DECISION-MAKER:		HEALTH OVERVIEW AND SCRUTINY PANEL		
SUBJECT:		SOUTHAMPTON CLINICAL COMMISSIONING GROUP COST IMPROVEMENT AND QUALITY REPORT		
DATE OF DECISION:		29 JANUARY 2015		
REPORT OF:		DIRECTOR OF QUALITY AND INTEGRATION		
CONTACT DETAILS				
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STATEMENT OF CONFIDENTIALITY None

BRIEF SUMMARY

This report provides an overview of the Cost Improvement Programme processes for University Hospitals Southampton Foundation Trust (UHSFT), Solent NHS Trust and Southern Health NHS Foundation Trust for 2015/16. Health Trusts, as other public sector organisations, have to make efficiencies and Cost Improvement Programmes are the approach used. Quality Impact Assessments are required and clear governance and accountability routes. The Clinical Commissioning Group, as commissioner of the services, also oversees the impact of the savings being made on patient safety and quality standards. The aim of this report is to set the context for Cost Improvement Programmes as organisations are still in the process of finalising their 15/16 plans.

RECOMMENDATIONS:

(i) Health Overview and Scrutiny Panel notes the progress towards of Cost Improvement Plans for each of the providers

(ii) Health Overview and Scrutiny Panel supports the assurance processes outlined for the monitoring of the Cost Improvement Programmes for University Hospitals Southampton Foundation trust (UHSFT), Solent NHS Trust and Southern Health NHS Foundation Trust for 2015/16.

(iii) That the Health Overview and Scrutiny requests University Hospitals Southampton Foundation Trust (UHSFT), Solent NHS Trust and Southern Health NHS Foundation Trust to present their annual report and quality account to the panel as part of their assurance on the impact of savings.

REASONS FOR REPORT RECOMMENDATIONS

1. Overview and Scrutiny Management Committee requested that the Health Overview and Scrutiny Panel monitors progress of Cost Improvement Programmes being implemented by major NHS providers to:
    - Assess the impact on quality and outcomes for patients.
    - Review the approach being taken by local major providers to balancing the sometimes conflicting demands of financial savings and patient safety / quality standards.
2. This report aims to provide assurance to the Panel that actions and effective monitoring processes are in place.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

3. None. The report was requested by the Overview and Scrutiny Management Committee.

DETAIL (Including consultation carried out)

4 **Cost Improvement Programmes**

4.1 From 2011/12, there has been no significant real terms increase in the resources available to the NHS despite growth in demand for services, new technologies and the continuing need for quality improvement. NHS organisations have used Cost Improvement Programmes (CIPs) for many years to deliver and plan the savings they need to make.

4.2 There is no single approach to developing a CIP. However, organisations that develop, deliver and sustain CIPs have several factors in common*. They have effective, coordinated and well-executed leadership and management which impacts positively on organisational culture and means that organisational performance is strong and consistent. A successful organisation:

- Sets out clearly its overall vision, improvement strategy and philosophy;
- Commits to ensuring that the organisational culture facilitates the transformation of services and improves patient experience;
- Develops a five-year forecast that supports the need to plan longer-term transformation programmes;
- Involves all local health economy stakeholders at an early stage;
- Identifies suitable, tailored CIP targets for each division or department that reflect their relative efficiency, using benchmarking data; and
- Sets up a programme management office to oversee the CIP, or define clear governance and lines of accountability.

(*Delivering sustainable cost improvement programmes Audit Commission and Monitor January 2012)

