University Hospitals of Leicester NHS
NHS Trust

To:	Trust Board
From:	Suzanne Hinchliffe – Chief Operating Officer / Chief Nurse Andrew Seddon – Director of Finance and Procurement
Date:	1 September 2011
CQC regulation:	As applicable
Title:	Progress Against 2011/12 Stabilisation And Transformation Plan

Author/Responsible Director:
Suzanne Hinchliffe – Chief Operating Officer/Chief Nurse
Andrew Seddon – Director Of Finance And Procurement

Purpose of the Report:
To update the Board on progress in implementing the 2011/12 financial recovery plan.

The Report is provided to the Board for:

Decision		Discussion	✓
Assurance	✓	Endorsement	

Summary / Key Points:

1.1 Expenditure controls have been reinforced and centralised in line with the turnaround plan.

1.2 The recovery plan still does not fully address the projected deficit for the year and work continues to close this gap.

1.3 Turnaround advisors have been appointed and the terms of engagement are being finalised.

1.4 Governance arrangements have been clarified and the Trust Executive team will take direct responsibility for the turnaround process and project with increased scrutiny through the Finance and Performance Committee.

Recommendations:
To note the progress, key actions and the governance arrangements.

Previously considered at another corporate UHL Committee?
Draft reviewed at the Finance and Performance Committee on 24 August 2011.

Strategic Risk Register	Performance KPIs year to date

Resource Implications (eg Financial, HR)
Risk of financial breakeven

Assurance Implications

Patient and Public Involvement (PPI) Implications

Trust Board paper F

Equality Impact
Information exempt from Disclosure
Requirement for further review?

Suzanne Hinchliffe
Chief Operating Officer/Chief Nurse

Andrew Seddon
Director of Finance and Procurement

25 August 2011

UNIVERSITY HOSPITALS OF LEICESTER NHS TRUST

REPORT TO: TRUST BOARD

DATE: 1 SEPTEMBER 2011

REPORT FROM: SUZANNE HINCHLIFFE – CHIEF OPERATING OFFICER/CHIEF NURSE
ANDREW SEDDON – DIRECTOR OF FINANCE AND PROCUREMENT

SUBJECT: PROGRESS AGAINST 2011/12 STABILISATION AND TRANSFORMATION PLAN

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1. Introduction

1.1 This paper summarises the progress against the Financial Recovery Plan, subtitled Stabilisation and Transformation, presented and agreed at the extraordinary Trust Board meeting on 21 July 2011.

2. Financial summary and forecast

2.1 The revised forecast for the year may be summarised as follows:

		June forecast £m	July re-forecast £m	Variance £m	Comment
Divisional re-forecast		-20.3	**-17.5**	2.8	Updated for July results and recovery plans
Central recovery plan					
1	Enhanced pay controls	4.0	**3.5**	-0.5	Benefits partially reflected in the divisional re-forecast above
2	20% reduction in corporate budgets	1.5	**1.0**	-0.5	Partially reflected in the divisional re-forecast above
3	Corporate accruals	5.0	**5.0**	0.0	
4	Medicine CBU	1.9	**0.0**	-1.9	Now reflected in the divisional re-forecast above
5	Transformation projects	1.5	**1.5**	0.0	
6	Re-negotiation with key suppliers.	1.0	**1.0**	0.0	
7	Salary sacrifice schemes	0.0	**0.2**	0.2	
8	Car parking charges	0.0	**0.3**	0.3	
9	Bed reductions	0.5	**0.0**	-0.5	Partially reflected in the divisional re-forecast above
10	E-rostering review	0.5	**0.5**	0.0	
		15.9	**13.0**	-2.9	
	Additional transitional costs / contingency	-0.6	**-0.5**	0.1	
	Full year forecast loss	**-5.0**	**-5.0**	**0.0**	

2.2 The numbering used in the table is consistent with that used in the stabilisation and transformation plan. As noted in the comments above, some of the initiatives have now been incorporated within Divisional and Clinical Business Unit (CBU) revised forecasts and. The net forecast year end position for the Trust remains unchanged.

3. Summary

3.1 Expenditure controls have been reinforced and centralised in line with the turnaround plan. The impact of this was only partially successful in the month of July. However, weekly monitoring at the August position shows an improvement in expenditure rates in line with the recovery plan.

