Kingston Hospital NHS
NHS Foundation Trust

PRODUCTIVITY REPORT

Trust Board Meeting	**Item: 7.3.2**
24th September 2014	**Enclosure: E2**
Purpose of the Report: To provide an update on progress since the July 2014 Board paper and confirm agreement with the next steps proposed.	
FOR: Information ☒ **Assurance** ☐ **Discussion and input** ☐ **Decision/approval** ☐	
Sponsor (Executive Lead):	Director of Productivity
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Financial/Resource Implications:	None
Risk Implications – Link to Assurance Framework or Corporate Risk Register:	The productivity programme is key to delivery of financial stability over the next 5 years. The sustainable delivery of the financial position of the Trust is essential. It is a corporate objective and directly impacts on the reputation of the organisation.
Link to Relevant Corporate Objective:	Objective 4 – to deliver sustainable, well managed, value for money services
Document Previously Considered By:	n/a
Recommendation& Action required by the Trust Board : The Board is asked to **note** the recent progress and next steps described in this report; the current and forecast financial position; and support the work on-going to develop schemes for the next financial year.	

1. Executive summary

1.1. This paper provides information on the month 5 (August 2014) performance against the 2014-15 CIP programme and details of monitoring arrangements for the programme.

1.2. The Trust-wide annual CIP target of £9.7m has achieved £678k against £682k in month, an achievement of 99%. The year to date figure is £2,788k (92%) recorded against a requirement of £3,039k in M5.

1.3. £1,677k (87%) of cost reduction savings and £1,111k (100%) of income generation schemes have been delivered as of M5. The largest value under-delivering scheme YTD is to pay the PFI charges one month in advance (£32k). This scheme has now been removed and is being mitigated by over-performance in other Estates schemes (£21k YTD).

1.4. The performance YTD has included the three month impact of £356k of unidentified schemes in both the Emergency Care and Specialist Services divisions. These schemes have been identified and have begun to deliver.

1.5. To mitigate slippage, £138k of additional savings have been added to the programme YTD (£13.5k of pay, £96.5k of income over-performance and £28k of miscellaneous non-pay expenses).

1.6. The Productivity Team, Divisional Directors and Chair of the Quality Improvement Working Group (QIWG) are reassured that no scheme in the current programme presents a risk to clinical quality. However, the Clinical Quality Improvement Committee (CQUIC) have accepted the QIWG's recommendations that:

- the impact of staff reductions in the corporate services continues to be considered by the Executive team, particularly in the context of setting of next year's CIP targets.
- going forwards the corporate services will need to discuss their schemes with the service lines that they affect as part of the budget setting process.

1.7. Income generation and commercial projects continue to be monitored within monthly Commercial and Productivity Project Monitoring Group meetings. The group is currently focussing on performance plans for income and CIP performance in the Maternity, General Surgery and Urology and Ophthalmology Service Lines.

1.8. The financial performance continues to be monitored at FIC and Trust Board using the CIP programme dashboard. This includes a summarised, RAG rated position of performance against the Quality Key Performance Indicators.

1.9. Work will continue through the budget setting process to identify and work up the detail of the CIP programme for the next financial year.

Recommendation

The Trust Board is asked to:

Note the recent progress and next steps described in this report; the current and forecasted financial position; and support the work on-going to develop schemes for the next financial year.

2. Summary of in year performance

2.1. The Trust-wide annual CIP target of £9.7m has achieved £678k against £682k in month, an achievement of 99%. The year to date figure is £2,788k (92%) recorded against a requirement of £3,039k in M5.

2.2. £1,677k (87%) of cost reduction savings and £1,111k (100%) of income generation schemes have been delivered as of M5.

2.3. The position to August 2014 (Month 5) is summarised in Table 1 – Summary of YTD Productivity Programme Performance (as at M5), which shows the 92% achievement of the programme. The programme is forecast to deliver £9m (93%) by year end.

Table 1 - Summary of YTD productivity programme performance as at M5

	Annual Plan £'000s	YTD Plan £'000s	YTD Actual £'000s	YTD Variance £'000s
Emergency Care	3,053	924	785	(139)
Specialist Services	2,922	828	812	(16)
Clinical Support Services	1,728	561	537	(24)
Commercial Director	136	57	55	(1)
Corporate Affairs	60	25	21	(4)
Finance	208	78	39	(40)
Human Resources	179	54	51	(3)
Medical Director	22	9	9	(0)
Nursing Director	70	29	25	(4)
Operations	817	266	246	(20)
Central	500	208	208	0
Total CIP	**9,693**	**3,039**	**2,788**	**(251)**
Variance			**92%**	

2.4. The largest value under-delivering scheme YTD is to pay the PFI charges one month in advance (£32k). This scheme has now been removed and is being mitigated by over-performance in other Estates schemes (£21k YTD).

