REPORT TO:	Health and Wellbeing Board
DATE:	18th September 2013
REPORTING OFFICER:	Strategic Director, Communities
PORTFOLIO:	Health and Adults
SUBJECT:	St Helens and Knowsley Teaching Hospitals NHS Trust - Proposed 5 year Clinical and Financial Plan
WARD(S):	Borough-wide

1.0 PURPOSE OF REPORT

1.1 To provide the Board with an initial assessment of St Helens and Knowsley (STH&K) Teaching Hospitals NHS Trust proposed 5 year Clinical and Financial Plan and outline areas that require close scrutiny.

2.0 RECOMMENDATION : That Board Members note the contents of the report and associated appendices.

3.0 SUPPORTING INFORMATION

3.1 On 2nd August 2013 Ann Marr, Chief Executive of STH&K Teaching Hospitals NHS Trust wrote to the Chief Officers of Halton, Knowsley and St Helen's Clinical Commissioning Groups (CCGs) outlining details of the Trust's draft 5 year Clinical and Financial Plan ***(Appendix 1 and 2 attached).***

3.2 The bulk of the Trust's income comes from contracts with English CCGs, NHS England and Local Authorities. The table below shows the breakdown of this funding[1].

	Local CCGs	NHS England	Local Auth's	Total Eng Contracts
	£m	£m	£m	£m
Payment By Results (PbR)	162.0	6.9	0.9	169.8
Non-PbR	43.0	7.1	1.6	51.7
	205.0	14.0	2.5	221.5

The bulk of this money is paid on a cost and volume basis – actual activity multiplied by a national NHS "PbR" tariff which varies according to the specialty, procedure and category of the patient. The tariff is set on a full cost recovery basis so that Trust's will gain on the margin between the marginal cost for doing an extra unit of activity and the full cost price they receive under tariff. The bulk of the non-PbR income also varies on levels of activity but uses local full cost tariffs. As at month 3 (2013/14), STH&K was

[1] (Total Trust income will be around £270m after allowing for PFI support (£2m from local CCGs, £13m from DH), clinical income from Wales, out of area CCGs and private patients (£5m) and non-clinical income (£29m) for services such as payroll, catering and money received for education and research.

over performing on its English Contracts by £1.3m - £1.0m on PbR and £0.3m on non-PbR.

3.3 The Department of Health (DH) introduced rules to limit the amount of income growth Hospital Trust's would receive from non-elective admissions whereby activity above their 2008/9 base level would only be reimbursed at 30% of the national tariff. However the 70% was still a cost in that it was paid by Primary Care Trusts to the Strategic Health Authorities. This was intended to discourage supply led growth in emergency admissions and encourage Trusts and commissioners to work together to reduce such activity. From April 2013, CCGs will pay over the 70% to NHS England (NHSE) Area Teams. The Mersey Area Team have said that the money will be recycled back to CCGs to put in place plans to reduce emergency admissions. The Trust's view is that the application of the national policy whereby additional non-elective activity is only remunerated at 30% of the tariff (NB. 70% funding from excess urgent care tariff is retained by CCGs at the discretion of the NHSE Area Team) coupled with the rise in attendances and increase in admissions is putting significant financial strain on them and therefore on their ability to continue to provide appropriate care to those admitted and in meeting the A&E operational standard (i.e. 95% of patients admitted, transferred or discharged within 4 hours) on an on-going basis and especially into the winter period. As at month 3 (2013/14), the 70% adjustment across all commissioners is £1.8m, Halton's share is £0.4m.

3.4 The Trust is therefore proposing that contracted levels for non-elective activity should be rebased, releasing the 70% tariff for investment within the Trust to maintain safety, patient experience and levels of performance. The associated Clinical and Financial Plan outlines how this investment would be utilised. It is recognised that the 2008/9 baseline calculation using current year tariffs used by the Trust was set too low and that some re-basing of the contract should be undertaken worth roughly £3m for Halton, Knowsley and St Helens CCGs. This is however considerably below the £8.1m referred to the Trust's Plan and it is still likely that there would still be non-elective activity which the Trust would only be paid at 30% of tariff.

3.5 The Clinical and Financial Plan outline a number of developments intended to improve performance, maintain patient safety and improve patient experience via the introduction of 7 day working etc.; the premise of which is not in dispute and Halton Borough Council would fully support these developments, however it would not be able to support these developments via the release of the 70% tariff.