3.2 A revised forecast has been prepared by Divisions and Directorates which partially reflects the agreed recovery plan. The recovery plan still does not fully address the projected deficit for the year and work continues to close this gap.

3.3 Turnaround advisors have been appointed and the terms of engagement are being finalised. Deloitte and Finnamore are working with the Trust over a three month period and have just started their work.

3.4 UHL's project management office (PMO) to manage the transformation projects has been established with governance arrangements clarified. The Trust Executive team will take direct responsibility for the turnaround process and project.

4. CIP (Cost Improvement Programme) plans

4.1 The annual cost improvement target for 2011/12 included in the 2011/12 Plan is £38.2 million (5.6% of operating costs). In the month 4 re-forecast, Divisions and CBUs have downgraded that forecast to reflect the identified savings plans of £26.3 million (69% of Plan). The following table shows the shortfall by Division.

Division	Plan £m	Revised forecast £m	Variance £m
Acute	13.4	8.9	(4.5)
Planned	8.7	5.3	(3.4)
Clinical Support	6.2	5.3	(0.9)
Women's & Children's	2.9	1.7	(1.2)
Corporate	3.6	3.6	0.0
Central schemes	3.5	1.5	(2.0)
Sub Total	**38.3**	**26.3**	**(12.0)**

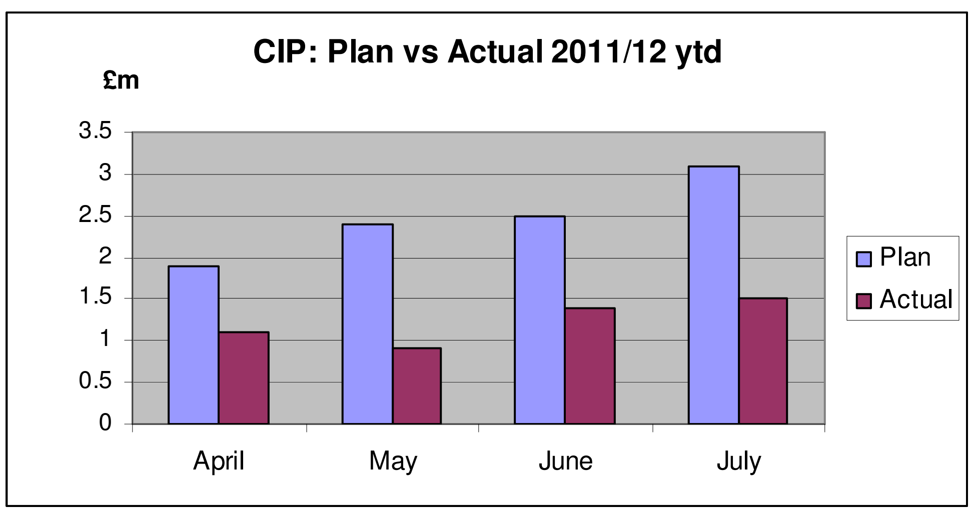
4.2 Due process is being undertaken to identify, test and risk assess the plans. With appropriate management action and external support, it is essential that the remaining target as identified by the Divisions is delivered.

4.3 The CIPs planned and delivered to July are summarised below at a Divisional level. The reasons for the deterioration are:

- Delays in closing additional capacity and in commencement of planned schemes – in part as a result of the delays in appointing project managers
- The gaps in the original plan not being filled
- Deterioration in the anticipated benefits from some of the schemes.

Division	April - July Plan £m	April – July Actual £m	Variance £m
Acute	4.2	1.6	(2.6)
Planned	2.1	1.2	(0.9)
Clinical Support	1.8	1.1	(0.7)
Women's & Children's	0.5	0.2	(0.3)
Corporate	0.9	0.8	(0.1)
Central	0.4	0.0	(0.4)
TOTAL	**9.9**	**4.9**	**(5.0)**

By month the deterioration is as follows:



5. Transformation schemes

5.1 A number of transformation programmes underpin the efficiency programme. 8 Trust wide transformation programmes have been established; each with a dedicated project manager and an Executive Lead Director. All project managers have now started (the most recent on 1st August) and the projects are currently at different levels of development. A process for monitoring the schemes was agreed at the Executive Team on 16th August. A series of slides which describe the broad aims of the projects and progress to date are attached as an Appendix to this paper.

