

Trust Board Paper BB

To:	Trust Board								
From:	Andrew Seddon – Director of Finance and Business Services								
Date:	28 March 2013								
Title:	LLR Better Care Together Programme – Economic Modelling								
Author/Responsible Director: Andrew Seddon – Director of Finance and Business Services									
Purpose of the report: To update the Trust Board on progress with the LLR economic modelling work being undertaken by McKinsey & Company.									
The report is provided to the Board for:									
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Summary/Key points:									
<ol style="list-style-type: none"> 1. The three Commissioning Groups, UHL and LPT have been working together to gain an understanding of the financial pressures facing the health economy over the next three years through a programme of work called Better Care Together. The remit of Better Care Together is to provide a co-ordinated mechanism across the partner organisations for identifying and agreeing common areas of change that would benefit from being delivered LLR wide. 2. McKinsey & Company have been appointed to undertake LLR wide economic modelling which is evidence based in order to understand and agree whether there are common service changes that would benefit from an LLR wide approach with an anticipated end date of 31 May 2013. 3. The economic modelling will deliver for partner organisations: <ol style="list-style-type: none"> a. A shared view of 17/18 forecast of activity and spend based on the current configuration and delivery of services b. An assessment of the impact that QIP and CIP plans will make on the activity and forecast spend c. Potential scenarios for delivering future care and the capacity required to achieve this d. Impact of different scenarios on provider and commissioner activity and spend e. A model that can be used by LLR and individual partner organisations to plan and develop future service changes 4. The Better Care Together Board recognises the need to review clinical care pathways in parallel to the economic modelling work. Proposals for clinical pathway development work are currently being confirmed with a view to completion by the end of May 2013. 5. The economic modelling is due to be handed off week commencing 25 March 2013. 									

<p>6. Progress to date:</p> <p>a. Governance The Economic Modelling work is progressing at pace and to timescale, a Steering Group which reports to the Chief Officers has been established to direct and oversee the work. The Steering Group reports to the Chief Officers Meeting and Better Care Together Board.</p> <p>b. Baseline Forecast Modelling Work undertaken on the initial baseline to determine the forecast deficit is almost completed with common assumptions broadly agreed across partner organisations.</p> <p>c. Baseline Assumptions Assumptions on activity, demographic growth, tariff changes and clinical pathway transformation have been agreed and made.</p> <p>d. LLR wide Workshop An LLR wide economic modelling workshop was held on 7 February 2013 with Chief Officers, clinical leads and financial leads with the aim of gaining greater consensus across the key stakeholders on the purpose and end state of this modelling exercise.</p> <p>e. Clinical Engagement Between March 2013 and April 2013, a number of workshops will be held with clinicians who will drive the clinical pathway transformation work. Plans are being developed for delivering these sessions using existing forums.</p> <p>f. Stakeholder Engagement Panel The Better Care Together stakeholder panel is continuing to support the economic modelling work and will play a significant role in the clinical pathway transformation work.</p> <p>g. Resource Implications The outcome of the Economic Modelling and proposed Clinical Pathway work will determine resource implications.</p>
<p>Recommendations: The Trust Board is asked to:</p> <ul style="list-style-type: none"> • Note the LLR wide economic modelling work and anticipated timescales for completion • Note the progress of the work completed to date • Identify any other assumptions or issues that the economic modelling work needs to consider
<p>Resource implications (e.g. Financial, HR): The full resource implications will need to be considered in light of the final outcome of the modelling.</p>
<p>Patient and Public Involvement (PPI) implications: There are significant PPI implications as a result of the modelling. UHL's Director of Communications and External Relations is leading the LLR consultation requirements which will be developed once the outcome is agreed.</p>
<p>Equality impact: An Equality Analysis and due regard to the positive general duties of the Equality Act 2010 has not been undertaken in the development of this report as it is judged that it is not proportionate on the basis that the annual plan will undergo an Equality Analysis and due regard to the positive general duties of the Equality Act 2010.</p>
<p>Requirement for further review? The final outcome of the modelling work will need to be considered by the Trust. The future clinical models will need assessment and the Trust's Strategic Direction may need refreshing.</p>