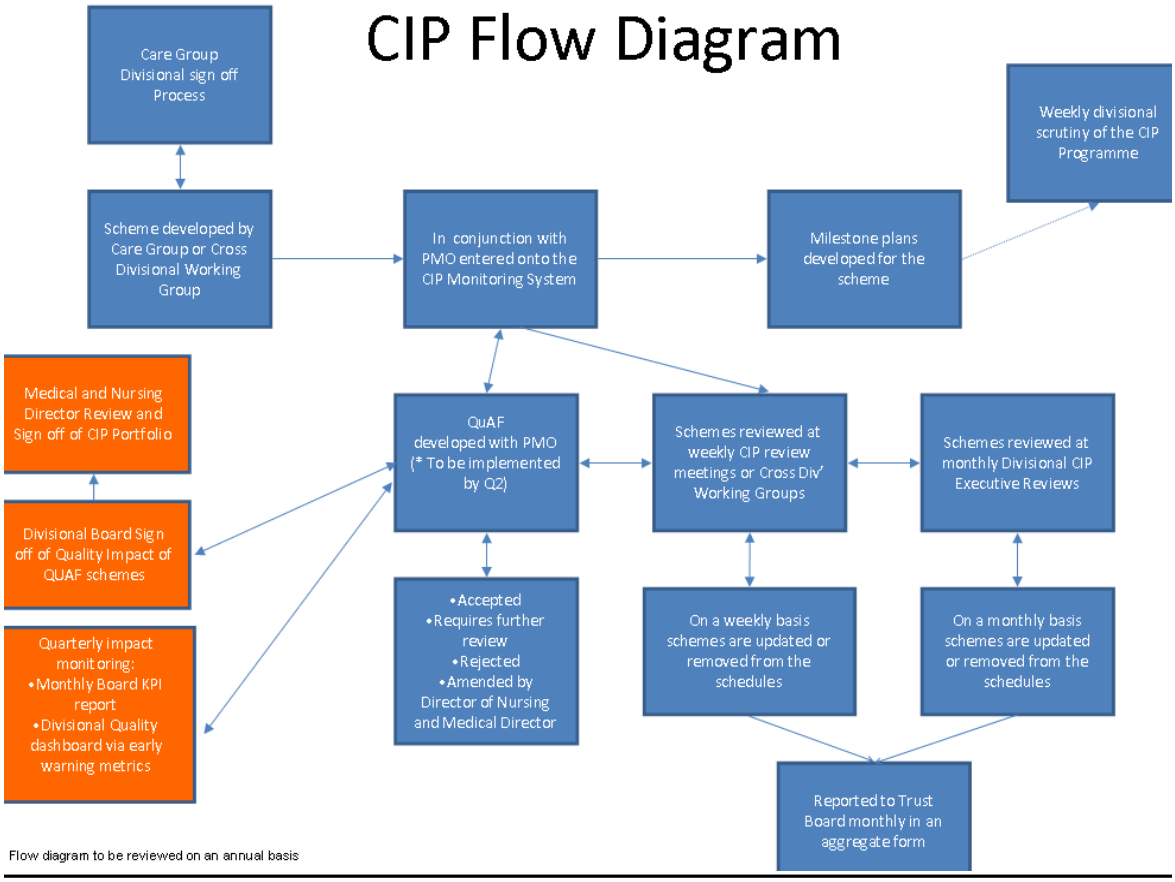
4.3 Governance of CIPs is led by the Nursing and Medical Director within each organisation and includes oversight at Board level. Each scheme has a Quality Impact assessment.

4.4 The Clinical Commissioning Group oversees the impact and outcomes of CIPs

via the Nursing and Medical Director meeting with providers as well as through formal Contract and Clinical Quality Review meetings. CCG assurance on the quality of providers is via the Clinical Governance Committee and an exception report to the Board. The latest report is attached at Appendix 1.

4.5 Each organisation has a policy for developing, assessing and monitoring the development of CIPs. For example the University Hospitals Southampton Foundation trust (UHSFT) one is summarised below. However each organisation has a similar, documented process.

UHS Annual CIP Flow chart



5. University Hospitals Southampton Foundation trust (UHSFT) resume of CIP process provided by their Director of Nursing

5.1 University Hospitals Southampton Foundation trust (UHSFT) report that they operate a fully devolved model where the cost improvement target of around 5% is delegated out to local teams. This delegated model results in a large number of locally owned schemes, over 500 in any given year. The ethos of the programme is to maximise efficiency achieved via improvements in the quality of care (getting patients better sooner) and reducing waste.

5.2 Ownership at ward and department level is the key to success with clinical input from the very outset. This helps to ensure quality/safety considerations are taken into account before items even get onto the CIP schedules. UHSFT then have a local divisional review process which should again deal with quality/safety

issues in any schemes that are still of concern.

5.3 December 2014/15 - CIP Themes and Associated Values are:

	2014/15 £'000
Care Pathways	5,185
IMT	36
Workforce	6,063
Local Non Pay	3,513
Income	8,974
Procurement	2,086
Miscellaneous	163
Cross Divisional Schemes/ Innovation bids	2,445
Total	28,465

5.4 The largest area of cost reduction (excluding new income) comes from the largest area of spend - workforce/pay. This is achieved through workforce re-design, with local teams training staff to their full potential at every level of the organisation, and effectively matching resources to patient need. Reductions in frontline staffing are kept to a minimum and controlled through a robust assurance process. Any staff reduction of over 5 WTE or with a value over £100k has to be signed off by the divisional board and executive medical or nursing director.

5.5 As cost reduction has become more challenging UHSFT have been promoting a greater focus on transformational change, shown in the table above under income and care pathways. This is where a service has redesigned their model of care to either absorb growth in demand without the need for additional resources or reduce cost. For example changing models of care to help patients recover more quickly and leave hospital earlier with a reduced length of stay. This includes:

- Enhanced recovery pathways
- Reduced avoidable readmissions
- Reduced medical length of stay, working in partnership with community colleagues
- Early mobilisation of patients in intensive care (HSJ Value Award winner 2014)
- Hospital care from home
- Outpatient operational improvements and alternative follow-up pathways.