5.2 We are currently developing generic Programme Management Office documentation which will be used to monitor delivery in terms of finance, patient safety, risk and experience. A key task is to embed the benefit of those aspects of the recovery plan that are appropriately owned at divisional / CBU level and to ensure that we have adequate

and robust benefits tracking. It is likely that to try and separately track these schemes outside of existing budgetary boundaries will lead to a risk of double counting and a lack of clarity over the accountability for delivery.

6. Quality and governance

6.1 Safe delivery of the plan is being monitored through a suite of weekly and monthly quality metrics – and all plans, whether the original CIP schemes or the emerging transformation plans are independently risk assessed on quality and patient safety grounds. It is important to note that there has been no deterioration in any of these metrics during the period of the recovery plan to date.

6.2 Discussions are being held with representatives of the Trust's staff side committee in respect of the transformation plans and the Board will be given an oral update at the meeting.

Suzanne Hinchliffe	**Andrew Seddon**
Chief Operating Officer/Chief Nurse	Director of Finance and Procurement

25 August 2011

Appendix

Coding Project

Overall Aim

To ensure that we accurately code all our activity in a timely manner, where clinicians lead the coding work, sustained by suitable support and technologies to better improve, and have more accurate recording of complex procedures and co-morbidities, and to redefine the requirements And develop the capabilities of the coding team.

Project Objectives

- Improve accuracy and completeness of recording
- Achievement of Information Governance and Audit standards
- Maximise income to the Trust
- Improve Clinical Coding process

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Progress to Date

- Draft PID
- Project Board
- Engagement with Clinicians and Managers
- PerL opportunity reports
- Scorecard developed to track progress
- Electronic encoding software
- Communications

Next Steps

- 8 week plan
- Review of processes and structure of the team
- Continue to engage with Clinicians

Readmissions Programme

Why readmissions?

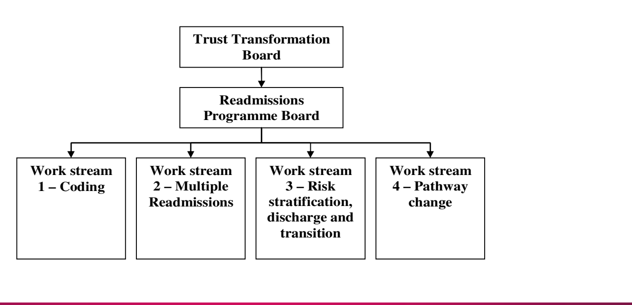
- In Leicester, between around 7 and 8 in every 100 patients get readmitted within 30 days (any specialty), this rises to 1 in 10 if it is following an emergency admission
- Between 4 and 5 in every 100 patients get readmitted to the same specialty within 30 days
- UHL is forecast to incur £8.6m in financial penalties from commissioners in 11/12 – the hospital is therefore incurring costs that are not being reimbursed
- Some readmissions are unavoidable and represent excellent care, some could be avoided with changes to patient pathways, communication and support
- 5% of patients represent a fifth of readmissions – it would seem there are a number of patients who are having multiple readmissions where they may be able to be avoided
- Nationally, around half of patients feel they could get better support to manage their long term conditions (IPSOS MORI 2009)

Readmissions Programme

Objectives

- To reduce avoidable readmissions within UHL for elective and emergency admissions and reduce occupied patient bed days to an agreed target level, which will:
- Improve the quality of care for patients
- Reduce the amount of financial penalties the trust receives (forecast £8.6m 11/12)
- Reduce costs incurred by the Trust

Structure & Work streams



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Goals

Readmission Rate against plan 2010-2012 - Any specialty previous elective

Readmission Rate against plan 2010-2012 - Any specialty previous non-elective

Philosophy of approach

- Programme management approach
- Clinically led
- Auditable change with quality at the heart
- Timely
- Robust risk management