Issues for Consideration

3.6 Following a review of the Plan, a number of points need to be highlighted, as follows :-

Support to the whole of the Urgent Care Pathway

3.6.1 NHS England document 'Improving Accident & Emergency Performance' states:-

'*Where areas have not already agreed plans and committed funds, we expect Urgent Care Boards to oversee the use of the 70% funding retained from excess care tariff. In particular, the use of money must be clearly identified to support* ***any*** *aspect which will support the urgent care system and acute providers' ability to deliver the operational standard'.*

As outlined in NHS Halton CCG's Integrated Commissioning Strategy 2013-15, it

intends to commission hospital based services only where they are absolutely necessary and sets out intentions to invest in and develop services outside of acute hospital settings to:

- support 7/7 working on a health economy footprint across all providers;
- reduce inappropriate attendances at both of our local A&E providers;
- build upon our work in Halton alongside Halton Borough Council to improve discharge, reduce readmissions and maintain frail and vulnerable people in the local community; and
- offer alternative pathways and services to A&E within Halton.

Plans are already in place for a number of initiatives outlined in Halton's Urgent Care Response Plan, agreed by the Urgent Care Board, intended to make improvements across the urgent care system and funded via the 70% unpaid tariff. Examples of initiatives introduced include:-

- Diversion/escalation processes;
- NWAS Community Care Pathways;
- Walk in Centres and the Urgent Care Centre; and
- Improving access to primary care.

These investments will ultimately impact positively on the A&E standard within both Whiston and Warrington hospitals.

It should be highlighted that for the financial year 2013/14, in addition to spending already being fully committed, NHS Halton CCG has agreed with the Trust a contract that is based on activity, tariff and the application of the nationally set rules for payment to providers. The nationally set rules state that the 30% marginal tariff for non-elective admissions remains in place. It would be difficult to argue a departure from this national requirement. In addition NHS Halton CCG is only guaranteed funding until 2015/16, so it would be difficult to support any financial plans after that date.

It should also be noted that if funding were released to STH&K then why shouldn't funding also be released to Warrington and Halton Hospitals NHS Foundation Trust (WHHFT).

AED Attendances and Non-Elective Admissions

3.6.2 Pressures faced by Accident and Emergency Departments have resulted in a national aggregated rise in attendances of 5.9% over the past three years. Within the Plan the Trust outline that they have experienced an increase of 25% in attendances and admissions over the past three years; approximately 20,000 AED attendances and approximately 8,000 in admissions.

Table 1[2] shows the actual attendances at STH&K and Warrington AED's for which there has been a 20% increase at the former between 2010/11 and 2012/13 and a 3.4% reduction in the latter. The overall effect is 3.4% increase in AED attendances for the Halton population when you examine the **total** attendance figures across the two areas between 2010/11 and 2012/13. This compares favourably with national figures.

Table 1 : AED Attendances

A&E Attendances - St Helens & Knowlsey	QTY
2010/2011	11,738
2011/2012	12,670
2012/2013	14,080
2013/2014 Q1	3,850

A&E Attendances Warrington Trust	QTY
2010/2011	28,615
2011/2012	27,845
2012/2013	27,631
2013/2014 Q1	7,345

Table 2[3] shows the number of non-elective admissions into St Helens and Knowsley and demonstrates an 18% increase between 2010/11 and 2012/13 – the actual figure is 1117, whilst Warrington report a 7.2% reduction (actual figure -648) between 2010/11 and 2012/13. The overall effect is a 3.1% increase in non-elective admissions for the Halton population when you examine the **total** non-elective admissions figures across the two areas between 2010/11 and 2012/13. Like AED attendances this compares favourably with national figures.

Table 2 : Non Elective Admissions

Non Elective St Helens & Knowlsey Trust	QTY
2010/2011	6,242
2011/2012	6,706
2012/2013	7,359
2013/2014 Q1	1,932

Non Elective Warrington Trust	QTY
2010/2011	8,954
2011/2012	8,671
2012/2013	8,306
2013/2014 Q1	1,992

Social and Intermediate Care Activity and 7/7 Working

3.6.3 Intermediate Care activity from STH&K has increased by 28%[4] from 2010/11 – 2012/13 and accounts for approximately 14% of all the intermediate care activity in the Borough.

Community Care Panel data reveals that 6-7%[5]of this type of social care activity comes from STH&K Trust discharges. It would be usual for the on-site team to utilise intermediate care services in the first instance, rather than long term packages, which would explain why this figure is low.

A key issue in the STH&K Plan and for the whole economy is in relation to providing 7 day services. For example, the Trust has outlined their intention to implement full seven day consultant and support staff working (NB. The Trust has already advertised for necessary posts in the 'hope of a successful outcome' to the consultation on the Plan).

In relation to the hospital discharge team, on site this would either require some additional resources and / or a flattening out of the discharges across the 7 day period and therefore a realignment of the existing resources.

HBC currently contribute £114K into the on-site team. In addition, consideration would need to be given as to how we can actually arrange services during weekend hours.

