

cityvision

Wirral-based The Clatterbridge Cancer Centre has set its sights on expanding across the Mersey into Liverpool. Steve Brown gets a glimpse of the plans and the numbers behind this largely self-funded development

A new cancer centre in the heart of Liverpool aims to establish Merseyside as a leading centre for ground-breaking cancer treatment and research. The new centre – described as the most significant change in the trust's history and a 'once in a generation opportunity' – will help meet growing demand for services from an ageing population, enhance research opportunities and enable crucial links with other acute services.

The Clatterbridge Cancer Centre NHS Foundation Trust project stands out for other reasons. Its expansion comes at a time when the NHS faces arguably its biggest ever financial challenge. Much of the national focus is on reducing secondary capacity or re-providing services across broader populations. Yet the new £118m cancer centre, which will be located on the new Royal Liverpool Hospital site in the city centre, will be taken forward largely using local funds (from trust reserves and commissioner backing) and without use of the private finance initiative.

Clatterbridge already has a good reputation, meeting all the standards set and reviewed as part of Care Quality Commission inspections. The £100m turnover trust is a tertiary provider, delivering non-surgical cancer services – principally chemotherapy and radiotherapy – from its main site on the Wirral. Cancer surgery and blood cancer treatments are provided by other trusts. It serves a population of 2.3 million across Merseyside, Cheshire and the surrounding areas. It is also the only UK centre to provide proton therapy treatment for eye cancers.

Away from Wirral, it already operates a radiotherapy unit in Liverpool

on the Aintree University Hospitals NHS Foundation Trust site. And it runs outpatient clinics at general hospitals across the region. In total it treats more than 30,000 patients a year in more than 200,000 contacts. This includes nearly 100,000 outpatient radiotherapy treatments and almost 45,000 outpatient chemotherapy treatments, plus 3,600 episodes of inpatient care. All this is provided with just over 900 staff.

'For us, this is about an expansion of services,' says trust finance director and deputy chief executive Yvonne Bottomley. 'There are three reasons behind the development. First, most of our population live closer to central Liverpool than the Wirral. Second, we are no longer on an acute site, which can mean poorly patients need to be transferred to a different site.' The Clatterbridge Cancer Centre is co-located with the Clatterbridge Hospital, which is part of the Wirral University Hospitals NHS Foundation Trust. However, the acute hospital now undertakes mostly planned surgery, with full emergency and acute care delivered one junction along the motorway at the Arrowe Park Hospital.

Clatterbridge has seen the number of complex patients transferred to other acute facilities double in recent years, from 53 in 2011 to more than 100 in 2014, and this is expected to rise as the population ages.

The third issue behind the development is research, with the new location fitting in with an expansion of research and clinical trials over the past two years, for which the trust has appointed four academic chairs as part of its academic unit. 'If we want to do key, first-in-human



clinical trials, we do need the services of an intensive treatment unit on site. We get that by being on the Royal Liverpool site, but we will also be adjacent to Liverpool University and all the research they do. So that will become a real hub as a health park,' says Ms Bottomley.

While Liverpool will become the trust's main site, hosting all inpatient beds, the Wirral site will also be redeveloped and continue as an outpatient facility for Wirral and West Cheshire-based patients, as well as continuing to provide the national eye proton therapy service.

However, Ms Bottomley says the new centre is just the central part of a wider 'transforming cancer care' initiative. 'It is much more than a new hospital – we are also looking at our services being redesigned and care being moved closer to home and how the trust can work with other stakeholders along the cancer pathway,' she says.

She says the plans fit well with the Liverpool Clinical Commissioning Group's Healthy Liverpool programme, which has improvements in cancer outcomes as one of its top priorities. That strategy points out that the city has the highest rate of cancer in the UK, with a mortality rate 40% higher than the England and Wales average. Some of the challenge of securing better outcomes is about better, earlier detection as well as improvements in public health. But even as a tertiary care provider, Clatterbridge believes it has a central role in supporting improvements across the whole pathway.

'I think the opportunity and the requirement for us as the cancer centre for the area is to provide leadership,' says Ms Bottomley. She says changes are needed across the whole pathway – from better awareness and education, through improved integration of diagnosis, surgery and therapy and onto starting to provide greater support for survivorship. The centre's transformation of how it operates has to support all aspects of this new seamless approach, she says.

Transformation of specific services as the trust moves to its new site is likely to include an expansion of chemotherapy at home services and extended hours services. But the new centre is clearly the most eye-catching part of the change programme.

Raising the funding

The trust has been working towards it for several years and has been building up surpluses to support the project. However, its operational plan for 2014-2016 recognises that investing in the new centre, while meeting the same demands for productivity improvement facing the whole NHS, represents an 'additional and very significant challenge'.