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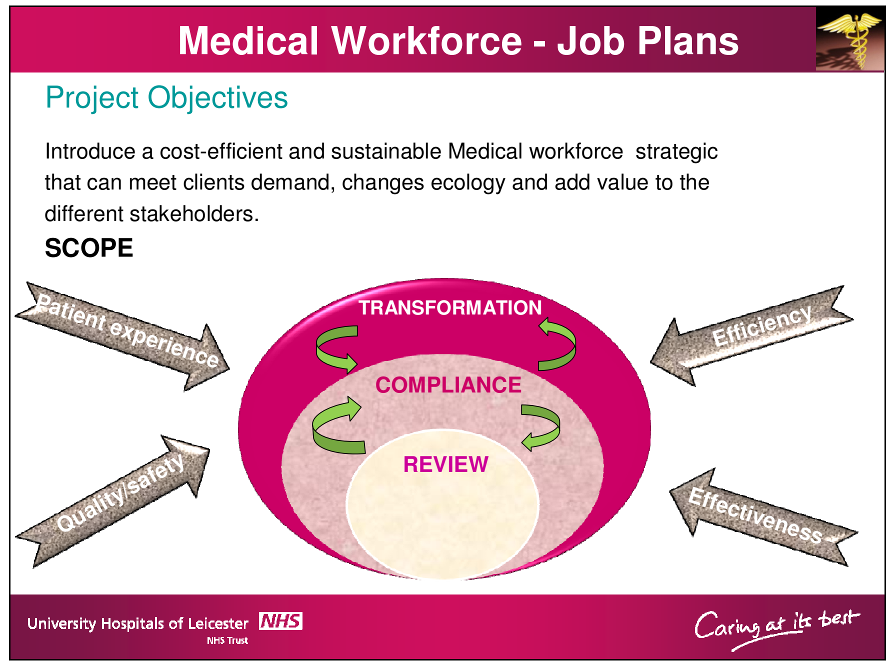

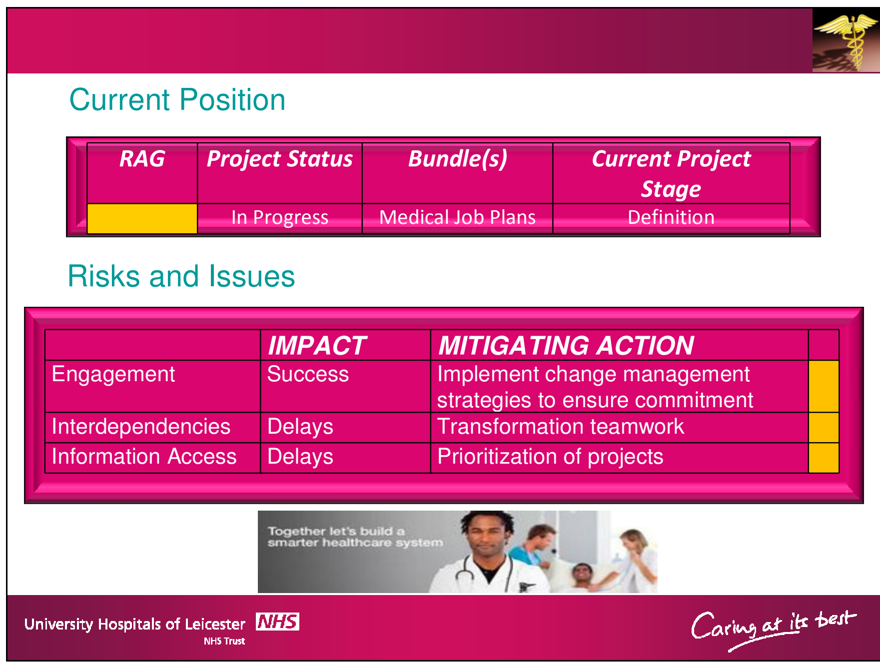

RAG	Project Status	Bundle(s)	Current Project Stage
	In Progress	Medical Job Plans	Definition

	IMPACT	MITIGATING ACTION	
Engagement	Success	Implement change management strategies to ensure commitment	
Interdependencies	Delays	Transformation teamwork	
Information Access	Delays	Prioritization of projects	

Current Position and Next Steps

- Programme Board established with cross Divisional and external representation
- PID – to be revisited to ensure the proposals are radical enough to tackle the size of the current challenge
- Build a robust governance structure that links UHL strategy development with LLR Asset and Capacity work stream – initial meeting taken place, and will be finalised by end of Aug.