5.6 Combined with delegated responsibility UHSFT have a system of tight central controls to ensure consistent and robust governance of the overall process.

Members of the executive team meet the divisions on a monthly basis to review their progress with CIP. Corporate quality monitoring and metrics are also in place to assure cost improvement doesn't negatively impact on quality, for example the monthly staff status reviews and risk registers. UHSFT review allocation of target each year and make adjustments dependent on areas ability to either deliver a saving within their own budget, or contribute to improved efficiency in another area, e.g. currently reduce support services target by 20% with a requirement they support cost improvement and transformation in other care groups.

6 Solent NHS Trust resume of CIP process provided by their Director of Nursing

6.1 The Director of Nursing states that since its inception Solent NHS Trust has delivered a consistent set of acceptable annual financial results. In 14/15 financial performance came under severe pressure and the result of this is that the Trust will post a deficit for 14/15. A recovery programme was initiated early in 14/15 and was enhanced in July 2014. This programme has a full structure of efficiency programmes driving it, all overseen by the executive team, and a complementary set of quality risk processes to support ensuring Solent's current good CQC rating is sustained. Work is now focusing on continuing the improvement plan to return to a position of ensuring sustainable financial surpluses.

6.2 It is recognised by the Trust that the challenging financial environment in which all public sector providers are operating, is going to require significant service reconfiguration which realise tangible financial efficiencies whilst maintaining the safety and quality of services provided to patients/service users. To this end the Trust Cost Improvement Programme (CIP) is being centrally co-ordinated and monitored.

6.3 Solent NHS Trust are only part way through development of their CIP plans as whilst the service lines have submitted draft plans for 2015/2016 the full Quality Impact Assessment process has not yet been completed against each plan. Key themes and approaches being progressed for 2015/2016 include:

- Estates rationalisation; the expansion of some services, whilst reducing the footprint of others. The implementation and maximisation of mobile working capability will be key to underpinning achievement in new ways of working whilst ensuring that staff are in the right place at the right time to deliver safe, effective and timely care.
- Improving productivity through skill mix, process improvement and technology including the delivery of the new Clinical Records System.
- Improvements to non-pay cost control with consideration of collaboration re 'back office' functions.

7 Southern Health NHS Foundation Trust resume of CIP process provided by their Director of Nursing

7.1 Southern Health NHS Foundation Trust plans are at an early stage currently as have been awaiting the operating framework announcements. Currently their CIP plans broadly cover the following themes:

- Better internal management of bank and agency
- Maintaining and improving on use of out of area inpatient capacity (i.e. reducing such use)
- Reduction in divisional management/admin posts
- Contracting out peer support workers (in effect replacing 2 inpatient Health Care Support workers (HCSW) per unit with 2 HCSW with lived experience of mental health services-peer workers-employed by the third sector).

7.2 Further work is required as plans are still at an early stage. There is a clear process in place within service areas to develop plans which will be agreed through Trust governance routes and implementation will be monitored. Quality Impact Assessments will be undertaken on relevant schemes.

8 The Panel is asked to note the progress and supports the assurance processes in place for the monitoring of the Cost Improvement Programmes for University Hospitals Southampton Foundation trust (UHSFT), Solent NHS Trust and Southern Health NHS Foundation Trust for 2015/16.

RESOURCE IMPLICATIONS

Capital/Revenue

9 The forecast income for each organisation for 2015/16 is:

	£'000s
University Hospitals Southampton Foundation Trust	648,300
Solent NHS Trust	178,798
Southern Health NHS Foundation Trust	340,350

Income for each organisation is from a range of commissioners and other sources. Southampton is just one contributor

Property/Other

10 None

LEGAL IMPLICATIONS

Statutory power to undertake proposals in the report:

11 The powers and duties of health scrutiny are set out in the Local Government and Public Involvement in Health Act 2003.

Other Legal Implications:

12 None.

POLICY FRAMEWORK IMPLICATIONS

13 None.

KEY DECISION? No

WARDS/COMMUNITIES AFFECTED:	All

SUPPORTING DOCUMENTATION

Appendices

1.	CCG Board Quality Exception Report – January 2015

Documents In Members' Rooms

1.	None

Equality Impact Assessment

Do the implications/subject of the report require an Equality Impact Assessment (EIA) to be carried out.	No

Other Background Documents

Equality Impact Assessment and Other Background documents available for inspection at:

	Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1.	None	