

### PRODUCTIVITY REPORT

<b>Trust Board Meeting</b> <b>Part 1</b>	<b>Item: 7.4.2</b>
<b>29<sup>th</sup> January 2014</b>	<b>Enclosure: F2</b>
<b>Purpose of the Report:</b> To provide an update on progress since the November 2013 Board productivity discussion and confirm agreement with the next steps proposed.	
<b>FOR: Information</b> <input checked="" type="checkbox"/> <b>Assurance</b> <input type="checkbox"/> <b>Discussion and input</b> <input type="checkbox"/> <b>Decision/approval</b> <input type="checkbox"/>	
<b>Sponsor (Executive Lead):</b>	Director of Productivity
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<b>Financial/Resource Implications:</b>	None
<b>Risk Implications – Link to Assurance Framework or Corporate Risk Register:</b>	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.
<b>Legal / Regulatory / Reputation Implications:</b>	None
<b>Quality Governance Implications:</b>	The continuous assessment of the productivity programme's impact is essential to ensure the Trust continues to provide services of excellent quality and safety. This is achieved through the Quality and Equality Impact Assessment process, the ongoing monitoring of identified Key Performance Indicators and post implementation reviews (PIRs)
<b>Link to Relevant CQC Standard:</b>	N/A
<b>Link to Relevant Corporate Objective:</b>	Objective 5 – to deliver well managed, quality services which are value for money for the tax payer
<b>Impact on Patients and Carers:</b>	The productivity programme aims to provide safe and high quality patient care in a way that makes best use of NHS resources.
<b>Document Previously Considered By:</b>	EMT
<b>Recommendation &amp; Action required by the Trust Board :</b>	
<b>Note</b> 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 five year programme.	

## 1. **Executive summary**

- 1.1. This paper provides information on year to-date performance against the 2013-14 CIP programme and details of monitoring arrangements for the programme.
- 1.2. The Trust-wide annual CIP target of £10.8m has slightly under-achieved year to date against plan, with £7,157k (96%) recorded against a requirement of £7,474k over the same timescale.
- 1.3. £5,385k (93%) of cost reduction savings have been delivered up to end December. The inclusion of some non-recurrent income schemes to bridge the gap from non-delivering schemes means that the percentage of income generation is higher than originally planned at 106% (£1,772k).
- 1.4. The underperformance to date is attributable in the main to slippage in schemes submitted within the old Surgery and Critical Care division (£509k YTD).
- 1.5. The biggest area of under-achievement to date continues to be in income generation schemes as previously reported to the Trust Board, including repatriation of work from St George's (£388k under-delivery) and private income schemes (£72k under-delivery). Work has commenced across the Trust to develop the private patient strategy in order to take full advantage of the potential in this area.
- 1.6. The programme is forecast to deliver £10.3m (95%) by year end. This will include a number of mitigating schemes, predominantly to cover the old Surgery and Critical Care schemes, where the original plan has been developed or amended since the beginning of the financial year.
- 1.7. A "deep dive" was held into the financial aspects of the programme at FIC in December 2014, where trends over the year, including specific reporting issues in M7, were presented and discussed.
- 1.8. Divisions have confirmed that all the quality indicators associated with CIP schemes are currently rated green, except for one. It is perceived that the CIP schemes may have contributed in part to the number of local staffing pressures reported in the Maternity service line in the Women and Child Health Division (indicator rated Amber). The service line is actively managing this risk. This indicator has improved over the summer and continues to be monitored closely.
- 1.9. The productivity programme is monitored at a local level by each service line at their performance management meeting, and overall by the PMO using the dashboard. A summary of this dashboard is attached. The quality impact of the productivity programme is monitored through QAC and financial indicators through FIC.
- 1.10. Work continues to identify the CIP programme for the next 5 years (2014/15 to 2018/19). The Chief Executive, Chief Operating Officer and the PMO are supporting the Clinical Divisions in identifying and working up the detail of their schemes for 2014/15. Budget setting meetings for each service line commenced in January 2014 where CIPs are being reviewed.

## 2. Summary of in year performance

- 2.1. The Trust-wide annual CIP target of £10.8m has slightly under-achieved year to date against plan, with £7,157k (96%) recorded against a requirement of £7,474k over the same timescale.
- 2.2. 5,385k (93%) of cost reduction savings have been delivered up to end December. The inclusion of some non-recurrent income schemes to bridge the gap from non-delivering schemes means that the percentage of income generation is higher than originally planned at 106% (£1,772k).
- 2.3. The position to December 2013 (Month 9) is summarised in Table 1 – Summary of YTD Productivity Programme Performance (as at M9), which shows the 96% achievement of the programme. The programme is forecast to deliver £10.3m (95%) by year end. This will include a number of mitigating schemes, where the original plan has been developed or amended since the beginning of the financial year.

