package for a single patient.
(2) W.T.E for corporate areas is after the disestablishment of posts detailed in the preceding management costs section.

Progress to Date

- Identified posts have been permanently disestablished
- A review of the 2005/06 outturn on non pay expenditure has highlighted that further target savings can be made in the following areas:

  - Recruitment and advertising budgets; in conjunction with vacancy control and e-recruitment.
  - Travel and subsistence; this will be delivered through reduced staffing levels and by reviewing working methods .

- A Project Plan to deliver further non pay savings through the PCTs Estate, is under development

5. COMMUNICATIONS STRATEGY AND STAKEHOLDER ENGAGEMENT

The PCT's Financial Recovery Plan is comprehensive and far reaching. Effective communication with staff, stakeholders and the public has been essential to the development of this plan. A communications strategy and guidance has been produced, in conjunction with patient and public involvement leads, to ensure that during the continuous process of formulating the recovery plan the public, staff and stakeholders have been asked for their input. This 'Listening Exercise' has been communicated widely and the views used to influence the recovery plan. Comments to the *'have your say'* email address have been replied to and their opinions noted.

In line with this, throughout the financial recovery planning process the PCT has been actively engaging with stakeholders, including the local GP community, secondary care providers and other interested parties.

That engagement has taken many forms, for example regular meetings with the local practice-based commissioning groups and the main provider of our commissioned activity, York Hospital NHS Trust.

The PCT has also sought to increase communications with our partners in a number of other ways, for example regular practice visits to local GP surgeries by the Acting Chief Executive. The Turnaround Project Group also has a nominated lead for GP communications, to ensure they receive information and have a simple way to directly feedback on the recovery process.

The PCT has also worked with overview and scrutiny committees of our local authorities to ensure they are fully aware of the situation and the operational decisions we have taken as a result. Across our integrated services lead managers within the PCT are also regularly briefing their counterparts.

Throughout the delivery of the plan there will be regular and targeted communications on the achievements so far and highlighting any concerns. The communication will be two-way and allow for interested parties to feed back suggestions, concerns and questions to those responsible for delivering the Financial Recovery Plan.

The PCT is fully appreciative that our stakeholders have, throughout this engagement process, raised concerns over some of the issues we are highlighting and the pace of change we are suggesting. We are continuing to work with them to provide answers and wherever possible reassurances. However, we will only be able to achieve our objectives by continuing to work with all stakeholders to develop this process of engagement.

6. CASH MANAGEMENT

The PCT's initial cash plan forecasts a cash requirement of £14.9m in 2006/07, based on the PCTs forecast run rate (section 7) the PCT will require additional cash at the beginning of March 2007. This cash requirement assumes the PCT will achieve £22.8m of savings, and a break even revenue position.

The cash plan includes the repayment of the 2005/06 cash support of £19.9m, and generating £5m of additional cash savings through continued focus on balance sheet management.

If there is a shortfall against the savings target and only £15.0m of savings are achieved in year the PCTs cash requirement will be £22.7m, this will be required in mid February 2007.

Due to the risks identified in delivering the £22.8m in year the cash position is continually reviewed to fully understand the impact of any cash lag on the proposed savings schemes. E.g. savings on capital charges have no cash benefit

This position is reported through the monthly FIMS Return, and was highlighted in the PCTs FIMS plan submission made in April 2006.

Table 16: 2006/07 Estimated cash requirement

2006/07 Forecast Cash Requirement	**Planned** Delivering £22.8m savings	**Sensitivity analysis** Delivering £15.0m savings
	£m	£m
Net Operating Costs per FIMS Plan(excluding non discretionary costs)	**306.4**	**314.2**
Non Cash Items (Depreciation etc.)	(4.4)	(4.4)
Balance Sheet Management	(2.2)	(2.2)
Cash Required for Operating Costs	**299.8**	**307.6**
Additional cash requirements (see note 1)	37.8	37.8
Total Discretionary Cash Required	**337.6**	**345.4**
Cash Limits		
Initial	305.3	305.3
Anticipated cash additions (see note 1)	44.4	44.4
Repayment of 2005/06 cash support	(19.9)	(19.9)
SHA 2.5% reserve	(7.1)	(7.1)
Net Cash Limit	**322.7**	**322.7**
Anticipated Cash Requirement	**14.9**	**22.7**

Note 1 provision is made within this figure for the purchase of Bootham Park Hospital and Clifton Site from York Hospitals Trust. Overall the impact will be cash neutral.

7. RUN RATE

7.1 The planned income and expenditure run rate is given in Appendix 6. In year break even occurs during November 2006, when the PCT moves into surplus.

- This forecast is based on achieving only £15m of savings, although we are continuing to work on plans to deliver £22.8m.

As mentioned in section 6 of this report, the PCT will require cash brokerage of a minimum of £14.9m; this would increase to £22.7m if only £15m of savings are delivered this will be required at the beginning of March 2007.

8. IMPLEMENTATION

8.1 Risks and Management Action

Through the risk assessment, KPMG have identified three key risks. The Chief Executive had already identified these risks and is taking the appropriate management action:

- Engaging Stakeholders, and securing their agreement to plans where necessary;

  As outlined in section 5, throughout the financial recovery planning process the PCT has been actively engaging with stakeholders, including the local GP community, secondary care providers and wider interested parties.

- Ensuring sufficient capacity and capability within the PCT to implement plans;

  There is an acknowledgment that the current PCT structure lacks capacity which early implementation of the more robust commissioning and performance management function, likely to be proposed for the reconfigured North Yorkshire and York PCT will address.

