

HSC 20170321 AR08

Update on the Trust's financial recovery plan

**Croydon Council
Health & Social Care
Scrutiny Sub Committee**

21 March 2017



Croydon Heath Services NHS Trust has exited Financial Special Measures.

Current position

NHS Improvement has taken Croydon Health Services (CHS) out of Financial Special Measures after just seven months.

NHS Improvement described the Trust as having made “significant improvements in its financial position,” during the announcement on 20 February.

CHS is now on track for achieving an agreed deficit control total of £32.8m by 31 March 2017, prior to receiving Sustainability and Transformation Funding from NHS Improvement (see next slide).

CHS was one of the first five acute trusts across the country to be placed in Financial Special Measures in July 2016.

The intervention by NHS Improvement meant that each Trust was given intense scrutiny and tougher targets in order to turnaround rising financial deficits.

NHS Improvement challenged CHS to reduce its deficit by £7m more than planned in 2016/17, whilst achieving over £14m of agreed efficiency savings throughout the year.

At the same time, CHS had to maintain high-quality care and meet national standards for planned operations and cancer services, along with agreed trajectories for emergency care.

The Trust's financial recovery plan has been carefully developed to reduce costs – without compromising patient care or safety.

Overview

Current forecasts show the Trust is about to £0.4m ahead of plan to meet its financial control total in 2016/17.

- **Each Clinical Directorate has detailed plans and the Trust has taken decisive action to reduce costs whilst continuing to focus on quality improvements.**
- **The Trust is working hard to limit use of expensive temporary staffing through ongoing recruitment to appoint more permanent staff. More than 30 nurses and midwives joined CHS in Jan 2017.**
- **Recovery plan also focuses on ensuring that every purchase decision offers value for money, and further improving productivity by minimising delays to increase access to services.**
- **In meeting the £32.8m financial control total in 2016/17, CHS would qualify for £7.35m Sustainability and Transformation Funding from NHS Improvement.**
- **STF would enable the Trust to reduce its deficit by more than a quarter to £26.1m (2016/17).**

Savings schemes have been scrutinised by the Trust's Clinical Cabinet to ensure no adverse affect to the quality, safety or performance of services.

- **FFT:** 93.7% of patients recommended our A&E care in Jan 2017, with 94.8% of inpatients recommending CUH.
- **A&E:** Latest published statistics show that CHS was eight in London for A&E performance (Jan 2017).
- **Winter:** Weekly figures show CUH had an average bed occupancy rate of 98.5% (27Feb to 5 Mar). Our staff are working exceptionally hard to cope with demand.
- **Pressures ulcers:** 3.54% - better than the national average of 4.24%
- **Falls with harm:** 0.22% - better than the national average of 0.51%

2017/18 and beyond

NHS Improvement has set CHS a deficit target of £19.135m in 2017/18, excluding the addition of £8.8m Sustainability and Transformation Funding (STF).

Financial
recovery

CHS must reduce its financial deficit by almost half in 2017/18, and by a further £9m the year after (2018/19).

- **Receipt of STF could reduce the Trust's deficit to £10.3m in 2017/18, and £2m in 2018/19.**
- **To qualify for STF, savings must be delivered whilst maintaining quality and expected performance standards.**
- The Board is **confident** the Trust will meet its 2017/18 control total:
 - CHS has identified initiatives that can achieve up to £7.53m of the £10.81m CIP target required in the 17/18 plan.
 - In addition there is the full year delivery of the 2016/17 CIP and FSM actions of £3.5m
 - The Trust is rapidly compiling further CIPs to address the remaining gap and expects to have fully identified 2017/18 CIPs by the end March 2017
- The Trust's response to FSM has been the same as its approach to winter – and that is to engage clinicians and staff at all levels, and to take “collective ownership” in addressing the issue:

“The clinicians and managers were amongst the most well informed we have come across regarding the financial position of the Trust and what needs to be done. We were also impressed with the optimism and speed that the group formed to find more areas for cost improvement.”

Sustaining recovery

What is different this year and going into 2017/18 to enable the Trust to retain financial grip and continued financial recovery?

The Trust has strengthened all existing measures and has improved the support mechanisms required to restore financial grip and discipline.

