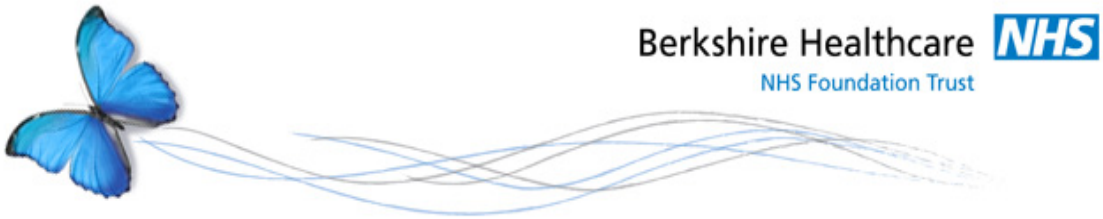

Berkshire Healthcare NHS Foundation Trust

Strategic Briefing – NHS Funding and our response to the challenge

1. Background

NHS organisations have received financial settlements ahead of inflation over a sustained period in order to address a number of issues which had accumulated over time – not least the pay of clinical staff, the hours worked by them and GPs, the ability to offer access to breakthrough drug therapies that would otherwise be unaffordable and most obviously of all, to deal with accumulated waiting lists and the raising of quality. The last year of this growth is 2010/11 where a headline increase in resources of 5.5% is available. Funding increases in later years will be in line with inflation for 2011/12 and 2012/13 and beyond that will not be available until the comprehensive spending review, (due sometime post general election), is completed. The level of the overall settlement to PCTs in 2010/11 will not translate into comparable increases for their providers as there are a number of stipulated actions that they must take.

2. The Next Generation Care Programme

In anticipation of the developing financial situation, The Next Generation Care Programme was established by the Trust in September 2009 to transform the quality and cost of services. A number of scenarios have been developed to set the ambition for the Programme. These scenarios were based on:

	2010/11	**2011/12**	**2012/13**
Optimistic income	+1%	-0.5%	-0.5%
A “Most likely “case for income	+1%	-2.0%	-2.0%

Both scenarios also assumed that pay inflation would be circa 2.25% in 2010/11, but with lower increases (1%) thereafter. The National Insurance increase announced in the pre-budget report in 2011/12 was included in a recent re-run of projections and non pay costs are forecast to increase by 1.5 – 2.0% annually. The outcome suggests that the Trust will have to find cost efficiency in the 2010/11 year of just under £3m under either income scenario and that the recurrent position by 2012/13 is between £9m and £12m.

The Trust generates revenue of circa £91m as a mental health service provider plus £22m from the provision of shared and procurement services, in the main to Berkshire PCTs and itself. The scale of the challenge is therefore clear, the Trust needs to reduce its cost base by 10% to 13% over this period and this needs to be viewed against a total NHS requirement of at least £15bn of savings (14%) by 2013/14.

The Programme was initiated by a two day workshop, attended by over 60 of the most senior clinical leaders and managers in the Trust, together with other stakeholders. This workshop created both the vision for the Programme and sub-element workstreams that were needed to realise the vision and, over the last four months, a leadership group consisting of senior clinical and managerial Trust staff have worked to generate proposals for consideration.

Given that benefits have to be delivered quickly in line with the financial gap highlighted above and that political realities exist around the spring / early summer of 2010, a timeline has been developed as follows:

By 31st January 2010 - proposals that cover the 2010/11 financial gap will be complete and presented to the Trust Board for consideration. The options and broad direction for later years will also be reviewed at that time. These will then be shared and discussed with Governors in February 2010.

By 31st March 2010 – full briefing for all options and all years will be developed in sufficient detail for the 3 year plan requirement for Monitor which will be produced for Board consideration and discussed with Governors in April 2010.

By 31st May 2010 – a document and strategy for public consultation, if required, on the options will be produced / approved by the Trust Board.

Between July and October 2010 – Any Public Consultation will take place.

From December 1st 2010 - Implementation will commence.

By 31st March 2012 – Implementation complete.

3. Plan for 2010 / 11

In order to deliver early benefits, the Trust has decided to implement the following proposals:

Proposals	**£m**
Out of Area Placements Re- negotiation of some contracts	0.8
Berkshire Shared Services BSS have identified firm proposals to offset the financial pressure that will be felt if the core inflation and income assumptions described earlier are applied to them. The main area of cost improvement is in the facilities division.	0.6
Organisational Structure A significant reduction in HQ / back office functions (15%) has also been agreed.	0.8
Consolidation of Wards Two wards in Prospect Park Hospital can be consolidated into a single ward	0.4
All Other Savings have been identified in a number of areas, including a freeze in senior managerial and clinical salaries, procurement benefits and a review of various overhead cost areas	0.3
Total	**2.9**

Proposals have some recurrent benefit into later years.

4. The NGC Programme response

The high level output of the workstream groups established by the Programme can be summarised as follows:

- Retention of 6 local bases delivering community care as close to home as possible;
- A single inpatient facility offers both cost effectiveness and enhanced clinical quality
- Service users will access services via a central point of entry where screening, assessment and signposting to appropriate care settings will take place;
- Implementation of technology which enables the Trust to operate more efficiently and also improves access options for service users;
- Transformation of day treatment services to focus on assessment and treatment;
- Efficiency driven throughout the service delivery function to ensure a "right first time" mentality;
- Artificial boundaries between services will be eliminated, making services more robust and comprehensible.

In addition to the recurrent benefits above, additional proposals are summarised in the table below and these will be further developed and reviewed during February and March 2010:

Description	Detail of Proposal
Service Delivery	• Access to right service first time, via single point of access, saving 4.7k contacts and 5.6 wte • Reduction in multiple assessments saves 3.6k contacts & 5.2 wte • Long term service user access to technology solutions – saving 15k contacts and 18 wte • Reduction in DNAs • Replacement of existing day treatments with assessment and treatment– saves estate and headcount • Centrally managed home treatment and crisis support • Changes to skill mix within service delivery services
Inpatients	A range of alternatives have been compiled which are currently subject to further review. By a significant margin the greatest cost savings are offered by options centred on a single inpatient unit at Prospect Park and this option will also enhance the patient environment most significantly.
Berkshire Shared Services Costs	The shared service management team have prepared plans which cover cost pressures in 2010/11

5. Financial Summary

£millions	2010/11	2011/12	2012/13
Identified Financial Gap	2.9	5.4 – 6.7	9.0 – 11.6
Effect of 2010/11 proposals	2.9	3.0	2.5
Remainder to be offset by NGC Programme benefits	Nil	2.4 – 3.7	6.5 – 9.1

**Note – an implementation cost provision is required in addition to the above*

6. Conclusions

The overall conclusion of this paper is that:

- The near term requirement of circa £3m of cost improvement in 2010/11 is covered by robust and deliverable proposals which provides sufficient breathing space to allow the Trust to develop and implement more innovative solutions for later years.

- The NGC Programme has already identified a number of proposals for 2011/12 and beyond which will both improve the overall quality of services and deliver significant financial benefit. A detailed review of proposals will be performed in February and March 2010 to test the full implications of implementation and to scrutinise the benefits case.

- The potential to work across organisational boundaries to the advantage of all partners and service users has to be considered during the next two months. An obvious example could be that memory clinics replacing day hospitals could be co-located to allow Social Service staff a more direct interface opportunity.

Phillipa Slinger
Chief Executive

February 2010