- Implementing effective monitoring systems for progress against plans, and ensuring the data required is timely, accurate and available.

  Section 8.2 summarises the process for monitoring delivery of the Financial Recovery Plan. The Acting Chief Executive will ensure that effective performance management, and activity and financial monitoring information, is made available to enable the Management Team to early identify potential slippage in plan delivery and to take robust corrective action where and when required.

8.2 Monitoring

Effective performance management will be essential to ensuring delivery of the PCT's Plan. This section sets out the key responsibilities, reporting mechanisms and accountabilities.

The PCT has appointed a Turnaround Director who will be leading the FRP process throughout the performance management cycle.

Performance Monitoring

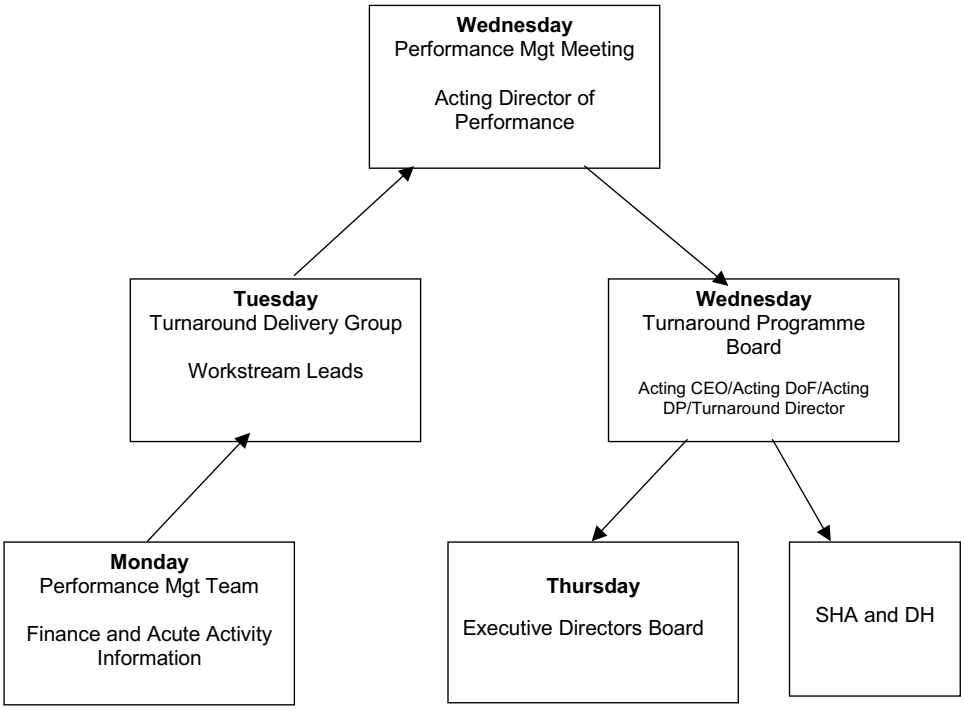
Each project will be monitored in the following ways:

- Is the timeline on track? If not, are actions in place to redress?
- Are the measurable outcomes of service changes in line with the plan (e.g. reductions in referrals, A&E attendances etc)?
- Does the financial ledger demonstrate achievement of the planned savings?

The project timeline will be monitored on a weekly basis. Slippage will be escalated up to the Performance Management Meeting and the Turnaround Programme Board with details of remedial action proposed.

Performance Management Cycle

The PCT has set up a weekly Performance Management cycle, which is summarised below.



The Turnaround Project Group (TPG) chaired by the Head of Finance will update on progress and resolve issues at project level. The purpose of the Group is to act as the key forum for project management of the Financial Recovery Plan.

The Performance Management Group (PMG) will be chaired by the Director of Performance. The purpose of the Group is to act as the key forum for performance managing delivery of the PCT's corporate objectives.

The Turnaround Programme Board chaired by the Chief Executive meets to receive the turnaround monitoring report along with weekly briefings from the TPG and PMG. Escalation of any slippage on project plans would be part of this update. This is the decision making forum for management action which will be communicated at the Executive Directors' meeting.

A weekly turnaround management report will be produced, comprising of the monitoring information together with actions taken or required to address issues. This will be distributed to the Executive Team, all Directors and Project Leads. The report will form the basis of upward reporting to the National Turnaround Team and the DH. The requirements of the performance management reports have already been identified and the PCT is in the process of building the "live" version.

9. CONCLUSION

To break even in year the PCT needs to achieve in year savings of £22.8m. The PCT has identified savings plans with a full year impact of £27.4m and a part year effect in 2006/07 of £22.8m. The planned income and expenditure run rate forecasts in year break at the end of October 2006, when the PCT moves into surplus.

These plans have been through a detailed process of challenge and risk assessment by the external Turnaround Team, KPMG. The PCT recognises the risks identified and has commenced action to mitigate these risks. The challenge of delivering £22.8m of savings in year is also recognised, current activity levels and a realistic view of robust and deliverable plans suggest that currently the likely outcome is nearer to £15m in 2006/07. The Board continues to stress its commitment to delivering a plan for the full amount of savings and efficiencies to return the PCT to balance in 2006/07, and has a schedule of 'Plans in Progress' and 'Other Initiatives' in an endeavour to achieve the full level of saving required in year.

APPENDIX 1
KPMG Risk Assessment

With the support of the external Turnaround Team the PCT has implemented a robust and accountable process to identify the level of savings required to achieve in year balance, and repay the accumulated debt.