1. Leadership and Ownership

- **Greater executive leadership for each work stream (workforce; service optimisation; productivity and technology optimisation). This is helping to ensure earlier development of plans compared with previous years.**
- **More support to Clinical Directors. The Trust's clinical directorates have been restructured to give clinicians greater ownership of their services. There is now a leadership team in place that will help ensure clinical involvement earlier on to shape 2017/18 plans.**

2. Improved finance support

- **During 2015/16 there were many vacancies in the Finance Team which resulted in mixed support for Clinical and Corporate teams. In 2016/17, Clinical Directorates have had dedicated support from a Business Partner as well as increased support from a substantively employed senior Finance Team.**
- **Budgets were set by considering what was needed within each service to deliver contracted activity levels. There was a clear budget setting process, clear reporting of cost improvement plans and budget sign off by Clinical Directors and Associate Directors of Operations at the start of the year.**

3. Improved business intelligence

- **Service line reporting data has been enhanced to help identify additional opportunities to grow services or improve efficiencies.**
- **Further efficiencies will be identified through adopting the recommendations of the Lord Carter review.**

4. Improved Transformation and PMO support and knowledge

- **2017/18 schemes are now being monitored via weekly with the Clinical Directorates, Chief Operating Officer, Deputy Director of Finance and Director of Transformation. This ensures more robust development and monitoring than in previous years with strong linkages between Operations, Finance and Transformation.**

5. Continued Enhanced Controls

- **Weekly review of pay KPIs including weekly temporary staffing spend and trends and business cases for any change to establishment or recruitment to posts (substantive or temporary) reviewed with DoHR, Don / Med Dire and CEO or COO sign off required.**

6. Closer scrutiny and governance

- **Progress is monitored by the Finance Improvement and Transformation Board (FITB) and is aligned with the Trust's**
- **NED review of CIP work streams, including business as usual to ensure that the board continues to have assurance on CIP delivery**

and holds SROs to account

Sustaining recovery

CHS has adopted the same rigour and focus on all workforce disciplines to ensure the Trust is recruiting the right numbers of staff with the right skills to meet patient need. The Trust has reduced agency costs from £26m in 2015/16 to £20m in 2016/17 and is now looking to reduce this to £14m in 2017/18 and to £8m by 31/3/19.

Long Term
Workforce
Planning

Workforce is our Greatest Asset

The Trust recognises that its workforce is not only its greatest asset in terms of delivering sustainable change but also is the primary driver of future costs, and in the context of financial special measures – cost control.

CHS workforce plans have been designed to consider specific local pressures but also to meet sector wide considerations – i.e. Sustainable Transformation Plans - and finally to support national strategy – i.e. new care models as per the Five Year Forward Plan.

The overriding outcome of all planning is to ensure that the Trust is recruiting the right numbers of staff with the right skills and behaviours to meet patient needs, recognising that the way CHS will deliver services will change through the lifetime of the Plan.

Focus (no. of £s indicates greater opportunity)	Medical	Nursing	AHP	A&C
Agency Reduction	£££	£	£	££
Workforce optimisation (including job planning for all disciplines)	£££	££	£	££
Optimise e-roster	££	£		£

1. NHS Improvement Nursing Review

- The NHSI Improvement Director (Nursing) undertook a site visit on the 15 December which included a visit to maternity, paediatrics, the Emergency Department and Edgecombe Unit. Three recommendations focus on direct cost reduction such as a reduction in the temporary staff fill rate, reduced hours to provide enhanced care and the creation of a pool of Healthcare Assistants dedicated to providing enhanced care.

2. Medical

- In line with the NHS Emergency Care Improvement Programme, the Trust is reviewing consultant job rotas in the Emergency Department and implementing recommendations from a review of medical staffing productivity by speciality.

3. Admin and Clerical

- In order to deliver more benefits from the Trust's electronic patient record system (CRS Millennium), CHS has set up a technology optimisation programme arrive at reducing admin pay costs from going "paper lite".

