



# Update on the Trust's financial recovery plan

**Croydon Council**

**Health & Social Care Scrutiny Sub Committee**

18 October 2016



## Financial Special Measures

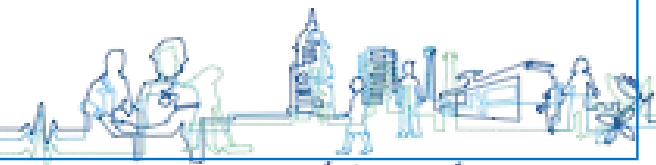
~~In July 2016, NHS England and NHS Improvement announced a series of interventions in order to “reset” operational performance and financial discipline within the NHS.~~

- **Croydon Health Services NHS Trust (CHS) was one of five acute trusts across the country to be placed in Financial Special Measures (FSM) by NHS Improvement.**
- **A total of nine Clinical Commissioning Groups (CCGs) were also put in Financial Special Measures by NHS England, including Croydon CCG.**
- **It is important to be clear that CHS was put into Financial Special Measures because of its long-standing financial challenges, and not because of the quality of its care or performance.**

## What the Trust is required to do under Financial Special Measures

**The Trust must reduce its deficit, whilst maintaining expected performance targets. This includes meeting agreed performance trajectories for emergency care, planned care and cancer.**

- All efficiency schemes will continue to be closely monitored by the Trust's executive management team, and scrutinised by the Clinical Cabinet – a group of the Trust's most senior clinicians – to ensure that the actions taken by CHS do not adversely affect the quality, safety or performance of services.
- CHS is receiving support from NHS Improvement to develop a rapid and effective financial recovery plan. This includes the support of two Improvement Directors – identified from within the NHS and not from external agencies – to bring additional insight and expertise to the Trust to help address its long-standing financial deficit.
- The Trust's financial recovery plan must include:
  - A full understanding of its deficit and where the Trust is not being funded appropriately;
  - Measurable action in order to increase productivity and efficiency
  - A thorough review of activity, including where to increase activity where spare capacity exists, or consider alternative models where services are unsustainable in the long-term.



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What the Trust has achieved to date

Following further assessment from NHS Improvement, the regulator has now approved the Trust's financial recovery plan, which it agreed was robust, realistic and achievable.

**1. Further tightening up all existing expenditure controls**

**2. Improving clinical productivity**

**3. Enhancing operational productivity** CHS invested more than £5m in a clinical information systems to reduce reliance on paper records and give clinicians secure access to shared patient information. However, the Trust has not yet realised the full benefits to recoup the costs. This includes making sure that data recording is complete, accurate and on-time to ensure the Trust is paid correctly for the care it provides.

**4. Listening to staff ideas to work smarter** and use Trust resources more efficiently. More than 70 suggestions from staff have been received so far, totalling £200k, for how the Trust could spend less whilst maintaining services. This includes reducing the energy wasting by turning off lights and computers when not in use, and printing less.

**5. Planning 2017/18 and years ahead now to get the Trust back in financial surplus.** This includes assessing where the Trust can grow, optimise or deliver its services in a different way to meet the needs of Croydon people. This must be in line with the developing Sustainability and Transformation Plan (STP) for South West London to ensure that services are clinically and financially sustainable in the long-term.

Mitigations	Summary description	16/17 expected efficiency
1. Enhanced control	<ol style="list-style-type: none"> <li><b>1. Reduced discretionary spend</b> anticipated through new weekly challenge of all discretionary spend items at a discretionary spend panel attended by Chief Operating Officer (COO), Director of Finance (DoF) and Director of Nursing (DoN). A target of reducing this forecast by £0.5m has been set</li> </ol>	0.5
2. Workforce	<ol style="list-style-type: none"> <li><b>1. Reduced temporary medical staffing spend</b> through review of medical staffing gaps currently filled by agency/locums and review of mid grade doctor establishment</li> <li><b>2. Reduction in agency cover</b> for services under block contract by reducing activity where staff vacancies arise</li> <li><b>3. Ensure no nursing bank shifts are cancelled</b>—bank staff to be redeployed to other areas of the Trust to reduce agency expenditure; and converting of agency shifts to bank shifts</li> <li><b>4. Roll out of Trust programme to improve retention rates</b> leading to reduced vacancies and therefore agency usage</li> <li><b>5. Review nurse staffing levels</b> with NHSI Director of Nursing</li> </ol>	1.1
3. Portfolio optimisation	<ol style="list-style-type: none"> <li><b>1. Reduce costs for prostheses</b> through increased product standardisation (clinically-evaluated review of medical supplies). All Croydon GPs to refer to Croydon Musculoskeletal (MSK) pathway</li> <li><b>2. ENT:</b> use of spare theatre and recovery capacity to increase activity by repatriating activity to CUH from neighbouring hospitals (support St George's in addressing its ENT waiting list)</li> <li><b>3. Review of spinal work</b> in agreement with St George's &amp; SWL Elective Orthopaedic Centre</li> <li><b>4. Outcome of clinically-led review of current service portfolio</b> and workshops with the Trust's clinicians to assess where the Trust can improve efficiency whilst maintaining services, or deliver services in a different way.</li> </ol>	0.2