Better care **together**

LLR BETTER CARE TOGETHER PROGRAMME

Leicester, Leicestershire and Rutland Wide Economic Modelling

Introduction

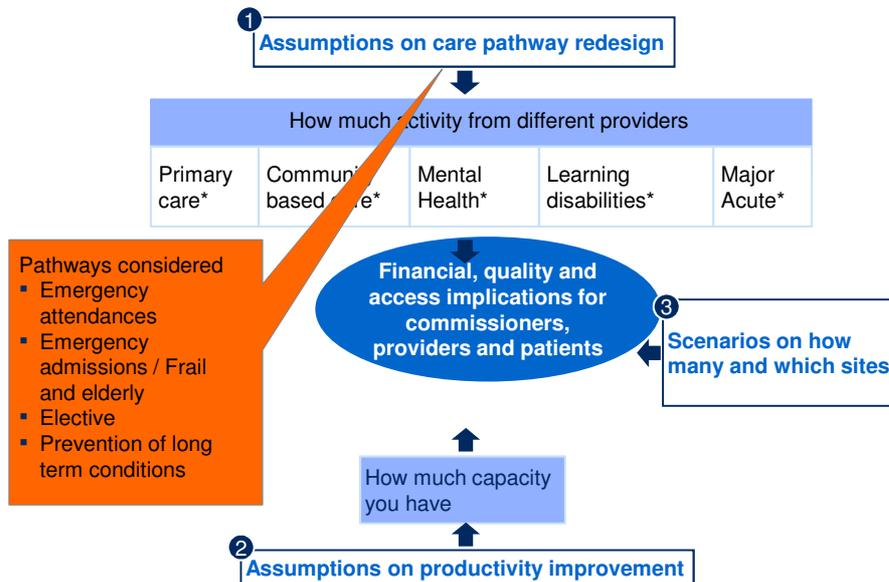
1. The three Leicester, Leicestershire and Rutland (LLR) Clinical Commissioning Groups, University Hospitals of Leicester and Leicestershire Partnership Trust have been working together to gain an understanding of the financial pressures facing the health economy over the next three years.
2. This programme of work is called Better Care Together. The remit of Better Care Together is to provide a co-ordinated mechanism across the partner organisations for identifying and agreeing common areas of change that would benefit from being delivered LLR wide.
3. In order to understand and agree whether there are common service changes that would benefit from an LLR wide approach, the Better Care Together Board agreed to commission a discrete piece of LLR wide economic modelling.
4. McKinsey & Company were successful in the procurement process and commenced the economic modelling work on the 21st January 2013 with an anticipated end date of 31st May 2013.
5. The purpose of this paper is to provide a general overview to LLR Boards of the work and the progress to date.

Economic Modelling Work Overview

6. LLR wide economic modelling will provide evidence based information to enable partners to identify and agree common service changes that would benefit from being developed and delivered LLR wide.
7. The economic modelling will deliver for partner organisations:
 - A shared view of 17/18 forecast of activity and spend based on the current configuration and delivery of services;
 - An assessment of the impact that QIP and CIP plans will make on the activity and forecast spend;
 - Potential scenarios for delivering future care and the capacity required to achieve this;
 - Impact of different scenarios on provider and commissioner activity and spend;
 - A model that can be used by LLR and individual partner organisations to plan and develop future service changes;

Figure 1 provides an overview of the process which underpins the economic modelling:

