

Organisations Under Strain – The Birmingham East and North Story

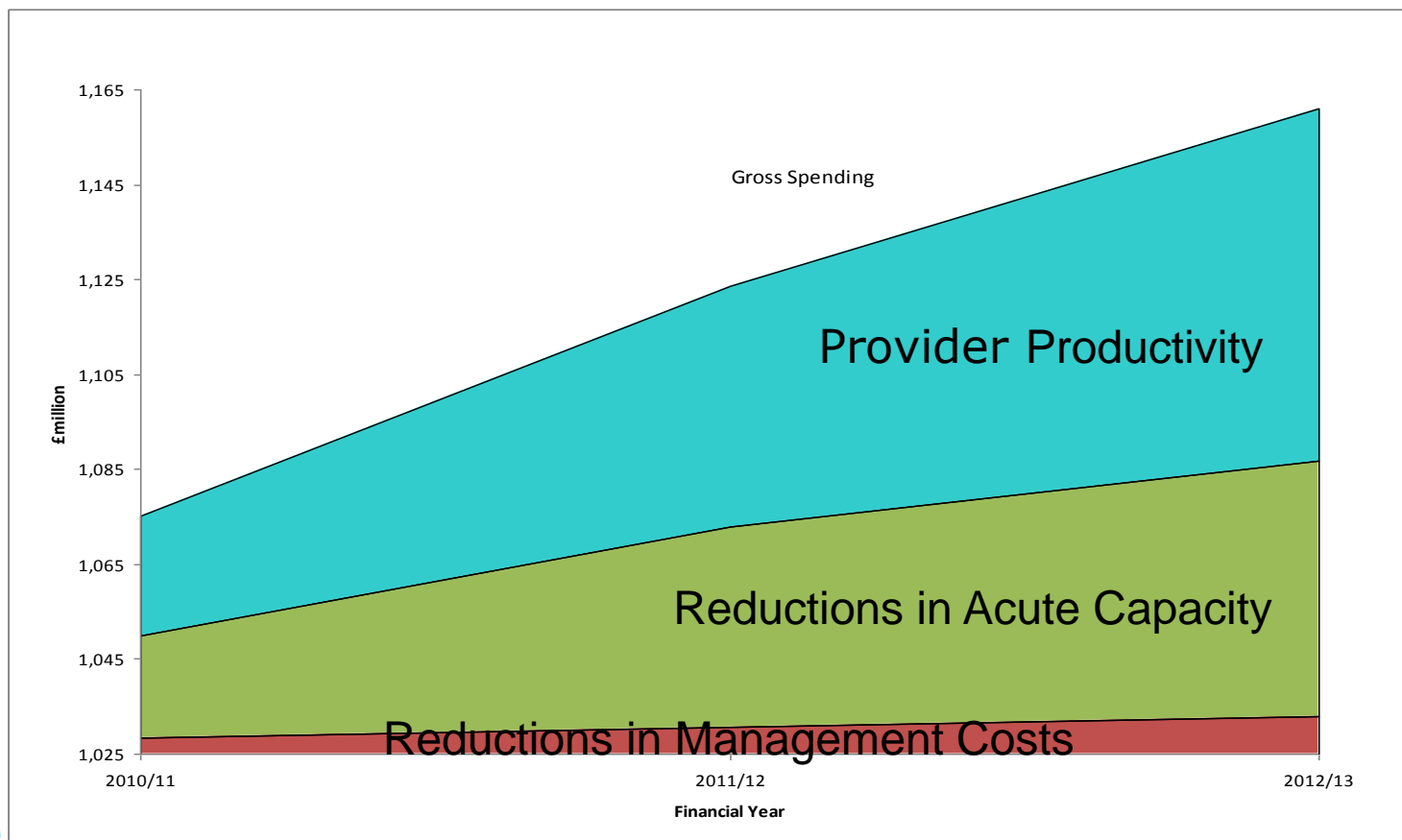
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The Scale of the Challenge

- Health Economy Financial Outlook
- The Operating Framework/Strategic Change Reserve
- Impact of managing the finances in previous years
- Additional Pressures in the system
- Gap of circa £17M (approx. 2.5% of RRL)

Health Economy Financial Outlook



The Operating Framework/ Strategic Change Reserve

- 2% of Resources to be committed non recurrently
- SHA top slicing 1% from PCTs (£7.3m NHS BEN)
- Creating SCR of £90m for “Bids”
- Submitted bids to the value of £16.5M
- Received Nothing
- Only £1.8m approved Regionally

Proposals to Manage (1)

Areas for Savings identified

Prescribing	£1.0m
Outpatient specifications	£1.0m
Reduction in O/P referrals	£1.0m
Out of area placements	£0.5m
Early Supported discharge	£0.5m
Expanded step down	£1.0m
End of Life	£1.2m
Substance Misuse	£0.5m
Heart Failure	£0.3m
Review of PMS Contracts	£0.3m
Total	£7.3m

Proposals to Manage (2)