## Executive Summary(2/3)

The Trust has identified sufficient mitigations to meet the requirements of Financial Special Measures

Mitigations	Summary description	16/17 expected efficiency
4. Productivity	<ol style="list-style-type: none"> <li>1. <b>Early supported discharge</b>– Only 10% of discharges for neuro/stroke &amp; Care of the Elderly are undertaken with community services. Making greater use of the Trust’s own Community Services and local care partners will help to reduce readmissions and help earlier discharge to the right care setting with the right care package.</li> <li>2. <b>Length of stay, where clinically appropriate</b>–improving internal processes to stop unnecessary delays for patients. In mid-August 2016, the Trust had 300 patients with a stay of over 7 days. Through better forward planning, e.g. ordering prescriptions and patient transport a day in advance, this number is down to around 200 patients with a stay of over five days.</li> <li>3. <b>Theatres</b>–Using detailed demand and capacity analysis to make better use of our theatres and surgeons’ time releasing an extra 100 theatre slots.</li> <li>4. <b>Outpatients</b>–11% of outpatients in Croydon miss their appointments, above 6% national average. To reduce DNAs, the Trust aims to roll-out a pilot in Dermatology which gives patients greater control of their outpatient appointment times, and realise the full benefits of CRS Millennium.</li> <li>5. <b>Discharge to assess</b>–Freeing-up capacity on inpatient wards by carrying out discharge assessments in other appropriate care settings, like the discharge lounge or short stay facilities.</li> </ol>	1.2
5. Review of business cases	<ol style="list-style-type: none"> <li>1. <b>The Trust has reviewed all proposed and recently authorised capital and revenue business cases</b> to assess whether or not there is any opportunity to support the cash and income &amp; expenditure position through cancellation, deferral or enhanced income.</li> </ol>	0.25
6. Estates	<ol style="list-style-type: none"> <li>1. <b>Review of all community sites</b> to make maximum use of the Trust’s estate</li> <li>2. <b>Review all corporate functions</b> to see if they could be accommodated in cheaper off site accommodation</li> </ol>	0.2

## Executive Summary (3/3)

The Trust has identified sufficient mitigations to meet the requirements of Financial Special Measures

Mitigations	Summary description	16/17 expected efficiency
7. Contract review	<ol style="list-style-type: none"> <li><b>Review NHS provider to provider contracts and supplier contracts</b> in order to replicate success of renegotiated contracts in 15/16 which yielded c£700k</li> </ol>	0.3
8. Staff suggestions	<ol style="list-style-type: none"> <li><b>Acting on staff suggestions to improve efficiency</b> through Listening into Action, the Trust's staff engagement programme</li> <li><b>Around 70 suggestions</b> have been received. These have been reviewed by the Trust's executive and £0.2m of these ideas have been incorporated into its cost improvement mitigations</li> </ol>	0.2
9. Reserves releases	<ol style="list-style-type: none"> <li><b>Release of remaining budgetary and balance sheet reserves</b></li> <li><b>Pay underspend</b> at month 5 held to year end</li> </ol>	7.15
10. Additional stretch of identified schemes	<ol style="list-style-type: none"> <li><b>Stretching the above measures</b> notably further reduce medical staffing spend and increase inpatient productivity.</li> </ol>	0.43
<b>Totals</b>		<b>11.53</b>

## Keyrisks andmitigation

*The Trust must reduce its deficit by £7m more than planned to meet the new control total applied by NHS Improvement. To achieve this, the hasidentified£11.6m ofrisk mitigations that are needed.*

	Detail	Gross risk £m	Budgetary reserves available £m	Net risk £m
1. "Long stop items"	<ul style="list-style-type: none"> <li>Income assumed for a number of contract items not yet agreed with Croydon CCG regarding emergency care pathways,</li> </ul>	7.0	(2.4)	4.6
2. Local penalties underperformance	<ul style="list-style-type: none"> <li>The Trust is currently underperforming against some locally agreed contractual targets. If extrapolated to the end of the financial year, the Trust could incur the maximum local penalties.</li> </ul>	0.25	(0.25)	0.0
3. Non-elective income under performance	<ul style="list-style-type: none"> <li>Forecast of current underperformance against planned non-elective income presents a risk to the full year forecast.</li> <li>This is mitigated against ongoing initiatives to improve timeliness and completeness of activity documentation to ensure the Trust is paid correctly for the care provided.</li> </ul>	2.1	(2.1)	0.0
4. HEE income risk	<ul style="list-style-type: none"> <li>CHS has lost income from Health Education England as a result of reductions associated with movements to tariff and other reductions in training.</li> </ul>	0.5	(0.5)	0.0
5. Cost Improvement Plan (CIP) shortfall	<ul style="list-style-type: none"> <li>The Trust must achieve £14.1m Cost Improvement Plans in 2016/17. Currently £13.1m of CIPs have been identified on a risk-rated basis and are subject to review by the Trust's Clinical Cabinet.</li> </ul>	1.0	(1.0)	0.0
7. CCG Financial special measures – impact of decommissioning plans	<ul style="list-style-type: none"> <li>Croydon CCG is also in Financial Special Measures and needs to identify £6m of additional mitigations to meet its control total</li> <li>At the Joint Financial Improvement Board with Croydon CCG on 26/8/16, it was agreed that both parties would share their latest mitigations to ensure that win/win scenarios were maximised and that unilateral actions which disadvantaged the other party were minimised</li> </ul>	0.5	(0.5)	0.0
		<b>Total risks</b>		<b>(4.6)</b>
		<b>Gap to control total</b>		<b>(7)</b>
		<b>Total mitigations required</b>		<b>(11.6)</b>

