



# Financial recovery in North West London

Paper to Royal Borough of Kensington & Chelsea ASC and Health Select Committee

Update from North West London CCGs – 10<sup>th</sup> February 2020

# What is the financial recovery plan?

- All parts of the NHS in North West London are working together to develop a long term strategy that improves health and care and ensures sustainable, high quality services for all our patients.
- At the same time, we face an immediate challenge, with our sector as a whole forecasting a significant financial shortfall this year. As such, alongside our longer-term planning, we developed a financial 'recovery plan' to ensure that we achieve financial targets in 2019/20, so that we can focus on the change and improvements we need to make for the future
- This presentation explains the targets we agreed with our regulator NHS London for the current financial year, how we are doing against these targets and an outlook for the longer term.
- In putting forward our plan, we want to emphasise again that the **safety of our patients and the quality of our services will always come first.**
- We will work with patients, local residents, NHS staff, our local authority partners, Healthwatch and the voluntary sector as our plans for the next five years take shape.



# Why are we in deficit?

- Since 2015, growth in our population has been outstripped by increased demand for hospital care. The North West London population has grown by 5%, while acute activity has increased by 18%. In particular, unplanned care has risen by 25%, accounting for over half our increased spending.
- However, while our funding allocations have increased, the rise in demand for health services has outstripped the increases in funding. Lack of standardisation and efficiency in commissioning of services has increased costs and led to variations in the quality and costs of care.
- Substantive staffing has increased 9% (£200m) since 2016/17, driven by increased activity but intensified by adhering to the Safe Staffing guidance, pay inflation and new Junior Doctor contract.
- Lack of integration and consensus has prevented previous plans from working.
- Over 2018/19 acute activity increased further and this left the CCGs facing a large deficit, so we could not create a balanced budget for 2019/20. It was agreed with NHS London that our plan for 2019/20 would be a deficit of £51m, however to contain the deficit to this level required us to identify a further £62m in-year (over and above the planned savings we had identified at the start of the year). This potential gap was the focus of the 2019/20 financial recovery plan.



# Financial Recovery

- To deliver the agreed plan for 2019/20, the CCGs and the NHS system (commissioner and providers) developed a system recovery plan.
- This plan had 16 elements, which fell into 4 strands, summarised on the following slides.



# Four stands to financial recovery

## Strand one: same service, lower cost

- We are making changes which will offer the same services for a lower cost to the NHS through a change in supplier and savings we can make by reducing 'back office', non-clinical costs.
- **Example 1:** We expect to see savings from the new London-wide procurement of the home oxygen service.
- **Example 2:** We are moving to a single management structure for our 8 CCGs.



# Four stands to financial recovery

## Strand two: Changes to referral behaviour

- We are looking at ways we can influence GP behaviours by comparing referral patterns and identifying best practice.
- **Example 1:** There may be disproportionately high referral rates into acute or specialist services from a particular GP practice because they do not have the right information about alternative community services that are available. Unwarranted variation in GP referral patterns has already been reduced through practice visits and action plans. We are building on this by working with the emerging Primary Care Networks so that the approach to unwarranted variation is addressed in the local setting where the local issues can be discussed, understood and solutions developed in response to this local situation.
- **Example 2:** Bringing some hospital referrals back to local NW London providers, we are ensuring that patients are treated closer to where they live while saving 30% on tariff costs. We aim to bring 15% of planned activity back to NW London services and in doing so we are committed to ensuring no patient waits more than 52 weeks and waiting lists do not exceed the levels of March 2018.



# Four stands to financial recovery

## Strand three: enforce existing policies

- Not all existing policies and clinical guidelines are properly followed and we are working to ensure better compliance across the system.
- **Example 1:** NHS England has national policies on prescribing medicines which are available over the counter (and in some cases are cheaper over the counter than with a prescription). These have been subject to public consultation nationally. Compliance with these policies varied across North West London and so we are working to ensure that the policy is fully implemented by all our GPs and hospitals.
- **Example 2:** Consultant-to-consultant referrals are very high in parts of North West London hospitals. It is agreed national best practice that in cases where a patient is referred to a consultant and the consultant believes the patient needs to see a specialist in an unrelated area, the patient be referred back to the GP first. Clinicians have agreed a standardised approach for consultant-to-consultant referrals, and for follow-up appointments with outpatients. Trusts are now implementing this agreement



# Four stands to financial recovery

## Strand four: updating eligibility criteria

This is the area which is a focus for equalities impact analysis, patient engagement and consultation if necessary.

Although we will prioritise savings from administration and by reforming how we commission care, we are looking at all aspects of our spending. This may involve updating the eligibility criteria for some of our 'Planned Procedures with a Threshold' and for our patient transport services to ensure the standardised guidance fully reflects the most up to date evidence, best clinical practice and value for money.

- **Example 1:** We are standardising the eligibility criteria for patient transport across North West London, to make sure access is consistent and fair regardless of where a patient lives, and looking at the reasons for variation between contract costs. We evaluate the eligibility criteria on an ongoing basis in partnership with patients as this work develops.
- **Example 2:** We are reviewing our Planned Procedures with a Threshold policies, with a view to updating the eligibility criteria for certain procedures.



# 2019/20 Expected Year End

- Although this has been a very challenging year, there has been a very significant turnaround, to the extent that CCGs have successfully managed to reduce costs across the range of measures identified in the 2019/20 recovery plan, and are on course to meet the plan – which would be a deficit of £51m
- Most providers are also on track, however unfortunately London North West University Hospitals and Hillingdon Hospitals are both now predicting that they will fail to meet their targets by £10m each. It is hoped that some other Trusts will compensate some of this deficit, and Central London Community Healthcare have indicated that they will make a contribution of £2m. It is hoped that others may also be able to help.
- This achievement has come about due to a focus on costs and working collectively as a system. The fortnightly system recovery board, with membership from commissioners and providers, and the monthly Partnership Oversight Group including all system CEOs and Local Authority representation, have been important mechanisms that have enabled organisations to work collaboratively for the same end



# 2020/21 and Beyond

- The NHS published the Long Term Plan and in the autumn North West London published our response, setting out how we will meet the aims over the next 5 years.
- In terms of the plan for 2020/21, work is on-going. The North West London system has indicated to NHS London that we will target a deficit to the plan of £24m, which is clearly a very significant improvement for both CCGs and providers. Whilst there is a lot to do to find the savings needed for CCGs and Trusts to achieve this number, there is system commitment to working together to achieve this.
- Consequently NHS London have said that they are content that the North West London system is working collaboratively to deliver the best outcome possible. A list of the ten systems that are most concerning to the NHS was published recently, and this does not have North West London on it.
- This is not to say that the financial pressures have been eliminated. Indeed there is a very great deal still to be done. But collaborative working is making a difference and the size of the system deficit is falling.