Budget setting gap

Scrutinise budgets

Set surplus target for CHS

delivered circa £3.0m in
previous years

Review level of contingency

currently £4.1m

Review level of surplus

currently £2.0m

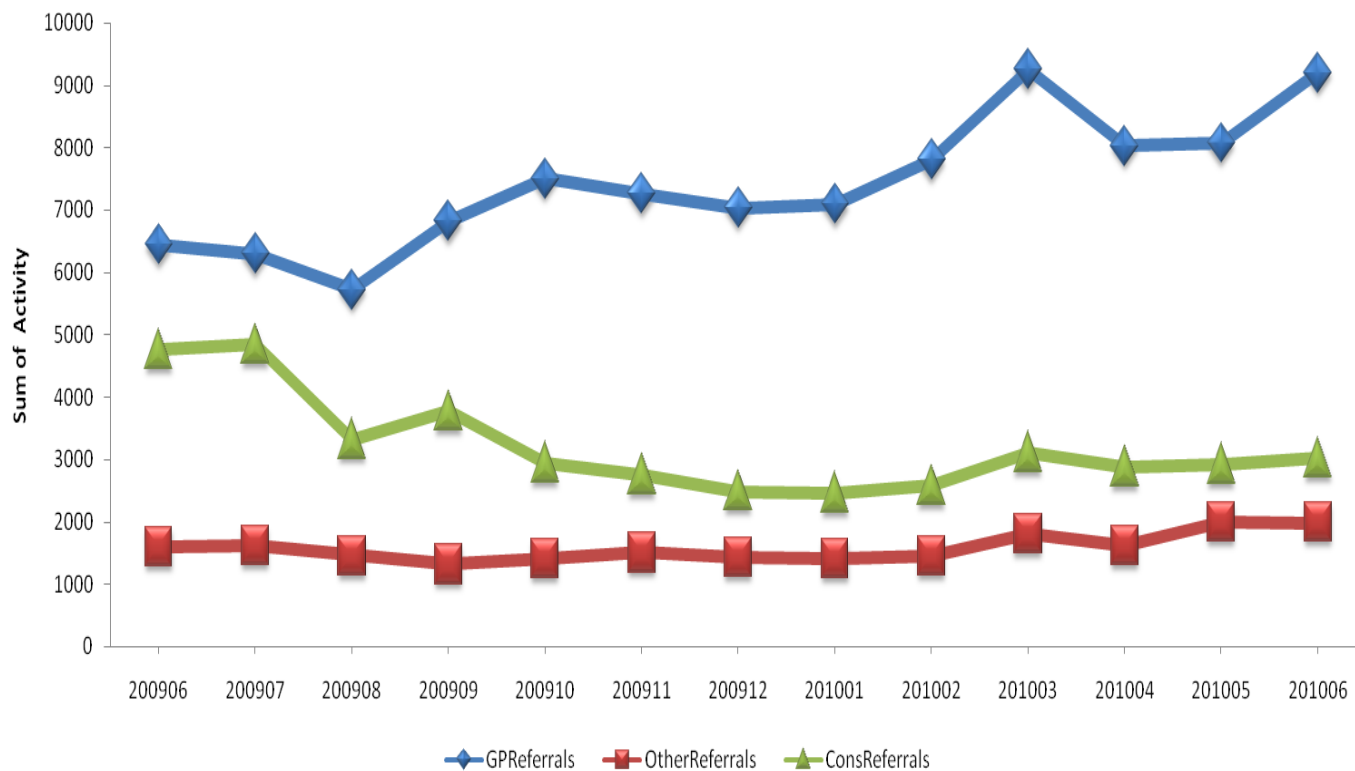
Review profile of investment

Disinvestment!

What was driving the overspend

- Increase in outpatient referrals
- Initiatives not reducing emergency admissions
- 1% Top slice
- Continuing Healthcare

First Attendance Source of Referral 0910-1011 (BEN/All Providers)



Actions to reduce expenditure

- Reduced planned level of surplus to £500K
- Scaled back/cancel investments in strategic initiatives (e.g. H@H, BoH, BENEFIT, PRIME)
- Focussed attention on reducing activity
- Increased financial controls on Corporate Expenditure
- Robust contract management, e.g. C2C, New to Follow up rates and advice and guidance tariff

Strategy for managing position

Reduce Expenditure recurrently

- Corporate Budgets
- GP Referrals
- Provider Productivity
- Other areas e.g. Continuing Healthcare

THE EXTENT TO WHICH WE COULD NOT
MANAGE THE POSITION DOING THIS MEANT
THAT

.....**WE WOULD HAVE TO**

- Defer expenditure
- “Slash and Burn”
- Rely on financial support (if it is available)
- Have a deficit for the year – failure to meet statutory financial duty

AND THE CONSEQUENCES OF THIS ARE....

.....THAT WE WOULD

- Not be in a pleasant place
- Additional monitoring, reporting, audit, external scrutiny
- Have to pay it all back
- We (PCT & Consortia) will not be in recurrent balance and we will have to reduce activity/investment or it will be done to us

The Future?

- Zero Growth and the risks that presents
- Likely further top slices
- Future impact of managing position in 2010/11
- Development of new system alongside existing one within reduced management cost envelope
- Focus on provider productivity, tighter contracts and different relationships
- Identify processes/capacity/capability to enable clinicians to make decisions that reduce expenditure

What can IA do to help?

- Doing your bit on cost where you can
- Flexibility
- Assurance that we are getting the basics right
- Target resources where impact is greatest
- Your ideas on areas to target for cost reductions
- Promoting the message
- Giving me assurance that we have not cut too far and passed the line of acceptable risk

The end result?

- Better clinical engagement, especially in respect of GP referrals
- Improved clinical input to contracting and contractual challenge
- Organisational focus on the challenge in hand
- Year end position £522K surplus
- Clean audit opinion