Ms Bottomley says half of the £118m cost of the new cancer centre is already secured. Some 40% of this (about £47m) will come from reserves built up by the trust. Cash balances at the end of 2014/15 are forecast to be £62m. A further 30% will come from commissioner support. This includes a £15m bullet payment from the former Liverpool Primary Care Trust, with the rest delivered through enhanced annual commissioner payments, again helping to build reserves.

The funding is clear demonstration of the significant backing for the project from the whole health economy – support that has been reinforced by the public in a formal consultation.

Announcing a further £9.6m of investment in January, Dr Nadim Fazlani, chair of Liverpool CCG, said: 'Patients in Cheshire and Merseyside already benefit from superb cancer services. However, there is a clear need to future proof these services to meet an increasing demand for cancer care and to ensure that Liverpool patients continue to enjoy the best specialist cancer care closer to home.'

A specific charity appeal will target raising a further £15m (about 13%) over a five-year period and the trust will take out a loan to cover the remainder – up to about 20% of the project costs. Financial plans



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Yvonne Bottomley

envisage this loan being repaid over 15 years – a relatively short time compared with many PFI 'loans'.

The substantial amounts of self-funding are possible because the trust has turned in a solid financial performance over the past few years. Despite facing the same broad challenges as the rest of the sector, the trust has managed to continue to accrue surpluses – £4.9m in 2010/11, and then £3.4m, £4.3m and £8.5m last year.

This has in part been delivered by a cost improvement programme that looks to identify transformational changes over a two-year cycle of horizon-scanning to implementation. The programme is supported by an internal service redesign team and has overseen changes in recent years to the inpatient admission process and some staffing models.

'We've been in a very sound financial position for the last five years,' says Ms Bottomley. 'We have been focused on our vision for the future and have been building surpluses for this major investment. Through this period we've delivered a financial risk rating of a 4 or 5 and achieved CIPs of 4% a year. This was easier in the earlier years and in the last 18 months we've had to start looking at major service redesign.'

She says the trust has looked for innovative solutions to its financial challenges, including joint ventures. A private patient clinic was opened in 2013/14 and this now makes a contribution to trust income, as does an outpatient pharmacy subsidiary, which opened in December 2013. Even so, the trust has been keen to ensure financial stability as it takes on this major venture and has taken steps to put this in place.

The majority of the trust's income comes from its main clinical activities. Some 49% of this income is funded through national tariffs, with national prices for chemotherapy delivery and radiotherapy planning and delivery, and the remainder coming from locally determined prices. The trust has now agreed a three-year block contract with commissioners, with agreed growth, to underpin this.

This covers all the trust's activity and drugs, the latter contributing about £30m of the trust's total expenditure. The block allows for some significant increases in chemotherapy activity over this and next year (10% and 8%) and smaller increases in radiotherapy (3.8%) – the latter being below a national guidance growth figure of 5%.

Expensive chemotherapy drugs, usually subject to national currency and local prices, are also included in the block arrangements. However, each year's block value will be based on the previous year's outturn plus £2m growth. The trust has negotiated the block arrangement as a local



variation under the national tariff rules and it is seen as vital to the investment plans. 'We had discussions with our specialist commissioner [NHS England] last year and there was major commitment to this new cancer centre,' says Ms Bottomley. 'We needed some certainty as we transformed services and put the new centre in place, so we negotiated a three-year block contract.'

10-year financial plan

There are no firm plans for the contracting basis beyond 2016/17, but the 10-year financial plan behind the business case envisages activity growth returning to more traditional levels. For an organisation that prides itself on its financial standing, ensuring services are sustainable and that the trust remains viable is important. Its long-term financial model, overseen by its Deloitte, expects the trust to continue its strong financial performance. It suggests its 'normal' surplus target of 1% of turnover would still be achievable over the next 10 years, even based on a 'prudent' downside case.

The significant self-funding for the new facility means operating costs are only expected to rise by £1.8m (covering facilities management, pay and non-pay) or £2.7m including interest payments (both figures take no account of depreciation). This allows for the extra running costs of



A design and build contractor has already been appointed to realise the vision (above)

the new site and cost reductions from the existing site. 'Over the period, we would expect to maintain a risk rating of at least a 3, reverting back to a 4 at the end of the 10 years,' says Ms Bottomley. Throughout this period liquidity would remain buoyant at a 4, with debt cover dipping to a 1 in 2018/19 as the new centre opens – giving an average score of 3.

Most significant capital projects in recent years, including other Liverpool projects at Alder Hey and the Royal Liverpool, have required private finance initiative funding to cover at least part of the cost. But Ms Bottomley says the Clatterbridge board was keen to avoid this more expensive option and the long-term commitments if it could get the right financial package in place. 'The board was clear how we wanted to do this, my job was to deliver this package,' she adds.

With the outline business case approved by the board and subjected to commissioners' assurance framework, sights are now on producing the final business case by December. This is when the case will go in front of Monitor. But there is a feeling of real momentum on Merseyside. Design and build contractor Laing O'Rourke was appointed at the start of 2015 and the goal is to start construction next year and complete in 2018. 