Plans have been risk assessed using the following definitions in colour rating:

Green – Deliverable in year subject to realisation of the PCT's assumptions and effective performance management;

Amber – Further Management action required to deliver. Plans are dependent upon stakeholder agreement and engagement of which, at present, there is limited evidence. There has been no provision for slippage of either activity or project management. Subject to the realisation of the PCT's assumptions and effective performance management; and

Red – Significant uncertainty and risk to deliverability. Additional work required.

Risk assessment of the PCT's 'Developed Plans'

Table 1: Risk assessment of the PCT's 'Developed Plans'

			Potentially Achievable (FYE)			Potentially Achievable (PYE)			
	Target Savings 2006/07 £m	S&Y Plans (FYE) £m	Green £m	Amber £m	Red £m	S&Y Plans (PYE) £m	Green £m	Amber £m	Red £m
Commissioning	17.8	15.17	0.28	9.84	5.05	9.33	0.21	5.42	3.70
Provider Services	1.10	1.02	0.55	0.30	0.17	0.87	0.45	0.27	0.15
Primary Care	2.00	2.19	2.19	-	-	2.04	2.04	-	-
Corporate	1.90	0.99	0.90	0.09	-	0.95	0.88	0.07	-
Developed Plans		19.37	3.92	10.23	522	13.19	3.58	5.76	3.85
Plans in Progress		8.07	-	-	8.07	9.61	-	-	9.61
Total	22.80	27.44	3.92	10.23	13.29	22.80	3.58	5.76	13.46

Achievability risk rating of 'developed plans' (cont.)

Area	Description	FYE £000	PYE 06/07 £000	Risk Assessment
Commissioning Planned Care	Referral Management Centre	(352.0)	(320.0)	2
	Specialist SLA	1,660.0	1,660.0	1
	Management of 1st outpatient referrals	1,781.0	1,281.0	2
	Follow up outpatients	1,755.0	585.0	2
	Commissioning by exception/introducing thresholds	4,222.0	1,862.0	2
	SLA's with providers other than York	147.1	56.6	1
	Other adhoc SLA's with York	2,344.0	1,503.0	1
Total		**11,557.1**	**6,627.6**	
Commissioning Unplanned Care	Older peoples services	2,429.0	2,017.0	2
	Integrated Unscheduled Care	900.0	475.0	1
	Short Stay Paediatrics	276.0	207.0	3
Total		**3,605.0**	**2.699.0**	
Health and Social Care (Provider Services)	Target Savings for Int LD service	261.0	250.0	3
	SWM Day Hospice Reprovision	7.3	7.3	4
	Primary Care Admin CIP	11.6	11.5	4
	Head of Services Post	60.0	60.0	4
	Reprovision in Health Visiting/Imms and vacs	198.0	198.0	2
	Reduction in Occupational Therapy Service	84.8	84.8	4
	Reduction in Community Nursing Service	173.0	173.0	4
	Removal of a PA post	39.1	39.1	4
	Continence Advisors	10.0	10.0	4
	SWMH-Increase in RTA Income	10.0	10.0	3
	SWMH-Minor Injuries Unit (Income recovery-non residents)	50.0	50.0	2
	Wheelchair Centre	2.9	2.9	4
	Wheelchair Centre	18.0	14.5	1
	Reduction in 5 beds at Archways	146.0	122.0	1
	Community equipment Loan Service	9.3	9.3	1
	Less 2005/06 CRES	(510)	(510)	4
Total		**570.9**	**532.4**	

Achievability risk rating of 'developed plans' (cont.)

Area	Description	FYE £000	PYE 06/07 £000	Risk Assessment
Mental Health (Provider Services)	Acomb Gables	125.0	125.0	4
	Rehabilitation/Red Roofs	377.0	336.8	3
	19 New Lane	16.4	8.0	3
	Reconfiguration of CMHT's	40.0	40.0	4
	PICU: Development of Service to provide to NY PCT's	129.0	92.0	3
	St Andrews cost offset through commissioning	27.0	23.5	3
	Primary Care services Restructure Counselling	50.0	25.0	2
	Graduate Workers	20.0	20.0	3
	Less 2005/06 2% recurrent CRES	(335.0)	(335.0)	4
Total		**449.4**	**335.5**	
Medicines Management	Reduce the impact of doctor dispensing	249.3	249.3	3
	Lansoprazole	799.0	799.0	3
	PPI's	12.0	10.0	3
	Alendronate	120.0	60.0	3
	Fluticasone	40.0	20.0	3
	Salmeterol	100.0	50.0	3
	Clopidogrel	24.0	20.0	3
	Ramipril	30.0	30.0	3
	Goserelin/Leuprorelin	48.0	40.0	3
	Generic Savings	100.0	100.0	3
	Finance held reduction in inflation	947.0	947.0	4
	Less 2005/06 2% recurrent CRES	(280.0)	(280.0)	4
Total		**2,189.3**	**2045.3**	

Achievability risk rating of 'developed plans' (cont.)

