

PRODUCTIVITY REPORT

Trust Board Meeting	Item:7.3.2
Part 1	
26th March 2014	Enclosure: E2
Purpose of the Report: To provide an update on progress since the January 2014 Board productivity discussion and confirm agreement with the next steps proposed.	
FOR: Information <input checked="" type="checkbox"/> Assurance <input type="checkbox"/> Discussion and input <input type="checkbox"/> Decision/approval <input type="checkbox"/>	
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.
Legal / Regulatory / Reputation Implications:	None
Quality Governance Implications:	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)
Link to Relevant CQC Standard:	N/A
Link to Relevant Corporate Objective:	Objective 5 – to deliver well managed, quality services which are value for money for the tax payer
Impact on Patients and Carers:	The productivity programme aims to provide safe and high quality patient care in a way that makes best use of NHS resources.
Document Previously Considered By:	EMT
Recommendation& Action required by the Trust Board :	
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.	

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 under-achieved by 5% year to date against plan, with £9,255k (95%) recorded against a requirement of £9,695k over the same timescale.
- 1.3. £6,742k (91%) of cost reduction savings have been delivered up to end February. The inclusion of some non-recurrent income schemes earlier in the programme means the percentage of income generation remains higher than originally planned at 116% (£2,514k).
- 1.4. Although EOC over performance of £334k YTD has reduced the gap caused by slippage in the old Surgery and Critical Care division schemes, the underperformance to date continues to be within this area (£921K YTD).
- 1.5. A significant element of this under-achievement to date is due to income schemes as previously reported. In particular, planned additional work or repatriation of work from St George's equates for £362k of this underperformance, with a further £94k under-delivery of private income schemes. Work continues with Service Lines to develop the private patient strategy to ensure that income schemes within the 2014/15 programme are robust and achievable.
- 1.6. The programme is forecast to deliver £10.2m (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. 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 continues to actively manage this risk. This indicator has improved and continues to be monitored closely.
- 1.8. 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.
- 1.9. 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 have supported the Clinical Divisions in identifying and working up the detail of their schemes for 2014/15. CIPs were reviewed in budget setting meetings between January and March 2014.
- 1.10. Service lines and corporate areas have completed their one page summaries of individual schemes after discussing the schemes as part of their budget setting process. Quality and Equality Impact Assessments have also been completed and will initially be reviewed by the Productivity Team with any requiring clinical review 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 the scheme is reconsidered.

- 1.11. The 2014-15 programme will be signed off as part of the budget setting sign off during the week commencing 17th March 2014.
- 1.12. During 2014/15, schemes will be managed within the service line, and monitored in the first instance at service line performance meetings. A Commercial and Productivity Project Monitoring Group has been established to monitor the income generation schemes within the programme, and also the schemes that are larger, more complex, or that cross service lines. The Trust Board will continue to receive a productivity report, and as per this year quality indicators will be monitored at QAC and financial activity will be monitored at FIC.

2. Summary of in year performance

- 2.1. The Trust-wide annual CIP target of £10.8m has under-achieved by 5% year to date against plan, with £9,255k (95%) recorded against a requirement of £9,695k over the same timescale.
- 2.2. £6,742k (91%) of cost reduction savings have been delivered up to end February. The inclusion of some non-recurrent income schemes earlier in the programme means the percentage of income generation remains higher than originally planned at 116% (£2,514k).
- 2.3. The position to February 2014 (Month 11) is summarised in Table 1 – Summary of YTD Productivity Programme Performance (as at M11), which shows the 95% achievement of the programme. The programme is forecast to deliver £10.2m (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 M11

	Annual Plan £'000s	YTD Plan £'000s	YTD Actual £'000s	YTD Variance £'000s
Emergency Care	3,541	3,155	2,901	(253)
Specialist Services	2,773	2,464	2,335	(129)
Clinical Support Services	2,841	2,580	2,432	(148)
Commercial Director	119	109	108	(1)
Corporate Affairs	204	187	231	44
Finance	197	177	160	(17)
Human Resources	151	137	110	(28)
IM&T	194	178	177	(1)
Medical Director	25	23	23	0
Nursing Director	61	56	56	0
Operations	700	630	723	93
Total CIP	10,805	9,695	9,255	(440)
Variance				95%

- 2.4. The Cancer Services service line has moved in its reporting structure and now sits under the Corporate Directorate in Operations. This has reduced the Clinical Support Services annual plan by £214k and increased the Operations annual plan from £486k to £700k.
- 2.5. Although EOC over performance of £334k YTD has reduced the gap caused by slippage in the old Surgery and Critical Care division schemes, the underperformance to date continues to be within this area (£921K YTD).
- 2.6. A significant element of this under-achievement to date is due to income schemes as previously reported. In particular, planned additional work or repatriation of work from St George's equates for £362k of this underperformance, with a further £94k under-delivery of private income schemes. Work continues with Service Lines to develop the private patient strategy to ensure that income schemes within the 2014/15 programme are robust and achievable.
- 2.7. To mitigate the slippage some significant income over-performance has been added to the programme. This includes £500k in Emergency Services, £200k in diagnostics and £205k in additional NHS IVF cycles within Specialist Services.

- 2.8. To bridge the gap, £314k of vacancy slippage has been added non-recurrently within both Clinical Support Services and the Corporate teams.

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 continues to manage 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 by project level including detail on those projects rated as level 3.
- 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 have been supporting and advising the service lines in identifying and working up the detail of schemes for 2014/15.
- 5.2. The 2014/15 programme is set out in the table below. This was presented and discussed at the Trust Board Development Day in February 2014.

	2014/15		2015/16	
	£'m	%	£'m	%
Patient care income	1.9	21%	1.7	19%
Other income	0.8	9%	0.9	10%
Service Line schemes				
Pay	1.4	15%	1.8	18%
Non-pay	2.3	26%	3.1	31%
Trust-wide schemes				
Flow through the hospital	1.0	11%		
Increasing theatre efficiency	1.0	11%		
SWL Pathology	0.5	6%	1.5	15%
Patient pathway co-ordinator	0.3	3%	0.3	3%
Procurement partnerships	0.4	4%	1.0	10%
Contingency	(0.5)	(6%)	(0.1)	(1%)
Total	9.0		10.2	

- 5.3. Service lines and corporate areas have completed their one page summaries of individual schemes after discussing the schemes as part of their budget setting process. One-pagers have been reviewed by finance and the Productivity Team to ensure that all costs, action plans, risks and quality Key Performance Indicators (KPIs) are appropriately recorded.
- 5.4. Service lines have completed Quality and Equality Impact Assessments for their schemes. These QEIAs will initially be reviewed by the Productivity Team with any requiring clinical review 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 the scheme is reconsidered.
- 5.5. The 2014/15 programme will be signed off as part of the budget setting sign off during the week commencing 17th March 2014.
- 5.6. During 2014/15, schemes will be managed within the service line, and monitored in the first instance at service line performance meetings. A Commercial and Productivity Project Monitoring Group has been established to monitor the income generation schemes within the programme, and also the schemes that are larger, more complex, or that cross service lines. The Trust Board will continue to receive a productivity report, and as per this year quality indicators will be monitored at QAC and financial activity will be monitored at FIC.

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.