## Quality control and monitoring delivery

The Trust progress to improve its financial position, whilst maintaining its quality of care and performance will be closely monitored through the following governance framework

Governance activity	Committee/ Meeting	Frequency
<b>Governance for the Financial Recovery Plan</b>	1. CEO chaired executive review on delivering the Financial Recovery Plan (FRP) and monitor progress	Twice Weekly
	2. Financial Improvement and Transformation Board – cyclical review of CIP work streams	
	3. Clinical Cabinet - review quality impact assessments of all proposed actions and impact of implemented actions	Weekly
	4. Staffing review meeting – review of all proposals to recruit and or use temporary staffing	Weekly
	5. Update and progress review for the CHS Chairman and Chair of the Finance and Performance (F&P) committee with CEO and DoF	
	6. Finance and Performance Committee to review and monitor delivery	Weekly
	7. Trust Board – assurance review.	Weekly
		Monthly
		Monthly
<b>Engagement with Staff</b>	1. Update staff on FRPreview at monthly staff briefing Trust Focus	Monthly
	2. Review with top 100 senior leaders and influencers	Monthly
	3. Review with Consultant Senior Medical Staffing Committee and joint Staff Committee	Monthly
	4. Listening into Action sponsor group - monitor delivery of LiA big ticket opportunities e.g. perfect patient journey and Let's Do It (staff-led ideas to improve efficiency).	Fortnightly
<b>Engagement with Stakeholders</b>	1. Detailed review with GP collaborative of all proposed service changes (as part of service optimisation)	Monthly
	2. Review by Croydon Council, Health Overview and Scrutiny Committee of CHS and CCG FSM recovery plans.	
	3. Review of Financial Recovery Board with other Croydon Accountable Provider Alliance (SLAM, Age UK, GP Collaborative, Croydon Council).	Monthly
		Monthly
<b>Alignment with Croydon CCG FSM</b>	1. Joint Financial Improvement Board- jointly chaired by Chairs of F&P Committees	Monthly
<b>Alignment with SWL STP</b>	1. CEO attends programme board and is the acute provider lead.	Monthly
	2. DoF CHS lead for finance and activity group.	Fortnightly
	3. Medical Director, CHS representative on Clinical Board.	Monthly
	4. COO lead for SWL Accountable Provider Collaborative work .	Monthly
	5. CHS CEO chairs Croydon Accountable Provider Alliance	Monthly



## Next steps and conclusion

*The Trust will now move to the delivery of its recovery plan and is confident of meeting its control total*

### Key next steps

1. Finance & Performance Committee (8/11) and Trust Board (9/11) to review delivery of the Financial Recovery Plan
2. Put in place the resource requirements the Trust has identified
3. Continue to work with NHSI and its Improvement Directors on the implementation of our 2016/17 mitigation plan; the management of the risks to delivery and support to ensure delivery and the development of the 2017/18 financial plan
4. Continued meeting with Croydon CCG (also in Financial Special Measures) through the Joint Financial Improvement Board (21/10) to ensure that the CHS recovery plan aligns with the CCG recovery plan
5. The Trust has mitigated £2.4m of its £7m contractual long stop items and support is requested to resolve the remaining £4.6m gap in order to ensure the Trust meets its £32.8m control total given some of the risks to the mitigations identified to date
6. Continue to develop our 2017/18 cost improvement programme to ensure continued quarter on quarter underlying run rate improvement in to 2018/19
7. Supporting the Trust in assessing appropriate governance structures and the management of financial and contract risk in advance of any Croydon Accountable Alliance for the health and social care of the over 65 aged population of the borough

### Conclusion

1. The Trust Board appreciates the seriousness of being placed in Financial Special Measures and it has undertaken a month of challenging work and discussions
2. It has compiled a set of actions and initiatives which enhance financial control and will allow the Trust to meet its control total of £32.8m. The Chairman and Chief Executive have written to NHSI agreeing that CHS will meet its control total of £32.8m deficit, prior to any Sustainability and Transformation Funding (STF)
3. The further actions required to meet control total include the consideration of challenging decisions which have been reviewed with the NHS Improvement Directors
4. As well as delivering against our control total in 2016/17, the Board is committed to reducing the Trust's deficit to below £20m in 2017/18 prior to any STF funding

# Update on the Trust's financial recovery plan

Comments  
and discussion

