

Cambridgeshire and Peterborough Sustainability and Transformation Partnership (STP): System financial challenge

- messages for key stakeholders

- The System's financial challenges are large and long-standing, with a planned overspend in 2019/20 of £112m. Delivering this plan requires delivery of £104m savings, which will take concerted effort, given the level of risk is high and widespread.
- The causes of our overspend include: (a) those we can influence more easily: challenges recruiting and retaining enough permanent staff, too many patients having to spend-too long in hospital; and (b) those we will likely need national support to address: under-funding for our local population and expensive assets.
- We are working together to address those that we can impact most quickly such as premium staffing costs, reducing delayed transfers of care, and a review of commissioned services.
- Our plan for 2019/20 is very challenging and our agreement to it was contingent on future years' plans being set with an equitable level of financial challenge, as we work towards financial balance in a transparent and inclusive manner.
- We will need your help to ensuring this is the case.

What is the STP?

The Cambridgeshire and Peterborough STP serves a local population of around 1 million people. All System partners, including primary care, community, mental health and acute services, voluntary sector and Local Authority, have agreed to take joint responsibility for improving the population's health and wellbeing within a defined financial envelope. Together, we aim to ensure that local people have the best possible health and social care services available, both now, and for the future.

The NHS Long Term Plan set out the ambition for STPs to become Integrated Care Systems (ICSs), which develop new models of integrated primary and community care, by 2021. Alongside this, the new GP contract has enabled the emergence of Primary Care across the country. Locally, our ambition is to develop Integrated Neighbourhoods. With Primary Care Networks as their cornerstone, Integrated Neighbourhoods bring together community, social, secondary care, mental health, voluntary and wider services to deliver proactive and joined-up care to local populations of 30-50,000.

In Cambridgeshire and Peterborough, we have established two Alliances. The Alliances bring local providers together to address the triple aims described in the Five Year Forward View: by improving the quality of care for patients and service users; outcomes for the local population and value for the taxpayer. Working collaboratively to put patients and the population first, and organisational interests second, the Alliances are leading the design and implementation of Integrated Neighbourhoods. In the longer term, our ambition is to strengthen relationships with local partners to influence the things that make a real difference to local people's health and wellbeing: housing, jobs, education and transport. Our aim is to tap into the enormous opportunities that exist with having world-class life science industries and tech-based innovations on our doorstep to improve the lives of the local people we serve.

Context to our finances

Our financial challenges are long-standing. We have always sought to address these challenges in a manner that safeguards sustainable healthcare provision for our patients. Over the past few years, many of our partners have been subject to intense regulatory and 'special measures' interventions because of finances, and, in response, we have delivered significant cost improvement and cost recovery programmes. To put this in context, in 2018/19, our NHS partners achieved a total of £100m savings, or 3.2% of our total System budget.

While the regulatory interventions in the last few years came at the price of disengaging clinicians, we have worked hard to rectify this and take clinical engagement to a level beyond where we were. We have been focussing on developing strong relationships within the System, between health providers, primary care, social care, public health and commissioners. These have not historically been strong, but a renewed focus has enabled us to develop, at some speed, and in advance of the Long Term Plan, our framework for Integrated Neighbourhoods. These Neighbourhoods are already showing promise, with early signs of identifying how to improve local population health and well-being, as well as improving staff satisfaction. Our current momentum is positive, with an understanding of the position shared locally – both in terms of the scale of the challenge we all need to tackle and how best to progress.

This briefing reflects our local understanding of the causes of our financial challenges and what we are planning to address these. We will be testing and refining this understanding over coming months.

What is our current position?

We face a very difficult financial situation across Cambridgeshire and Peterborough. Since 2015/16, we have overspent by at least £100m each year, across all the NHS partners and, in 2018/19, our collective overspend was £146m.

By working together, we have made some progress in addressing service delivery challenges in our System – for example our CCG's Delayed Transfers of Care (DTC) are now 6.1% (March 2019) compared to 6.7% (March 2018), crucially reversing a historical upwards year on year trend. However, our financial situation remains critical. For 2019/20, our plan is an overspend of approximately £112m. Delivering this plan requires delivery of £104m savings, which will take concerted effort, given the level of risk is high and widespread.

We are currently working with regional colleagues to validate the exact causes of our deficit as compared to other Systems, however, our own local analysis would suggest that our financial problems are caused by a combination of the following:

- 1. Premium Staffing Costs** – We spend too much money on premium staffing. For example, in 2018/19, we incurred approximately £10m of premium staffing related costs. This is because we struggle to recruit and retain enough permanent staff to deliver all the care we provide due to local economic factors such as the relatively high cost of housing and low unemployment rates; transportation issues; and competition from other employers for unqualified staff.
- 2. Capacity and patient flow/patient mix** – Our System has particularly high levels of DTCs compared to other health and care systems, and well above the national target of 3.5%. Notwithstanding the frustration and distress this causes patients, their families and carers, which at times can be adverse for their health, the financial impact is that more expensive hospital beds are being utilised inappropriately, with the result that some activity is being outsourced or waiting lists grow.
- 3. Hinchingsbrooke** – Hinchingsbrooke is a smaller hospital and there are some services, such as Trauma and Orthopaedics, A&E and Women's services, which do not currently see sufficient patients to cover the overheads, meaning these services are not fully compensated for the costs of delivery at North West Anglia compared to other sites. We are committed to continued provision of these services; therefore, we are considering how best to increase activity on the site.