Table 1 - Summary of YTD productivity programme performance as at M9

	Annual Plan £'000s	YTD Plan £'000s	YTD Actual £'000s	YTD Variance £'000s
Clinical Support Services	3,543	2,384	2,195	(190)
Emergency Care	2,771	1,844	1,738	(106)
Specialist Services	3,055	2,210	2,173	(37)
Commercial Director	119	89	88	(1)
Corporate Affairs	204	153	191	38
Finance	197	136	121	(15)
Human Resources	151	109	89	(20)
IM&T	194	146	140	(5)
Medical Director	25	19	19	0
Nursing Director	61	46	46	0
Operations	486	338	357	19
<b>Total CIP</b>	<b>10,805</b>	<b>7,474</b>	<b>7,157</b>	<b>(505)</b>
<b>Variance</b>				<b>96%</b>

- 2.4. The underperformance to date is attributable in the main to slippage in schemes submitted within the old Surgery and Critical Care division (£509k YTD).
- 2.5. The biggest area of under-achievement to date continues to be in income generation schemes as previously reported to the Trust Board. Planned additional work or repatriation of work from St George's equates for £388k of this underperformance, with a further £72k under-delivery of private income schemes. Work has commenced across the Trust to develop the private patient strategy in order to take full advantage of the potential in this area.
- 2.6. Operational pressures have continued throughout the winter period which has meant that schemes relating to the closure of an additional ten beds in Emergency Care are unachievable and have now been removed. The scheme to reduce Alex ward from a 7 day to a 5 day ward has delivered £10k year to date against a plan of £112k. Conversely the Direct Access scheme in Clinical Support Services has overperformed by £84k.

- 2.7. To mitigate the slippage some significant income overperformance has been added to the programme. This includes £100k in Emergency Services and £153k in additional NHS IVF cycles within Specialist Services.
- 2.8. To bridge the gap, £180k of vacancy slippage has been added non-recurrently within Clinical and Corporate Divisions.
- 2.9. A “deep dive” was held into the financial aspects of the programme at FIC in December 2014, where in-year trends were presented and discussed. The low in-month delivery at M7 was explored in detail. This demonstrated that several schemes which were originally planned to commence in M7 had not delivered. These had been mitigated in advance, with worked-up mitigation schemes beginning to be delivered; however the value of these mitigation schemes had not been “banked” as performance had not yet been established as consistent. In M8 this was rectified and the schemes were “banked”, which enabled the programme to get back on track.

### **3. Quality impact of the Productivity Programme**

- 3.1. Divisions have confirmed that all but one of the quality indicators associated with CIP schemes are currently rated green, indicating that the programme has not had an adverse effect on quality in the majority of areas.
- 3.2. The only indicator that is rated Amber is that relating to the number of local staffing pressures reported in the Maternity service line. The CIP schemes relating to changing the way the midwives work may have contributed in part to some of the staffing pressures experienced in the service line. These pressures have resulted in an increase in the number of times that staff escalate these pressures to a more senior member of staff. The service line is managing this risk by actively over-recruiting midwives against their establishment, and micromanaging the daily rotas to enable flexibility and cover at all times. This indicator has improved over the year and the service is confident that this improvement will continue.

### **4. In year monitoring arrangements**

- 4.1. Since the introduction of service line management, the productivity programme is monitored at a local level by each service line at their performance management meeting, and overall by the PMO using the dashboard.
- 4.2. This paper includes a summary of the reporting dashboard that is the PMO tool for monitoring the programme. The comprehensive dashboard provides detail on the financial performance and monitors the high level project milestones.
- 4.3. The dashboard also summarises the quality indicators that relate to the CIP schemes. These indicators encompass the monitoring of several measures, including: activity, length of stay, patient / staff feedback (e.g. friends and family test), sickness levels, complaints and performance (e.g. response times and achievement of national targets). They also include clinical quality indicators such as incidents and performance against national standards. The quality impact of the productivity programme is monitored through QAC and financial indicators through FIC.
- 4.4. The reporting dashboard is supported by monthly reports which provide more detail of variances and are produced by the Finance department.

## **5. Development of the 5 Year Plan**

- 5.1. Work is continuing to identify the CIP programme for the next 5 years (2014/15 to 2018/19). The Chief Executive, Chief Operating Officer, Director of Productivity and the PMO are supporting the service lines in identifying and working up their programme of schemes for 2014/15.
- 5.2. Service lines and corporate areas are completing one page summaries of individual schemes. These are discussed as part of their budget setting meetings to ensure that all costs are appropriately captured schemes are considered and signed off with the appropriate budget managers.
- 5.3. All service lines will be required to complete Quality and Equality Impact Assessments before the schemes are signed off. These QEIAs will be considered at the Quality Improvement Working Group. Any quality concerns will be communicated back to service lines with a request that the risks are mitigated and / or scheme is reconsidered.
- 5.4. The proposed 2014-15 programme will be presented in more detail at the March 2014 Trust Board meeting.



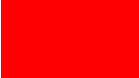
## **6. Recommendation**

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 five year programme.



**RAG rating methodology**

	GREEN	95% of finances achieved 0 - 1 missed milestones
	AMBER	80% of finances achieved 2 missed milestones
	RED	Under 80% finances achieved 3 or more missed milestones