Creating a viable solutions requires making choices on three dimensions



* irrespective of location including home based care

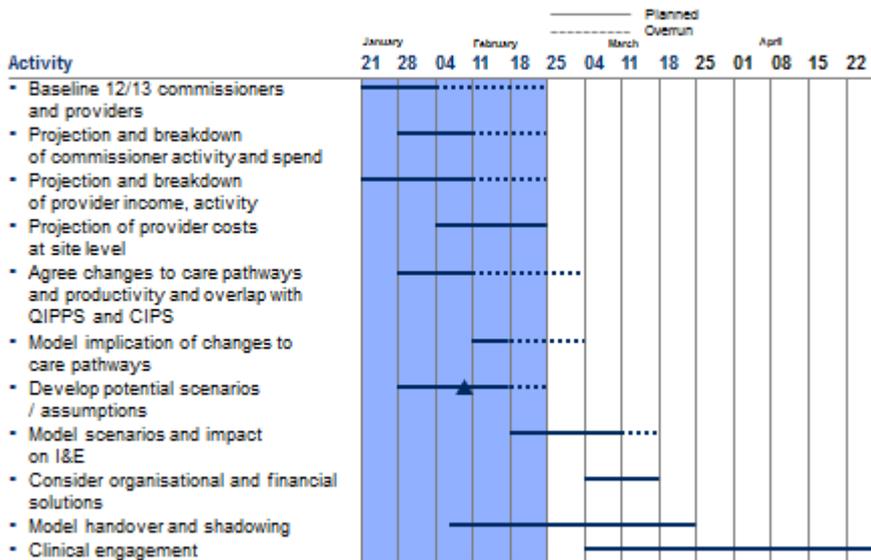
- The Better Care Together Board also recognise the need to review clinical care pathways in parallel to the economic modelling work. Proposals for clinical pathway development work will be confirmed in early March.

Timescales

- The phases and timescales for the economic modelling work as detailed in figure 2.

Figure 2 – Economic Modelling Phases and Timescales

TIMELINE



McKinsey & Company | 0

Progress to Date – The Headlines

(a) Governance

10. The Economic Modelling work is progressing at pace and to timescale.
11. A Steering Group has been established to direct and oversee the Economic Modelling work. The Groups meets weekly and comprises of Strategy and Financial leads from the three CCGs, UHL, LPT and Chair of the Better Care Together Stakeholder panel.
12. The Steering Group reports to the Chief Officers Meeting and Better Care Together Board.
13. Weekly email update reports are sent to Chief Officers to inform them of progress and issues/risks requiring mitigation.

(b) Baseline Forecast Modelling

14. Work undertaken on the initial baseline to determine the forecast deficit is almost completed with common assumptions broadly agreed across partner organisations.
15. Having accurate activity and financial information relating to community hospitals has proved challenging and will continue to be refined as the work progresses.

(c) Baseline Assumptions

16. The baseline for the economic modelling has been developed with partner organisations. Assumptions include:

- Activity growth due to demographic and residual changes;
 - Tariff change assumptions and other commissioner spend pressures;
 - Provider cost changes in response to changing activity and inflation;
 - Activity and spend for commissioners and providers outside of Better Care Together partners;
17. Some assumptions have been included relating to local clinical pathway transformation plans e.g. Emergency Care Network initiatives complemented with McKinsey experience in other areas.
 18. The model also recognises the difference between Leicestershire County and Leicester City populations, health issues and plans for tackling these. For example, in Leicester City the focus is on prevention and home based strategies so the Leicester City Clinical Commissioning Group Prevention Strategy is taken into account.

(d) LLR wide Workshop

19. An LLR wide economic modelling workshop was held on the 7th February with Chief Officers, Clinical Leads and Financial leads.
20. The aim of the workshop was to gain greater consensus across the key stakeholders on the purpose and end state of this modelling exercise. It also provided key early inputs into criteria for scenarios, identifying likely scenarios for economic modelling and testing key assumptions on activity shifts.
21. The Steering Group are also considering criteria for selection of scenarios, in order to ensure patient access, service quality and other key criteria were included alongside economic considerations.
22. McKinsey & Company are continuing to work with stakeholders to progress the work.

(e) Clinical Engagement

23. Between March and April a number of workshops will be held with clinicians who will drive the clinical pathway transformation work.
24. Plans are being developed for delivering these sessions using existing forums.