2.5. Other significant under-delivering schemes include the Finance Department scheme to remove working capital facility (£21k). This scheme has now been reviewed. The annual savings will be reduced and will deliver a part year effect in 2014/15. Mitigation opportunities are being pursued by the department although these are likely to be non-recurrent.

2.6. Income growth in the Sexual Health Service Line has also underperformed by £17k due to consultant sickness however this has performed to plan since last reported in July 2014.

2.7. It has been previously reported that £285k (previously £288k) of the programme remained unidentified in the Emergency Care division. In addition to this there had been a further £68k unidentified in the Paediatrics and NNU service line. As previously reported these gaps have been identified recurrently and Paediatrics and NNU has over-identified a further £100k for delivery in this financial year. However, one-pagers and QEIA assessments for these additional schemes are yet to be finalised.

2.8. £469k of the achieved savings in M5 are from the FYE of 2013/14 schemes. £321k (41%) of the savings delivered to date in Emergency Services are as a result of FYEs.

2.9. To mitigate slippage £138k of additional savings have been added to the programme YTD (£13.5k of pay, £96.5k of income over-performance and £28k of miscellaneous non-pay expenses).

2.10. The YTD non-recurrent savings delivered are £180k against a plan of £37k.

3. Quality and Equality Impact Assessment (QEIA) of the Productivity Programme

3.1. All QEIAs have now been received and reviewed. QEIAs for the following areas were escalated for review at the Quality Improvement Working Group (QIWG).

- Gynaecology and Breast
- A&E and AAU
- All corporate areas with wte losses

3.2. The QIWG reviewed the schemes and were assured that no risks were foreseen within the clinical areas (Gynaecology & Breast and A&E and AAU). However, the QIWG maintained concerns about the quality impact for clinical services on some schemes which reduced staff in the corporate areas. The concerns raised in the QEIAs were triangulated with concerns raised in other forums:

- Ashridge Leadership Days – a number of concerns raised by service lines on effect of CIPs and reduction in staffing numbers in the corporate services
- CQC Peer Review self-assessments – a number had rated their support from corporate services as an area of concern

3.3. The QIWG made two recommendations for the CQIC which were noted and accepted:

- That the impact of staff reductions in the corporate services continues to be considered by the Executive team, particularly in the context of setting of next year's CIP targets
- That going forwards the corporate services should be required to discuss their schemes with the service lines that they affect as part of the budget setting process

3.4. A scheme to replace CVP lines with a cost effective alternative was removed after trials as the new lines proved negative impacts in a higher frequency of line changes.

3.5. The KPIs for Histopathology, previously reported as Amber due to a backlog in Cellular Pathology are now reported as Green. Locum sessions were implemented to remove the backlog with costs covered by small savings in several budgets.

4. In year monitoring arrangements

4.1. Income generation and commercial projects continue to be monitored within monthly Commercial and Productivity Project Monitoring Group meetings. The group continues to monitor the income schemes against financial expectation, operational risk and achievability. The group is currently focussing on performance plans for income and CIP performance in the Maternity, General Surgery and Urology and Ophthalmology Service Lines.

4.2. The PMO, finance managers, commercial team and costing and commissioning team continue to track progress against plans.

4.3. The financial performance continues to be monitored at FIC and Trust Board using the CIP programme dashboard. These reports are supported by monthly reports which provide more detail of variances and are produced by the Finance department.

4.4. Quality Key Performance Indicators (KPIs) for each Service Line are monitored monthly within the PMO. Updates on performance are sought either via balanced scorecards or through regular updates. Performance is then RAG rated and shown on the Productivity Dashboard.

5. Development of the 2015-16 Plan

5.1. Work will continue to identify the detail of the CIP programme for the next financial year. Development of detailed CIP plans will form an integral part of the budget setting process which commenced in September 2014, running through to December 2014.

6. Recommendation

The Trust Board is asked to:

Note the recent progress and next steps described in this report; the current and forecasted financial position; and support the work on-going to develop schemes for the next financial year.