Stage 1- yrs 11/12 in progress

- Move of elective orthopaedics and gynaecology to the LGH by December 2011
- Completed assessment of 18 Divisional proposals for service reconfiguration which have impact upon estate, capital programme or both
- Programme governance structure and monitoring procedures to be implemented utilising both Prince2 and MSP methodologies by Sept 2011
- Vision for stage 2 to be developed and agreed by Trust Board by Dec 2011

Stage 2 – yrs 12/13 onwards

- Implement & monitor individual projects and ensure delivery as an overall Programme

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Site Reconfiguration Programme

Scope

A programme underpinned by a number of complex inter-related projects that will ultimately realise a configuration of services that will enable the Trust to realise its strategy of:

'Delivering the highest quality services, at the right place first time. This will include a programme to consolidate our emergency take on the LRI and GH sites. In parallel we will work with our partners to develop LGH as a centre of excellence in planned and intermediate health and social care'

Aims:

- Align the Trusts clinical strategy with a sustainable service configuration and estates strategy that is affordable and delivers high quality care
- Increase utilisation of estate & maximise return on investment per m^2
- Deliver more non-acute activity in the community and create capacity to expand profitable services in the acute setting
- Enable the release and sale of assets to re-invest in frontline services

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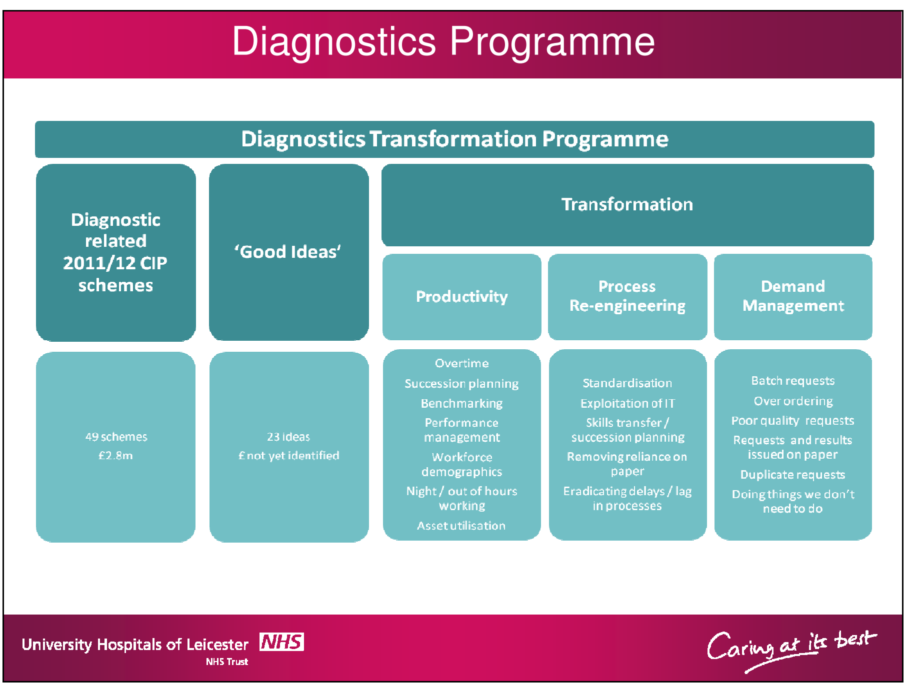
Diagnostics Programme
Diagnostics Transformation Programme
Diagnostic related 2011/12 CIP schemes
'Good Ideas'
Transformation
Productivity
Process Re-engineering
Demand Management
49 schemes
£2.8m
23 ideas
£ not yet identified
Overtime
Succession planning
Benchmarking
Performance management
Workforce demographics
Night / out of hours working
Asset utilisation
Standardisation
Exploitation of IT
Skills transfer / succession planning
Removing reliance on paper
Eradicating delays / lag in processes
Batch requests
Over ordering
Poor quality requests
Requests and results issued on paper
Duplicate requests
Doing things we don't need to do
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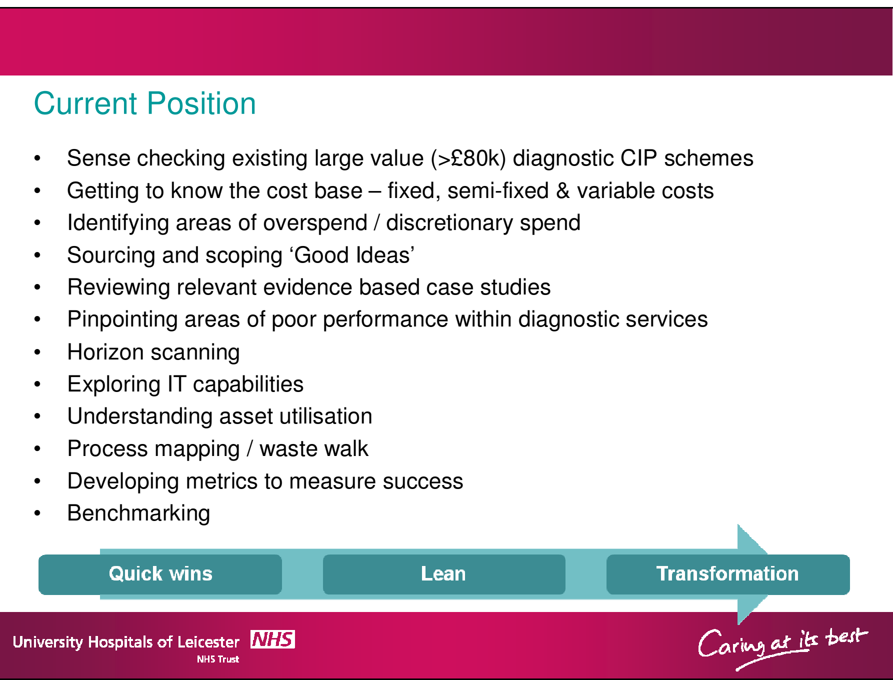
Current Position
Sense checking existing large value (>£80k) diagnostic CIP schemes
Getting to know the cost base – fixed, semi-fixed & variable costs
Identifying areas of overspend / discretionary spend
Sourcing and scoping 'Good Ideas'
Reviewing relevant evidence based case studies
Pinpointing areas of poor performance within diagnostic services
Horizon scanning
Exploring IT capabilities
Understanding asset utilisation
Process mapping / waste walk
Developing metrics to measure success
Benchmarking
Quick wins
Lean
Transformation
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Theatre Project