Improvement journey

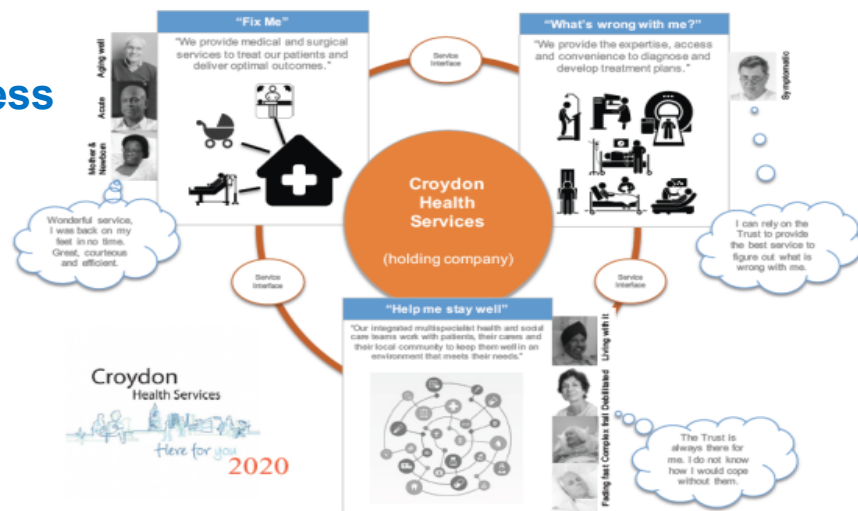
From a journey that started in 2015/16, the Trust has identified three business models (box a) that give focus and a road map to achieve consistent high-quality care and financial sustainability.

Strategy and culture

The Trust's improvement strategy is focused on meeting population changes – understanding their needs, wants and behaviours – and maximising the Trust's own strengths and capabilities to deliver patient-centred care.

- **Partnerships:** The Trust has formed a number of alliances and partnerships (box b) to develop new models of care for Croydon across primary, social care, mental health services and the voluntary sector, and our commissioners to transform services that will deliver better outcomes within the available financial envelope.
- **SWL STP:** As part of the SWL STP transformation programme there are a number of opportunities and benefits that support the implementation of our business strategy in relation to clinical networking, service sustainability, technology and estates optimisation.
- **The Croydon Transformation Delivery Board** has been established with the CCG and Alliance Partners to deliver the Croydon STP with specific Out of Hospital and Planned Care Business cases being developed.
- **'How we work'** – to become sustainable requires the Trust to change the way it works. CHS adopted Listening into Action (LiA) to engage staff to encourage change and innovation at all levels. This is helping to improve the Trust's efficiency overall. To embed this further, the Trust supported 30 staff to become 'LiA coaches' with the aim of delivering 30 service improvements.

Box A: New business models



Box B: Key Partnerships

- **Croydon Best Start** – commenced in Summer 2016 – combining our care with the local authority for the 0-5s
- **Croydon Urgent Care Alliance** – CHS, GP Collaborative and independent sector to run a network of urgent care services with local GPs from April 2017, to improve access to urgent care for minor illnesses and minor injury, helping to reduce the pressure in A&E
- **Croydon Accountable Care Alliance** – Commissioners, from 1/4/17 to deliver outcomes as defined by older people who use our services including: How to stay well, Integrated personal budgets for social care

Lessons learnt

In addition, the following lessons have enhanced the Trust's oversight and management of cost improvement planning going into 2017/18.

Oversight of Cost Improvement Planning

2016/17

Lesson 1:

Duplication of work stream development

Lesson 2:

Clear Senior Responsible Owner, operational leadership and support supports delivery at pace

Lesson 3:

Directorates & Transformation Team energy diluted across too many new projects given limited resource & financial constraints to deliver benefits

2017/18

Streamline Transformation Programmes (from 4 to 3)

Create synergy between Productivity & Clinical Pathways
Ensure clear leadership and support with a matrix outlining each at the outset of the year

Primary Programmes:

1. Enabling
 2. Workforce
 3. Productivity
- Plus Directorate owned schemes < £250k

Focus on high efficiency high income projects
or projects with significant non-financial benefits

Projects with Efficiency Savings or Income Below £250k

Directorate initiated & supported

Projects with Efficiency Savings or Income above £250k

Transformation Team end to end full project management support

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Comments and discussion

