

Hinchingbrooke Next Steps Project

Health and Adult Social Care
Scrutiny Committee
Monday 2 November 2009

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Overview of today's presentation

- Objectives of Hinchingsbrooke Next Steps (HNS)
- Historical deficit
- Background to the project
- Proposed operating franchise agreement
- Public involvement arrangements
- Publicity about the stakeholder panel
- Proposals for encouraging public discussion
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- Vacancies
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- Staff nurse turnover
- Questions

Hinchingbrooke Next Steps (HNS)

Objectives of the project

- To find a new partner to provide the full range of modern acute hospital services at Hinchingbrooke Hospital, under an innovative operating franchise agreement.
- To run an open and transparent competitive tender process to find the best partner for the hospital from within the NHS, or from the independent or third sectors, or a combination of them.
- To secure a sustainable future for Hinchingbrooke's services and staff and to deal with the hospital's historical financial issues, while maintaining quality for patients and securing value for money for tax payers.

Historical deficit

- Hinchingsbrooke is currently designated a financially challenged trust with a c£40m debt on an c£90m turnover.
- c66% of historic deficit (£25.6m) relates to the combination of the capped Payment by Results transitional funding adjustments, and management errors. The deficit incurred in 2005/06 (£7.8m) was partly as a result of the lower than projected activity to the new Diagnostic Treatment Centre when it opened.
- Since the Summer of 2007 options have been considered for repaying the historic debt whilst ensuring the continued provision of the same range of services through the Hinchingsbrooke site.

Background to the project

- Public consultation on services to be provided at Hinchingsbrooke undertaken in 2007, with a recommendation that broadly the same range of services continue at the hospital site.
- In May 2008, an Outline Business Case (OBC) recommending the procurement of an operating franchise for Hinchingsbrooke was approved by NHS East of England Strategic Health Authority (SHA).
- In July 2009, the Department of Health confirmed its support to work with the SHA to develop the operating franchise model.
- The procurement of an operating franchise commenced in October 2009 and will follow an open tender competitive dialogue process.
- Competition is open to the NHS, independent and third sectors.

Proposed operating franchise agreement

Key features

NHS Cambridgeshire

- Commission acute service
- No revenue guarantee
- NHS Tariff
- Payment in month
- Quarterly reconciliation

Deanery

- Education and training
- Monthly revenue

Hinchingsbrooke NHS

Trust

- Intervention order/franchise contract transfers operating responsibility on a day to day basis to franchisee

Trust will:

- retain NHS assets and staff

Trust Board will:

- performance manage franchisee
- retain statutory responsibility for Trust's legal obligations

Franchisee

- Intervention order grants franchise
- 7-10 years operating responsibility
- Full cost and reward for NHS operation
- Membership of Trust Board excluding independent Chairman
- Full operating responsibility including staff

Proposed operating franchise agreement

Key features - continued

- The Trust will enter into an Operating Franchise Agreement (OFA) with a third party (the “Franchisee”) for a sustainable period.
- Under the OFA, the Franchisee will commit to delivering broadly the same range of services currently provided at the hospital (including A&E and Maternity) while offering flexibility to accommodate evolving commissioners’ needs
- The Franchisee will pay the Trust a fee under the Franchise which will be used to contribute to repaying the Trust’s historic deficit.

Proposed operating franchise agreement

Key features - continued

- The majority of assets will be leased/licensed from the Trust to the Franchisee and returned to the Trust in accordance with specified handback conditions. The existing PFI facility on the hospital site will continue to be held by the Trust unless the Franchisee is an NHS body when it may be assigned.
- The Franchisee will be required to take operational risk, including demand risk. This will require the Franchisee to be given operational flexibility around the assets and staff.
- No revenue guarantees will be given to the Franchisee.

Public involvement arrangements

- The establishment of a **stakeholder panel** which meets in public and represents a broad range of interests
- The holding of **six meetings in public** at different locations in Huntingdonshire, led by the stakeholder panel
- Attendance by key project team members at **various meetings run by stakeholders**
- Meetings with former **Hinchingbrooke PPIF & the Friends of Hinchingbrooke**
- Meetings with the **Cambridgeshire LINK** and involvement in their Hinchingbrooke working group;
- Launch of broader **public involvement campaign**

Publicity about the stakeholder panel

- Public can input to the Panel, via representatives or to Chairman directly. The following facilities are being created:
 - dedicated website pages with interactive feedback forms to go to the Chairman (via the Strategic Projects Team)
 - dedicated email address and FREEPOST address for feedback to the Chairman (via the Strategic Projects Team)
 - dedicated freephone line for public queries (0800 9233001)
 - the publication of all minutes and agendas of the stakeholder panel
 - opportunities for the public to raise questions at the stakeholder panel