(f) Stakeholder Engagement Panel

25. The Better Care Together Stakeholder panel is continuing to support the economic modelling work and will play a significant role in the clinical pathway transformation work.
26. Plans for Communication and Engagement will be discussed at the Better Care Together Board on March 21st 2013 to ensure that a robust plan is developed and implemented.

Key Issues and Risks

27. High level risks appear in **Appendix 1**. Risks are being identified and mitigated through the Steering Group and where appropriate escalated to Chief Officers and the Better Care Together Programme Board.

Resource Implications

28. The outcome of the Economic Modelling and proposed Clinical Pathway work will determine resource implications.

Equal Opportunities Implications

29. An Equality Analysis and due regard to the positive general duties of the Equality Act 2010 has not been undertaken in the development of this report as it is judged that it is not proportionate on the basis that the annual plan will undergo an Equality Analysis and due regard to the positive general duties of the Equality Act 2010.

Partnership Working Implications

30. The Better Care Together programme is based on partnership and will consider any partnership working implications as key workstreams progress.

Recommendations

31. The Board is asked to:
- Note the LLR wide economic modelling work and anticipated timescales for completion;
 - Note the progress of the work completed to date;
 - Identify any other assumptions or issues that the economic modelling work needs to be consider

Rachel Cox
Interim Programme Manager
Better Care Together
4th March 2013



The framework articulates the risk to the delivery of the agreed benefits (financial and non-financial) of LLR Better Care Together Programme

Date added	Ref.	Project / Programme Identifying the Risk	Principal Risk	Likelihood (1-4)	Impact (1-4)	Score (L x I)	Risk Owner	Existing Controls in place	Assurances on Controls	Action plan to reduce occurrence and effect of risk	Action owners	Date Action to be completed by	Progress Update	Review Date	Financial Impact of Risk
28.01.13	PMO 06	LLR Economic Modelling	Creating a common view on purpose of modelling and questions it will answer	2	2	4	Dave Briggs	Economic Modelling Steering Group Chief Officers Meeting	Better Care Together Board	LLR Stakeholder workshop planned to take place on 7th February. Issues will be surfaced with aim of resolution on this date	McKinsey & Company/DB/RC	08.02.13	McKinsey & Co have clearer picture of requirements and will continue key discussions	31.03.13	Unclear picture of £ issues
28.01.13	PMO 07	LLR Economic Modelling	Creating enough engagement, particularly clinical, around scenarios to be modelled.	2	2	4	Dave Briggs	Economic Modelling Steering Group Chief Officers Meeting	Better Care Together Board	Adress through weekly steering group meeting and 7th February workshop	McKinsey & Company/DB/RC	14.02.13	Clinical engagement approach supported by Better Care Together Board. Plans being developed for clinical engagement and how this will influence scenarios.	20.02.13	TBA
07.02.13	PMO 08	LLR Economic Modelling	Unable to build a robust community financial model due to availability of information	2	3	6	Dave Briggs	Economic Modelling Steering Group Chief Officers Meeting	Better Care Together Board	Discuss at 13th February 2013 steering group and take action as a result of outcome	McKinsey & Company/DB/RC	15.02.13	Agreement reached on approach to sourcing information and baseline information to be used.	28.02.13	Unclear picture of £ issues
07.02.13	PMO 09	LLR Economic Modelling	Public get to hear about the economic modelling work and feel that decisions have already been made	2	2	4	Dave Briggs	Economic Modelling Steering Group Chief Officers Meeting	Better Care Together Stakeholder Panel Better Care Together Board	Draft case for change produced which can be used as basis for public response. Clears of communication and escalation in place.	FH	21.02.13	Communication and Engagement discussed by Better Care Together Board 21.02.13. Plans being developed for 21st March Board meeting	31.03.13	TBA

Closed Risks and Issues															

Assurance Framework Key

Ref	Initial	Name
PMO	DB	Dave Briggs - SRO
PMO	RC	Rachel Cox - Programme Manager
PMO	McKinsey & Co	McKinsey and Company