Area	Description	FYE £000	PYE 06/07 £000	Risk Assessment
Corporate Estate	Sale of Straygarth	66.9	61.3	4
	19 New Lane	18.1	5.2	3
	Monkgate Health Centre	5.0	5.0	4
	Red Roofs	35.1	11.1	2
Total		**125.1**	**82.6**	
Corporate Management costs	Disestablishment of Posts	869	869	4
Total		**869**	**869**	
Overall Total		**19365.60**	**13,191.24**	

APPENDIX 2
Performance Process - Summary

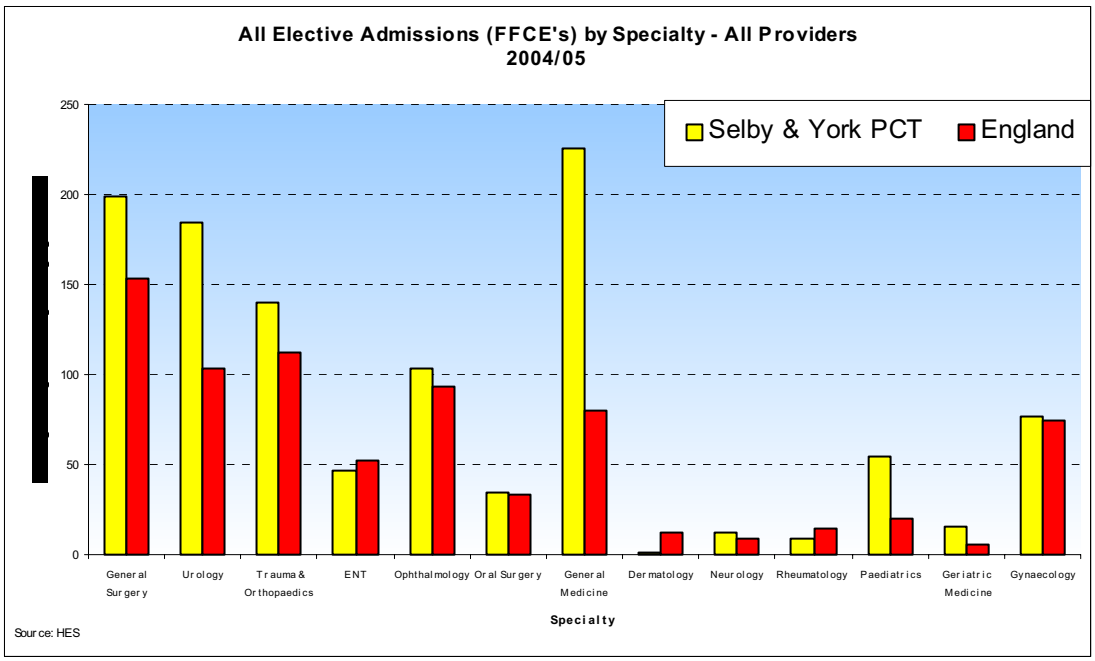
LoB	Directorate	Activity	Indicator	Controls	Measurement / control mechanism	Process *(detail - to agree/populate)*
Commissioning	Planned Care	GP 1st OP referrals - gateway	# GP referrals by spec by practice against weekly plan as recorded by RACAS.	Reconcile GP referral targets to the DES and the "2nd 95p" - aggregate and by practice. RACAS as a lead activity indicator.	RACAS - real time tool to measure referral activity. Choose & book to filter/aggregate reports for comparison to targets.	RACAS reporting capabilities - set up automated exception flags/reports. Due consideration of the collation and presentaion of paper based referrals - data entry into a spreadsheet.
Commissioning	Planned Care	GP 1st OP referrals - lag review	1) # New attendances following GP referral against monthly plans as recorded on OP CDS. 2) # New attendances against weekly headline plan as recorded on weekly fasttrack report (if Trust sign-up secured)	GP actual referrals against their indicative budget - lag indicator.	Current process of reviewing Trust and HPS activity through "Contract Monitoring Process" (CMP).	CMP 'first cut' data detailed comes through six weeks after the month end and relates to referrals made 3 months ago. Targets by practice have been fed into the system to enable automated variance analysis.
Commissioning	Planned Care	Consultant to consultant referrals	1) # New attendances following other referral against monthly plan as recorded on OP CDS. 2) # New attendances against weekly headline plan as recorded on weekly fasttrack report (if Trust sign-up secured)	Urgent review of (i) general medicine referrals (sample audit) & of (ii) top 4 referring consultants. Agreement with Trusts on permitted levels (i.e. they pay for slippage).	Only measure is 6 wks after the month end of the activity. Monitor level of c:c referrals through CMP. Propose sample audits where excessive activity occuring.	
Commissioning	Planned Care	Follow-up OP visits	1) # FU attendances against monthly SLA plan as recorded on OP CDS. 2) # FU attendances against weekly headline plan as recorded on weekly fasttrack report (if Trust sign-up secured)	Detail what will commission in SLA. SOS support mechanism for potentially urgent cases. Engage practices to understand clincial necessity.	Propose SOS team is clinically led by the Trust lead consultant by speciality who signs off and reports back monthly on exceptions. Monitor level through CMP.	
Commissioning	Planned Care	Acitivity in 'commission by exception' areas	1) # of 'by exception HRG' admissions against monthly plan as recorded on IP CDS. 2) # planned admissions against weekly headline plan as recorded on weekly fasttrack report (if Trust sign-up secured)	RACAS team familiar with the list and will enforce. 'Choose and book' system flags non-commissioned referals? Trusts refuse/pass back non-commissioned referrals (to be agreed).	RACAS filter and review on a case by case basis. Inpatient CDS data available 6 weeks after the month end of the activity - request Trust to provide a weekly flash up-date comprising total nos. of procedures by speciality.	
Commissioning	Planned Care	Reduce operative interventions in Top 50 HRGs to national average	1) # of 'top 50 HRG' admissions against monthly SLA plan as recorded on IP CDS. 2) # planned admissions against weekly headline plan as recorded on weekly fasttrack report (if Trust sign-up secured)	Set target levels in SLA that deliver savings in FRP. YHT acceptance passes liability for slippage?	CMP activity reports. Mechanism for timely audits when outlier activity.	
Commissioning	Planned Care	PCT Finance		Allocate agreed savings targets by month to appropriate budget lines.	Monitor financial actuals to budgets on a monthly basis and follow-up on variances.	Commissioning figures are posted onto the ledger when the Commissioners have a 'forecast outturn' figure which is 3m after the month end of the activity.
Commissioning	Unplanned Care	Older people services (excluding excess bed day savings)	1) # of NEL geriatric admissions against monthly plan as recorded on IP CDS. 2) # NEL admissions against weekly headline plan as recorded on weekly fasttrack report (if Trust sign-up secured)	Performance Mgmt of Community Nurses and Fast Response teams. Archways - Patient KPIs - (i) where patient come from, (ii) length of stay (% bed utilistaion?) and (iii) where discharging to.	Actual activity from admissions activity reports enables consideration against savings targets & the effectiveness of the nurse performance mgmt control.	**Activity -** Trust data provided 6 weeks after the month end. **Nurse performance mgmt** - Nurse logging activity on standard forms (detailed including diversions & admissions). Kerry Blewitt (to check) collates and escalates if appropriate. Jan Aspinall reviews weekly report. Formal bi-monthly meetings discussing exceptions.