4. **Duplication/Gaps in Commissioning** – As both the NHS and local authorities commission services to support patients outside of hospital, it can create overlaps of services that do not provide value for money.
5. **eHospital** – Cambridge University Hospitals (CUH) has a premium electronic patient record (EPR) that captures more clinical information than the average EPR. Whilst generating more insight for improving patient care and research, this advanced EPR is significantly more expensive than those used by most other hospitals.
6. **Private Finance Initiative (PFI)** – We have three large PFI-funded hospitals within the System – a high ratio of PFI funded estate, given our population. Although we welcome these state-of-the-art facilities, across the country, PFI has proven to be an expensive way of funding NHS buildings, as we pay a high annual ‘rental’ to a third party.
7. **Underfunding for our population** – Our only Clinical Commissioning Group (CCG) has the highest negative Distance from Target (DfT) for national funding into the System. This means that the CCG receives significantly less funding annually, considering the size, growth and needs of our population. Indeed, we receive the third lowest funding, per patient, of any System in the country. Nationally, it is estimated that this gap in funding amounts to £42m each year for the CCG.
Further, our System’s population is growing faster than the Office of National Statistics (ONS) projections used to calculate CCG Allocations. Historic actual growth is 0.6% *above* the England average in the last 4 years, whereas projections estimate our population will grow at 0.1% *less* than the England average. By 2021, ONS projections say we will have a population of 988,000 while the Cambridge Research Group, which forecasts based on known housing developments, says this is more likely to be 30,000 higher at 1,022,000 – which means we may lose out on as much as £34m income each year.

Our forward plan for 2019/20

Our focus for 2019/20 is delivering a plan that addresses the local problems over which we have control. This includes our NHS provider partners delivering 3.8% cost savings, against the national expectation of 1.6%, and our CCG and Local Authority partners also meeting their own challenging financial plans.

Over and above our individual partners’ plans, as a System we are together addressing:

Capacity and patient flow/patient mix:

- Minimise the number of DTOCs, attaining the national 3.5% target, thereby ensuring patients are being cared for in a more appropriate setting;
- Improve out-of-hospital urgent care services and develop Integrated Neighbourhoods, thereby reducing admissions to hospital that could have been avoided;
- Creation of a single cardiology service across Cambridge University and Royal Papworth Hospitals, now that the two are co-located on the Biomedical campus, making the most of clinical synergies and state of the art facilities of the new hospital.

Taken together, these initiatives should allow the repatriation of outsourced activity and enable us to temporarily reduce capacity while we make our facilities fire safe, such that in the medium-term we will not have to build substantial new capacity to treat our growing population.

Premium Staffing Costs:

We are putting interventions in place to improve recruitment and retention of NHS staff, thereby reducing reliance on employing staff at premium costs, including:

- Maximising apprenticeships;
- Marketing Cambridgeshire and Peterborough as a great place to live and work;
- Creating new and extended roles for staff (including Nursing Associates);

- Improving system-wide workforce planning;
- Running system-wide annual recruitment events; and
- Improving the efficiency of staff rostering to ensure the best utilisation of working hours to meet patient need.

Duplication/Gaps in Commissioning:

We are reviewing all non-acute services that we commission which, when completed, will have the impact of increasing commissioning efficiency between our CCG and councils, through reducing duplication/over-lap of service provision, thereby increasing value for money.

In addition, we will be laying the groundwork for 2020 and beyond, initially through progressing four main areas of work:

- Developing further our two Alliances, one each for the north and south of the County, and 21 Integrated Neighbourhoods which will serve populations of between 30,000 and 50,000, providing integrated, person-centred care;
- Increasing the activity going through Hinchingbrooke to ensure that all capacity is used in a way that is clinically, operationally and financially sustainable;
- Cardiovascular Disease, Respiratory Medicine and a radical prevention agenda around Obesity, Diabetes and health inequalities will be targeted for redesign in order to improve population health outcomes, patient experience and value for money; and
- Reducing face-to-face outpatient appointments, through digital solutions, and using follow ups only when they are clinically required or requested by patients, rather than as a default.

Our plan beyond 2019/20

Over the coming months, System partners will develop a refreshed five year Health and Wellbeing Strategy – identifying our local population needs and priorities. Simultaneously, we will also develop a local response to the NHS Long Term Plan – setting out how the health and social care System will deliver these priorities, along with meeting the needs of a larger catchment population. All of this will be underpinned by three and five year financial, operational and workforce plans to deliver financial sustainability for our System.

As we have set out, our plan for 2019/20 is very challenging and our agreement was contingent on future years' plans being set with an equitable level of financial challenge, as we work towards financial balance in a transparent and inclusive manner. Furthermore, we believe that, in order to address our particular financial problems, we may need to build an investment case for being an exemplar Integrated Care System (ICS) in a way that leverages our world class assets/brands and our straightforward configuration to showcase for the NHS the potential of technology and radical transformation.

How can we help you and you help the System?

We recognise that every System can make a case for having exceptional circumstances. However, supported by evidence, Cambridgeshire and Peterborough has been shown to be subject to a unique combination of factors that have resulted in a financial problem that threatens our ability to safeguard services for local people in the long term.

WWe are asking how we can work closely together, along with regional and national colleagues, to find a route back to financial balance that is fair for our area – a route that delivers sustainable services for our patients and is open, transparent and ultimately palatable to local people.