This may require other arrangements with service providers and better use of existing intermediate care services in the Borough which currently operates 7/7. Weekend activity from a Halton perspective is likely to be a fraction of total activity for the Borough. It should be noted that packages can be restarted at weekends and new services commissioned to start at the weekend however, for the latter these would need to be arranged during office hours. To enable new packages to be arranged at the weekend would require the authority to review service provision with Domiciliary and Residential Care Providers. This doesn't apply to Intermediate Care and Reablement services which can be accessed 7 days per week

It should be highlighted that WHHFT have been working closely with commissioners for a number of years to increase 7 day services across their hospitals, a full service description of what 7 day cover will require is being produced and the Trust will then work with commissioners to find sustainable solutions with support from any DH funding streams to deliver this change.

Every provider is under pressure to deliver 7/7 working; delivery of 7/7 working is about a system wide approach, not one provider. If investment was limited to just one provider then this would not deliver full benefits across the health and social care system.

Moving forward, NHS Halton CCG will be working with co-commissioners within Halton Borough Council and NHS England to focus investment within primary, community and social care, which ultimately should enable acute trusts to reconfigure their business models.

Estate Costs

3.6.4 It would appear from the Plan that the majority of the additional contribution would be used on closing the Private Finance Initiative (PFI) gap rather than on emergency pathway resilience or nursing costs i.e. £6.7 m during 2013/14. Whilst £1.9m would go on delivering the 4 hour target this winter and £3.5m to increase staffing levels on wards.

It should be noted that NHS Halton CCG have provided for the payment of their proportional share of the final year of PFI in 2013/14 but thereafter have not set aside further provision for excess PFI costs as they are not the responsibility of NHS Halton CCG.

Nurse Staffing Levels

3.6.5 The Plan states that the Trust is in the lower half in terms of nurses per bed compared to other Trust in the NW. WHHFT are actually lower.

A review of nursing staffing levels has been undertaken resulting in a business case to employ 95 additional staff; some of which have already been recruited to.

The increase in staffing numbers is across all wards and it is anticipated that the 70% of unpaid tariff would be used to fund these posts. This places the Trust under significant financial risk.

Medium Term Growth

3.6.6 The plan references that '*the Trust should work with commissioners and community partners to reduce non-elective activity and use the released capacity to increase electives, thereby increasing income and delivering financial sustainability. For many, complex reasons, this has not been successful and non-elective activity has continued to grow'*.

There have been many examples of initiatives introduced to support the urgent care system and based on latest AQuA information, this is starting to have a positive impact on emergency admissions and readmissions etc. and the direction of travel within Halton is promising.

The Trust's plan outlines its intention to increase its share of the elective activity market but concerns exist as to the feasibility of this considering the fact that nationally this market is contracting. Non-elective activity is increasing however investing in different community services should begin to slow and reverse this trend. It would be difficult to support a financial plan that assumes an increase in the level of elective admissions, even though the market is contracting and an increase in the level of AED attendances and non-elective admissions over the next 5 years.

£500 million to relieve pressures on A&E

3.6.7 There has been a recent announcement that A&E will benefit from an additional £500 million over the next 2 years to ensure they are fully prepared for winter.

The intention is that this funding is not only used to make improvement to A&E but to other services away from A&E as well so there are less unnecessary visits or longer stays in urgent and emergency wards.

However it is anticipated that the new funding will go to areas that are identified as being the most under pressure. This may exclude both STH&K and WHHFT who both achieved their 4 hour A&E targets.

It should also be highlighted that when the announcement was made in terms of the winter pressures funding, reference was also made to the £3.8 billion pooled health and social care funding for integration (the Integration Transformation Fund) to be held by Local Authorities. There will be an expectation that this fund is also used to support pressures across the urgent care system.

4.0 POLICY IMPLICATIONS

4.1 None identified at this stage.

5.0 OTHER/FINANCIAL IMPLICATIONS

5.1 As at month 3 (2013/14), the 70% adjustment across all commissioners is £1.8m, Halton's share is £0.4m.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

6.1 **Children & Young People in Halton**
None identified.

6.2 **Employment, Learning & Skills in Halton**
None identified

6.3 **A Healthy Halton**
All issues outlined in this report focus directly on this priority.

6.4 **A Safer Halton**
None identified.

6.5 **Halton's Urban Renewal**
None identified.

7.0 **RISK ANALYSIS**

7.1 There are a number of risks to STH&K as outlined in their 5 year Clinical & Financial Plan if additional funding was not forthcoming. However in terms of Halton, the main risks would be associated with our inability to effectively implement Halton's Urgent Care Strategy and associated Response Plan.

8.0 **EQUALITY & DIVERSITY ISSUES**

8.1 An Equality Impact Assessment is not required for this report.

9.0 **LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972**

9.1 None identified.