Aims

- Improve Theatre Utilisation to above 86%
- Reduce the number of theatres from 46 to 35
- Five year refurbishment programme of theatres – “fit for purpose”
- Transfer both elective Gynaecology and Orthopaedics to the LGH
- Develop a Day of Surgery Arrivals Unit (DOSA) at the LRI and GGH
- Improve the Recovery and PACU facilities at the LRI by increasing the number of bays/beds

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Current Position

- Theatre Project Board with cross-divisional representation established
- Cross-divisional Service Level Agreement implemented
- Business Case under preparation for the DOSA’s
- Scorecard developed to track progress
- Standardise all operating sessions to 4 hours - process started
- Refurbishment work at LGH underway and on target to relocate Orthopaedics and Gynaecology
- Weekly activity meetings implemented to close theatres

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Outpatients

Project Scope

- Initial activity has focused on pulling together high plans in response to QIPP initiatives resulting from contract negotiations with our Commissioners
  - Reduction of N:FU activity - £2.7m reduction in income
  - Shift of elective inpatient to day case
  - Shift of day case to clean room procedures - £2M reduction in income
  - Multiple new outpatient appointments same day - £1M potential increase in income
- Above is supported by £3.7M transitional funding in 2011/12 subject to plans been produced and agreed milestones met
- An initial document covering vision for outpatients and potential project scope has been drafted
- PID for the main Outpatients project has still to be produced

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Current Position

- PID likely to have three broad work streams
  - Optimisation of support resources and processes that enable the efficient and effective delivery of clinics
  - Facilitating the range of options with appropriate technology and processes to deliver consultation services in addition to 'face/face'
  - Metrics to support continuous improvement: Provision of KPIs and base lining of OP services with high contract value, poor reference costs and low margins
- Next Steps
  - Project scope to be agreed
  - PID to be signed off by mid September
  - Establish project board and work stream project teams

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