Proposals for encouraging discussion with the public

- Commitment to engage all the way along the process, rather than following appointment of preferred bidder and parameters set.
- Creation of a public involvement newsletter, issued at key stages of the tender process and asking for public opinion and ideas
- Posters in libraries to encourage public to engage
- Advertisements in local media to tie in with key dates
- Consulting interest groups through the newsletter and via meetings
- Meetings with staff and unions
- Media involvement during key stages of the tender
- **Would welcome OSC's advice on effective engagement routes**

Engaging staff

- Staff engagement process is being managed by Hinchingsbrooke Hospital Board, and includes:
 - regular briefings at staff council
 - email and newsletter updates
 - representation on stakeholder panel
 - consultation prior to contract award
 - engaging staff side representatives at local, regional and national level.

The process

Key Milestone	Date
PQQ Issued	20 th October 2009
PQQ Response Received	9 th November 2009
PQQ Evaluation	10-18 November 2009
Invitation to Participate in Dialogue Document (ITPD 1) Issued	15 th December 2009
ITPD 1 Responses Received	1 st February 2010
ITPD 1 Evaluation	2 nd -19 th February 2010
ITPD 2 Issued	7 th April 2010
ITPD 2 Responses Received	24 th May 2010
ITPD 2 Evaluation	25 th May – 2 nd June 2010
Invitation to Tender (ITT) issued	12 th July 2010
ITT Responses Received	26 th July 2010
ITT Evaluation	27 th July – 6 th August 2010
Preferred Bidder Informed	6 th September 2010

Hinchingsbrooke's current financial position

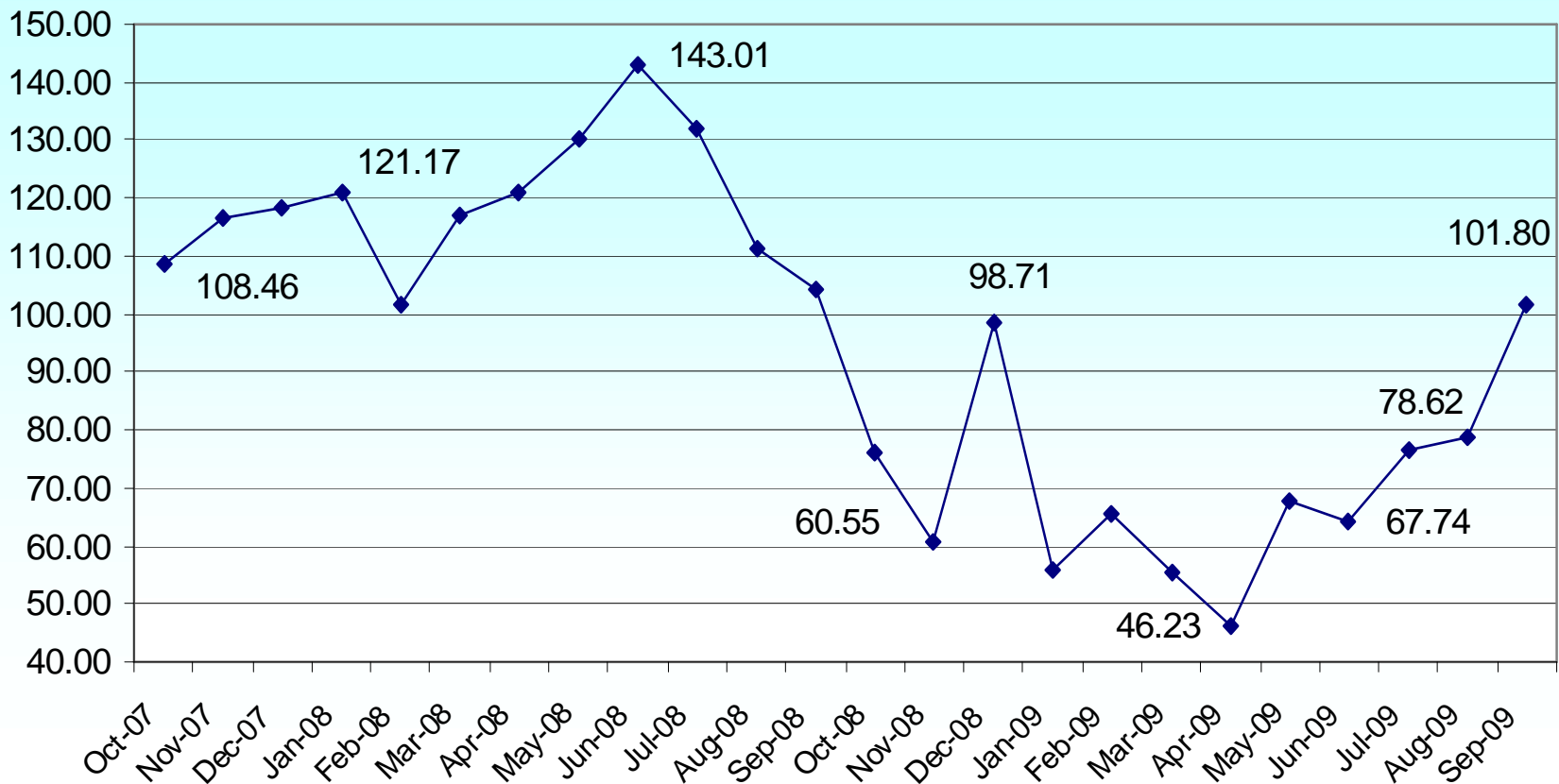
	Target 08/09	Actual 08/09	Achieved 08/09	Achieved 07/08
Operating Surplus (£000)	3,107	3,449	Yes	Yes
Net Surplus (£000)	0	98	Yes	Yes