Commissioning	Unplanned Care	Excess bed days (including older peoples)	# of XSBDs against monthly plan as recorded on IP CDS.	Define clear service specs/clinical criteria for key HRGs continuing stay in an acute ward.	(i) Formation of and proposed weekly meeting of 'Discharge Advisory' team to discuss on a patient by patient basis, (ii) Activity reports from Geoff Kirk's team, & (iii) Team co-ordinator to take on-going responsibility.	Discharge Advisory Team' - weekly meeting of PCT & YHT staff to discuss patients in the system, the proximity to trim point, and how best to take their case forward **(Q. How do they identify the key patients within the hundredes in the system?)**
Commissioning	Unplanned Care	Short stay (including paediatrics)	1) # of NELSS 'A&E' admissions against monthly plan as recorded on IP CDS. 2) # NEL admissions against weekly headline plan as recorded on weekly fasttrack report (if Trust sign-up secured)	Dialogue with YHT as to current use of Observation Ward.	Trust data - filter of A&E activity.	Sort A&E data by length of stay ('0 days' being less than 24 hours) and age of patient (to track paediatrics).
Commissioning	Unplanned Care	Coding / Integrated unscheduled care centre	1) £ successfully contested as result of quarterly routine checking processes. 2) £ saved as result of quarterly clinical review by GPs	External annual audit of practices. Code of standards in place. Selective use of internal/independent - must have consistent approach streamlined through Geoff Kirk.	**Coding** - Analysis of coded activity within NWCS/SUS - Measure relative %s of codeing as 'minor'. **IUC Centre** to be managed by Trust staff - requirement for in-depth reporting and accountability. TBC.	
Commissioning	Unplanned Care	PCT Finance	Monthly financial performance forecasts	Allocate agreed savings targets by month to appropriate budget lines.	Monitor financial actuals to budgets on a monthly basis and follow-up on variances.	Commissioning figures are posted onto the ledger when the Commissioners have a 'forecast outturn' figure which is 3m after the month end of the activity.
Primary Care	Medicines Mgmt	GP prescribing	Monthly prescribing FOT	PCT and broader clinical guidance on what is accepted prescribing activity.	(i) Practice by practice comparison of actual prescribing against their budget. Pro-active PCT audits of repeat offenders. (ii) Data sorted by drug.	Data 2m lagged. To link the activity of the prescribing advisors into Geoff's team. Good data source and skills within the team.
Primary Care	GP costs		Monthly financial performance data		Removal of agreed budgets and monthly monitoring by finance team.	
Primary Care		PCT Finance	Monthly financial performance forecasts	Allocate agreed savings targets by month to appropriate budget lines.	Monitor financial actuals to budgets on a monthly basis and follow-up on variances.	utilisation of PPA prescribing data which is 1m lagged
Provider Services	Health & Social Care	budget reduction profiled in line with agreed PIDs	Monthly financial performance data	Allocate agreed savings targets by month to appropriate budget lines.	Directorate sign-off on savings put through the ledger. Measure through variance analysis.	reports are 10 days time lag however discussion is needed at budget holder level to ensure robust forecasting in place.
Provider Services	Mental Health	budget reduction profiled in line with agreed PIDs	Monthly financial performance data	Allocate agreed savings targets by month to appropriate budget lines.	Directorate sign-off on savings put through the ledger. Measure through variance analysis.	reports are 10 days time lag however discussion is needed at budget holder level to ensure robust forecasting in place.
Corporate	Estates	budget reduction profiled in line with agreed PIDs	Monthly financial performance data	Allocate agreed savings targets by month to appropriate budget lines.	Directorate sign-off on savings put through the ledger. Measure through variance analysis.	reports are 10 days time lag however discussion is needed at budget holder level to ensure robust forecasting in place.
Corporate	Management	budget reduction profiled in line with agreed PIDs	Monthly financial performance data	Allocate agreed savings targets by month to appropriate budget lines.	Directorate sign-off on savings put through the ledger. Measure through variance analysis.	reports are 10 days time lag however discussion is needed at budget holder level to ensure robust forecasting in place.

