

## Appendix 2

### Steps to Achieving System Financial Sustainability (ASFS) – CEP-Lite process

#### Introduction

In addition to the financial elements of the regulatory frameworks for providers and commissioners, NHS England (NHSE) and NHS Improvement (NHSI) also use a number of measures and programmes for individual organisations facing financial challenges, including control totals, special measures and more recently the Capped Expenditure Process (CEP).

The CEP is the first programme to apply across a health and care system, including both commissioner(s) and provider(s), although still within the existing regulatory frameworks and within Cheshire & Merseyside it is proposed that we voluntarily adopt a similar process called CEP-Lite. Within the Wirral system as part of the *Healthy Wirral Acting as One* programme ('lock-in') event all system partners have agreed to adopt this CEP-Lite process.

The three key elements of the programme include:

- Review and stress test existing plans
- Deliver the recommendations in the Next Steps on the NHS 5 Year Forward View ten step efficiency plan (1)
- Consider the difficult decisions that would further control expenditure

Benefits include:

- Transparency between the different organisations on financial plans, assumptions and operational challenges.
- Joint ownership of the challenge to reduce expenditure to an affordable level within the system.
- Additional savings identified and achieved.

The data and metrics from the Carter Review, 'RightCare' and Getting It Right First Time (GIRFT) provide insight into opportunities for organisations to investigate. These programmes have focused on providers or commissioners however there seems to be an acknowledgement that there would be benefits in bringing these together to support systems to identify opportunities for reducing unwarranted variation and inefficiencies.

*Healthy Wirral* partners have considered the 'RightCare' opportunities identified for the system which will require engagement from all providers if the process is to lead to cost reduction. Wirral is able to share the benefit of a single 'RightCare' delivery partner to provide system support. GIRFT is clinically led and a more bottom up approach but has not been visible to commissioners; however the *Healthy Wirral*

programme will provide the framework for identified clinical leads within the Wirral footprint to make the links with 'RightCare', where appropriate, and progress at pace.

In view of the benefits already demonstrated in the CEP communities, the Health & Care Partnership is proposing to offer an approach for other economies in C&M, in support of achieving system financial sustainability. This is not to replace the existing regulatory frameworks rather to supplement and facilitate the learning from the CEP communities to others within the STP.

## **Entry Requirements**

In order for *Healthy Wirral* to fully implement the offer, the following will be required:

- Commitment from all organisations to actively engage in the ASFS process
- Openness, honesty and transparency
- High support / high challenge
- Acknowledge, then park legacy issues
- Commitment to cost reduction, recognising there will be transitional costs, to a level affordable within funding envelope and combined control total.
- Commitment to collaborate with partners.
- Commitment to support and facilitate the engagement of clinical and operational colleagues across the system.
- Commitment to system wide reporting for the Health & Care Partnership and regulators; incorporating performance and quality as well as finance.
- Agreement to examine the potential savings from schemes that may seem unpalatable, identifying the patient, political and policy impact, in order to demonstrate that the system has considered all options, some of which may subsequently be ruled out but on an informed basis.
- Ensure a system mechanism is in place to ensure patient safety is not put at risk.

The high level process map below shows the six key steps to deliver net system savings and further opportunities:



## Job Cards

With the support of *Healthy Wirral* system CEOs/AOs, the Directors of Finance (DoFs), facilitated by the Health & Care Partnership Director of Finance, will together undertake the tasks outlined within 'Job Cards' incorporating the following:

- Establish the overall resource envelope available to the system, combining the funding streams flowing from CCGs, NHSE (Direct Commissioning and Specialised) and other sources (e.g. training income to providers from Health Education England)
- Provide an analysis of total costs for each organisation, identifying recurrent and non-recurrent and the proportion fixed and variable.
- A transparent full review of all existing financial plans and assumptions; forecast outturn and risks, including impact on STF.
- Reassess plans with the knowledge of partners' plans and spend profile.
- Identify all that will not deliver a net system benefit in the current financial year; consider whether there would be a net system benefit after a transitional period.
- Through the review of plans across the system, identify areas where savings could be achieved, either recurrently or non-recurrently.
- Agree a common understanding of the underlying position in the system, being the medium term challenge to be addressed to secure sustainability, with the breakdown by organisation.
- Provide an analysis of current and planned borrowings including the associated revenue costs.
- Review the available metrics for the system to identify opportunities for addressing unwarranted variation in clinical quality and productivity, including

GIRFT, RightCare and Carter. Identify 3-5 target areas to initially focus attention and identify operational and clinical leads to investigate and take action.

- For each savings scheme:
  - Identify and assess the potential political and patient impact, the impact on delivery of NHS performance and policy and the deliverability for the current financial year.
  - Identify all the partners involved.
  - Identify a single lead.
  - Identify the actions required, with measurable outcomes and milestones for delivery.
  - Identify the barriers and the enablers to delivery.
- Agree the system reporting arrangements for all savings schemes to a single forum with CEO/AO representation.
- Agree a single lead is identified to coordinate a single, system-wide financial report.
- Agree a single lead to liaise with the Health & Care Partnership DoF and other system leads to facilitate shared learning across C&M.
- Agree with the relevant Local Authority, the extent to which the financial position can be incorporated as well as input to the identification and delivery of savings programmes.