Performance

	Sur/(Def) £'000	Finance Score	Quality Score
2006/07	(13,354)	Weak	Fair
2007/08	(15,500)	Weak	Fair
2008/09	98	Fair	Good
2009/10 - FO	0	Fair/Good	Good/Exc

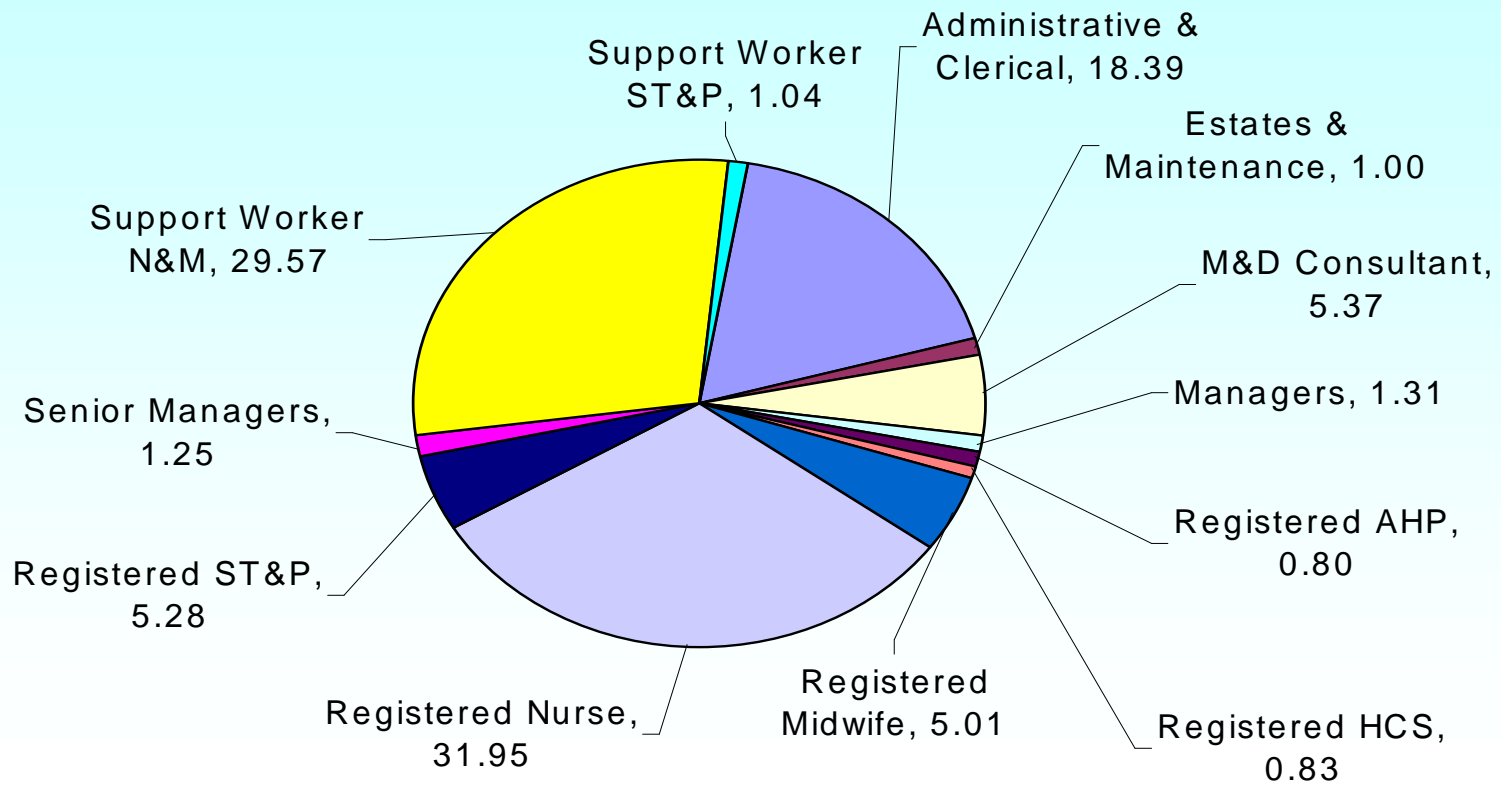
Trust wide vacancies

Trust wide vacancies October 2007 - September 2009

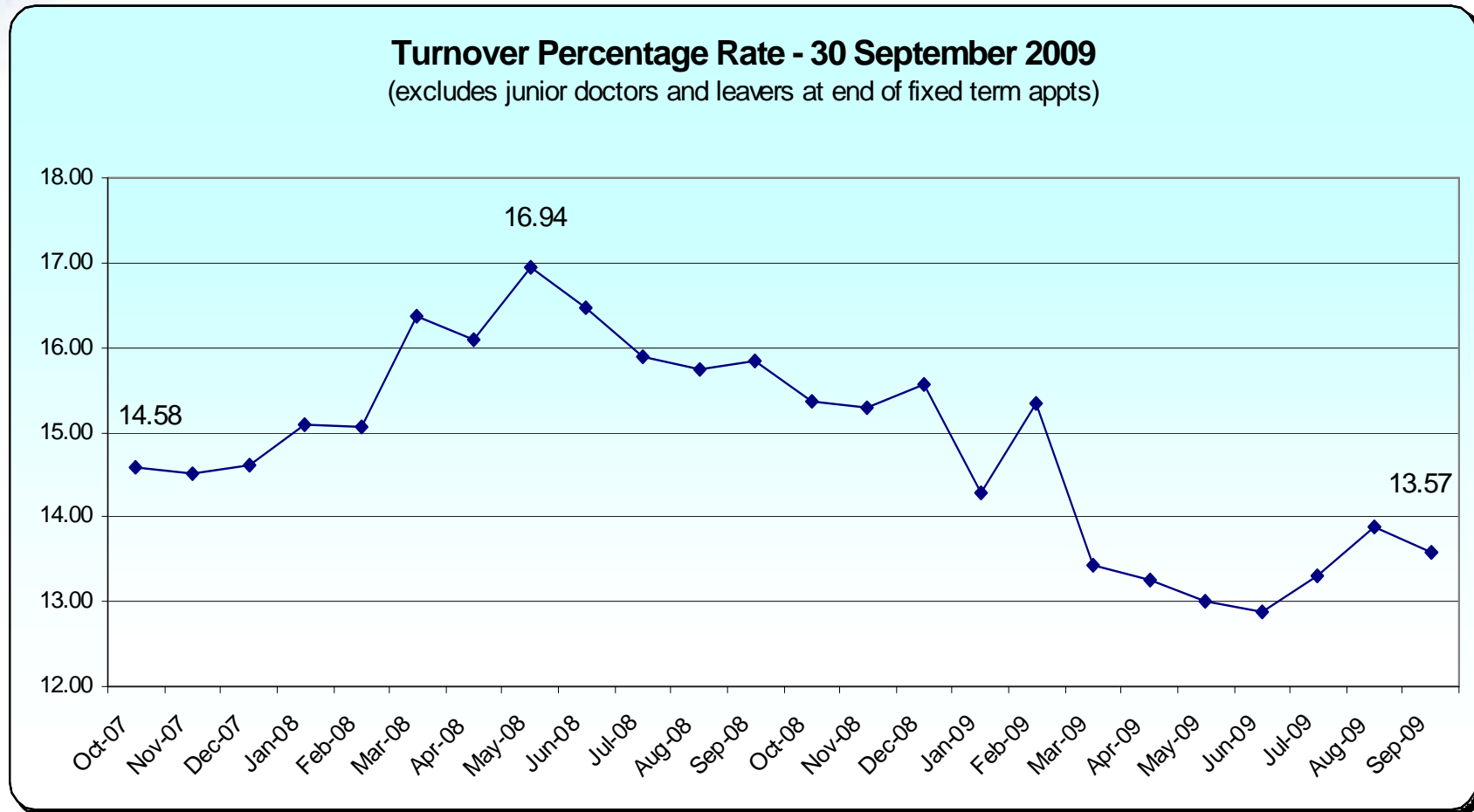


Vacancies (wte)