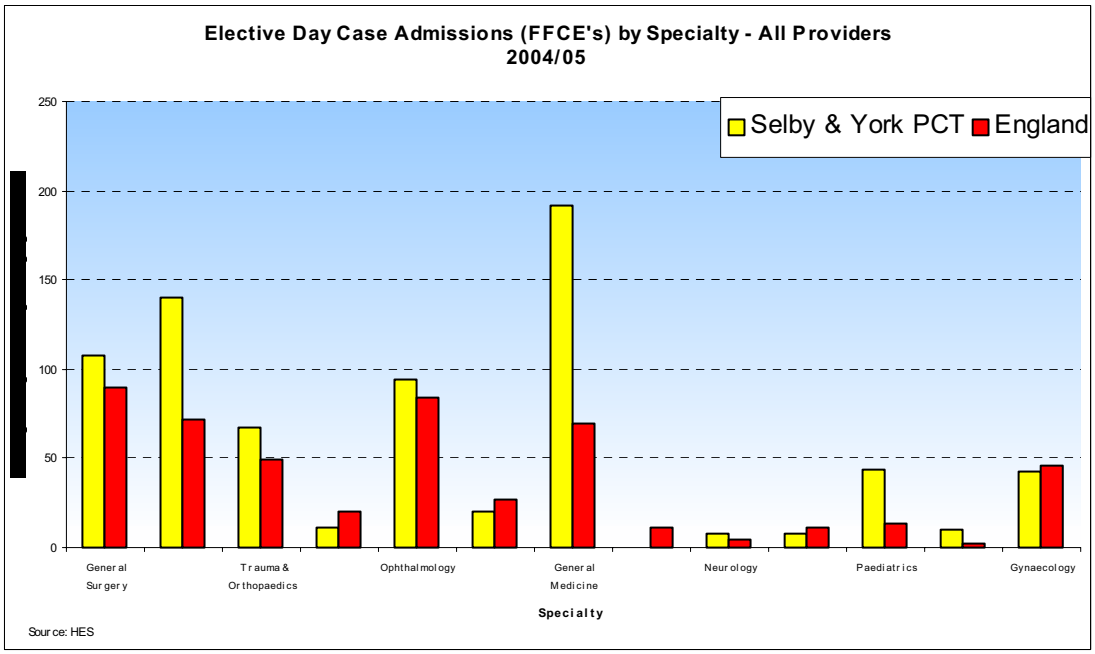
APPENDIX 3
GP Referral Rates

Benchmarking of GP Referral Rates

Referrals			**Weighted Populations**			
Specialty	Number Selby and York	Number National	Selby and York Rate per 1000	England Rate per 1000	Difference in referrals	% Change
General Surgery	7118	1258381	30.7	25.6	-1176.0	-16.5%
Urology	3062	415645	13.2	8.5	-1099.3	-35.9%
Trauma and Orthopaedics	5960	973509	25.7	19.8	-1363.1	-22.9%
Ear, Nose and Throat	4753	821956	20.5	16.7	-871.8	-18.3%
Ophthalmology	4996	836474	21.5	17.0	-1046.2	-20.9%
Oral Surgery	2114	377661	9.1	7.7	-330.7	-15.6%
Orthodontics	952	70266	4.1	1.4	-620.2	-65.1%
Neurosurgery	64	25386	0.3	0.5	55.9	87.3%
Plastic Surgery	153	134579	0.7	2.7	482.5	315.3%
General Medicine	7283	602452	31.4	12.3	-4438.2	-60.9%
Cardiology	57	323832	0.2	6.6	1472.1	2582.7%
Gastroenterology	12	185947	0.1	3.8	866.0	7216.9%
"General Medicines"*	7352	1112231	31.7	22.6	-2100.1	-28.6%
Haemotology (clinical)	509	63596	2.2	1.3	-208.7	-41.0%
Clinical Immunology and Allergy	62	8426	0.3	0.2	-22.2	-35.8%
Dermatology	4917	777605	21.2	15.8	-1245.2	-25.3%
Geriatric Medicine	1272	93478	5.5	1.9	-830.6	-65.3%
Neurology	1221	227920	5.3	4.6	-144.8	-11.9%
Rheumatology	875	232882	3.8	4.7	224.7	25.7%
Paediatrics	1495	295043	6.4	6.0	-101.8	-6.8%
Gynaecology	4607	956351	19.8	19.4	-91.2	-2.0%
TOTAL	**41302**	**7007363**	**177.9**	**142.5**	**-8213.5**	**-19.9%**

APPENDIX 4
Acute Performance Indicators/Intervention Rates





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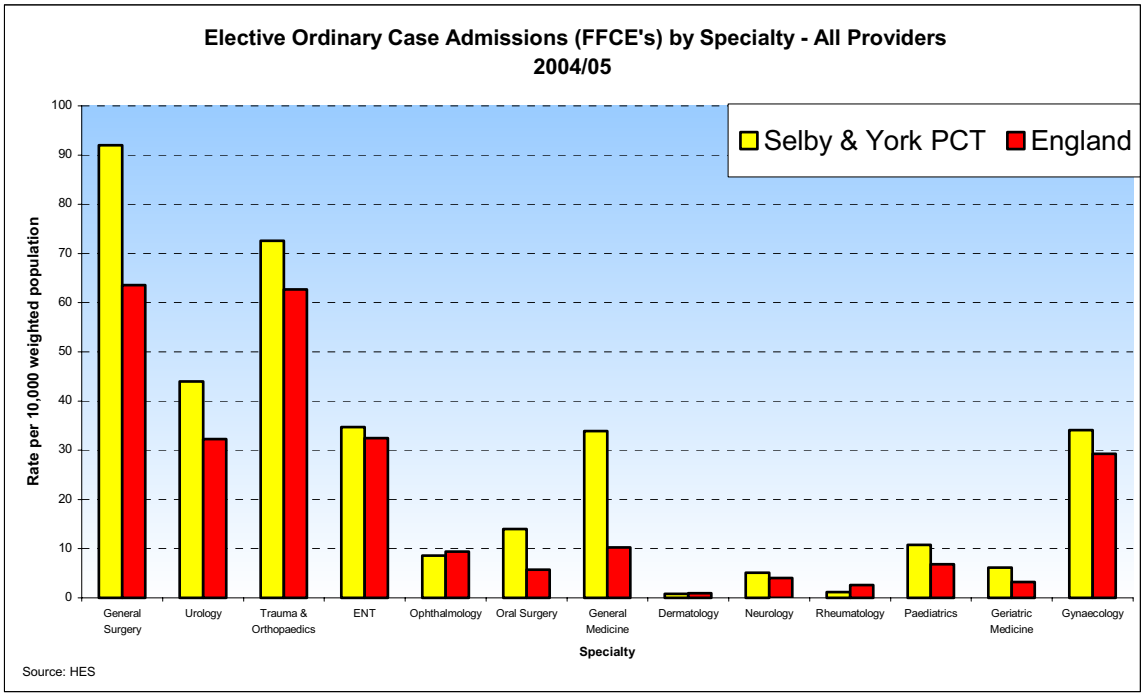

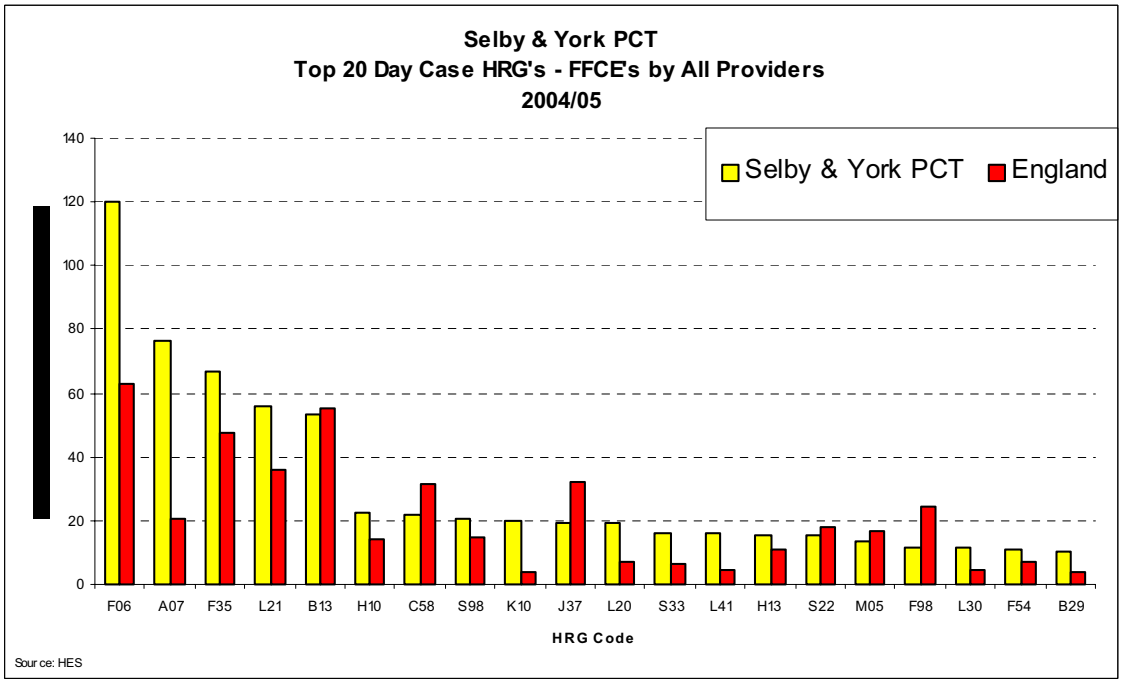

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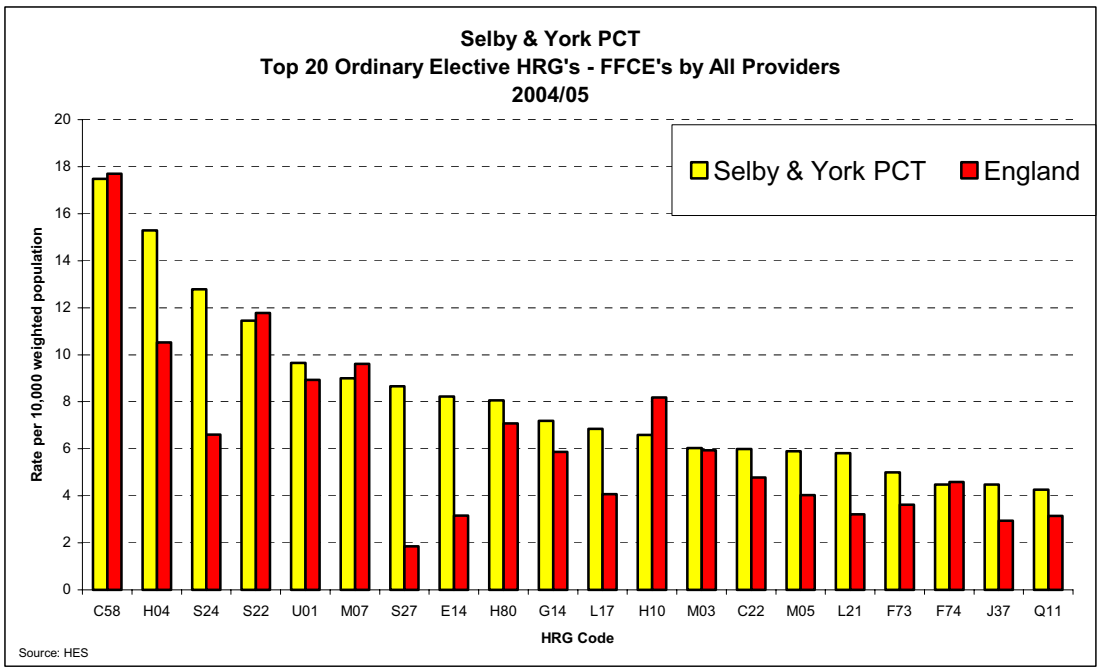