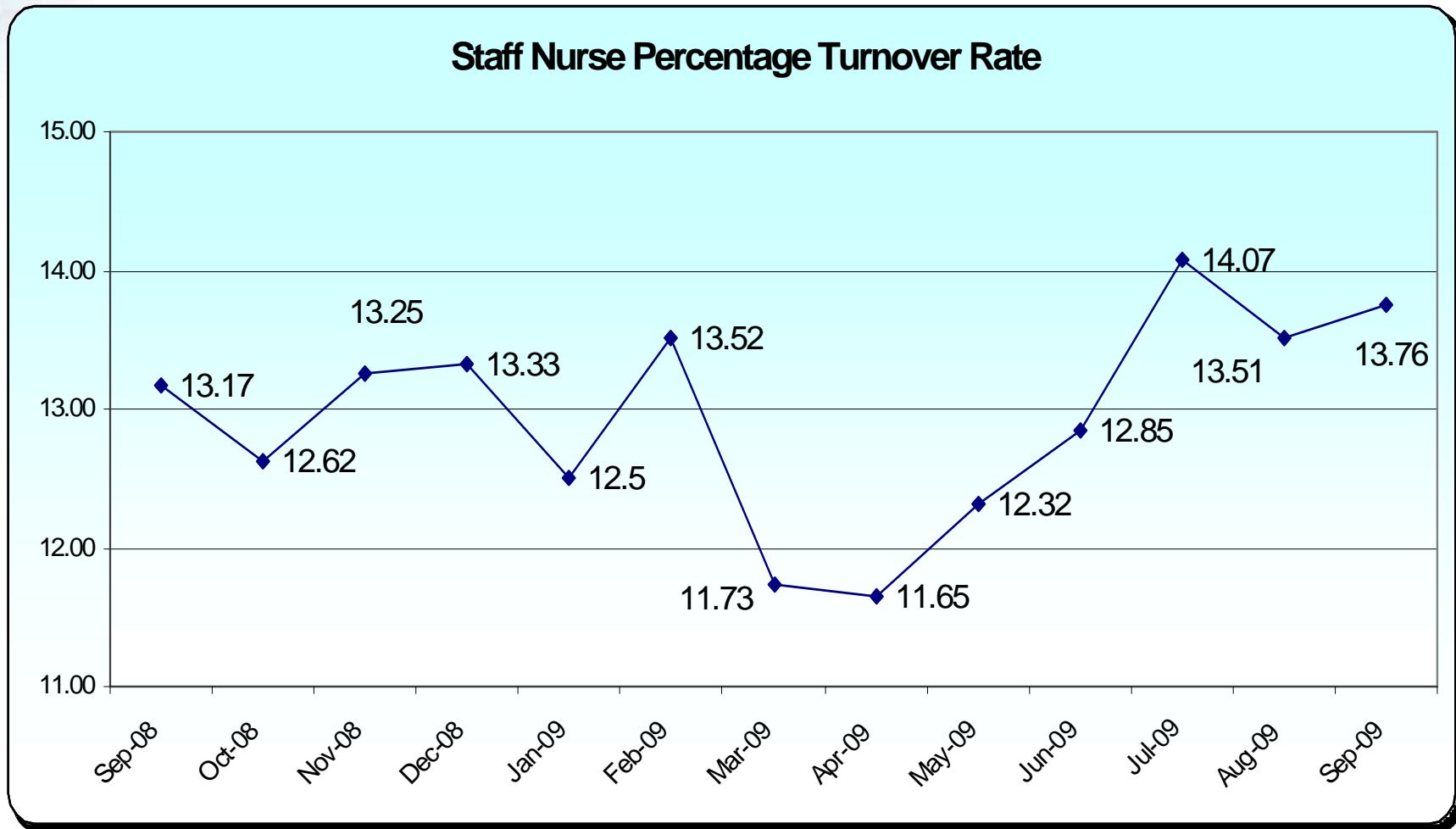
Vacancies (wte) as at 30 September 2009



Turnover percentage rate



Staff nurse turnover





East of England

Strategic leadership for your local NHS

Questions

Thank you