In Year Income and Expenditure Position

(Before Payment of 2005/06 Deficit)

Appendix 5
Run rate

		a	b	c	d	e	f	g	h	i	j	k	l	m
		Apr	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**Jan**	**Feb**	**Mar**	**Total**
	Note													
income	**1**	24,384.4	24,142.4	26,739.4	24,447.4	24,241.4	26,776.4	24,463.4	24,500.4	26,990.4	24,315.4	24,156.4	31,244.4	**306,402.0**
expenditure	**2**	26,135.0	26,709.0	28,351.0	26,044.0	26,781.0	28,356.0	26,045.0	26,120.0	29,484.0	25,823.0	26,607.0	32,709.0	**329,164.0**
in year deficit	**3**	**-1,750.6**	**-2,566.6**	**-1,611.6**	**-1,596.6**	**-2,539.6**	**-1,579.6**	**-1,581.6**	**-1,619.6**	**-2,493.6**	**-1,507.6**	**-2,450.6**	**-1,464.6**	**-22,762.0**
cumulative	**4**	*-1,750.6*	*-4,317.2*	*-5,928.8*	*-7,525.3*	*-10,064.9*	*-11,644.5*	*-13,226.1*	*-14,845.7*	*-17,339.3*	*-18,846.8*	*-21,297.4*	*-22,762.0*	
FRP	**5**	**317.1**	**606.4**	**-188.6**	**-103.6**	**-15.9**	**164.1**	**479.1**	**2,442.0**	**2,812.6**	**2,822.4**	**2,797.1**	**2,870.2**	**15,002.9**
In year deficit	**6**	-1,433.5	-1,960.2	-1,800.2	-1,700.2	-2,555.5	-1,415.5	-1,102.5	822.4	319.0	1,314.8	346.5	1,405.6	**-7,759.1**
Cumulative	**7**	*-1,433.5*	*-3,393.7*	*-5,193.9*	*-6,894.0*	*-9,449.5*	*-10,865.0*	*-11,967.5*	*-11,145.1*	*-10,826.1*	*-9,511.2*	*-9,164.7*	*-7,759.1*	
actual pct07	**8**	**-1,599.0**	**-133.0**											
cumulative	**9**	*-1,599.0*	*-1,732.0*	*-1,732.0*	*-1,732.0*	*-1,732.0*	*-1,732.0*	*-1,732.0*	*-1,732.0*	*-1,732.0*	*-1,732.0*	*-1,732.0*	*-1,732.0*	
variance(cumulative)	**10**	**-165.5**	**1,661.7**											

Notes

1 **Resource limit before RAB deduction for 2005/06 but after 2006/07 SHA top Slice**

2 **Expenditure based on budgt book and FIMS submission**

3 **In-year deficit before savings**

4 **Cumulative deficit before savings**

5 **Savings from FRP based on agreed PID documenation**

6 **In-year deficit after savings**

7 **Cumulative deficit after savings**

8 **Actual Run Rate based on PCT07 monitoring**

10 **row 9 less row 7**

GLOSSARY OF TERMS

A&E	Accident and Emergency
CHD	Coronary Heart Disease
COPD	Chronic Obstructive Pulmonary Disease
CRES	Cash Releasing Efficiency Saving
CRW	Continuing Recovery Ward
DES	Directed Enhanced Service
DH	Department of Health
DNA	Did Not Attend
ERIC	Estates Return Information Collection
FRP	Financial Recovery Plan
FYE	Full Year Effect
GP	General Practitioner
HRG	Healthcare Resource Groups
I&E	Income and Expenditure
LDP	Local Delivery Plan
MIU	Minor Injuries Unit
MPTs	Multi Professional Teams
NEYNL	North East Yorkshire and Northern Lincolnshire
NICE	National Institute for Health and Clinical Excellence
OP	Outpatient
PbR	Payment by Results
PCT	Primary Care Trust
PICU	Psychiatric Intensive Care Unit
PMS	Personal Medical Services
PYE	Part Year Effect
QOF	Quality and Outcomes Framework
RACAS	Referral and Clinical Advice Service
RTA	Road Traffic Accident
SHA	Yorkshire and Humber Strategic Health Authority

SIGN	Scottish Intercollegiate Guidelines Network
SLA	Service Level Agreement
SLAM	Service Level Agreement Monitoring
SYPCT	Selby and York Primary Care Trust
WTE	Whole Time Equivalent
YHST	York Hospitals Trust